



ASX Circular

Date: 30 March 2007

Key topics

1. Ord Minnett Limited

Reading List

Compliance Managers
 Managing Directors
 ASTC Participants
 Office Managers
 Share Registries

Contact

Jodie Maurer

Telephone

(02) 9227 0472

ASX Limited
 ABN 98 008 624 691
 Exchange Centre
 20 Bridge Street
 Sydney NSW 2000
 PO Box H224
 Australia Square NSW 1215

Internet: <http://www.asx.com.au>

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DISCIPLINARY MATTERS

The ASX Disciplinary Tribunal ("the Tribunal") has determined the following:

Ord Minnett Limited ("OML") has been fined a total of \$35,000 (plus GST) in respect of the contravention of:

- (a) Old ASX Business Rule 1.2.1.2 by failing to maintain records in sufficient detail which show particulars of instructions with respect to 56 equity orders;
- (b) Old ASX Business Rule 1.2.1.4 by failing to maintain particulars of orders for a period of at least 3 years;
- (c) Old ASX Business Rule 7.3.2.5 by failing to retain records in sufficient detail which show particulars of 51 option orders; and
- (d) Old ASX Business Rule 7.3.2.7 by failing to retain particulars of options orders for a period of at least 5 years.

In determining sanction the Tribunal took into account a number of matters including the following:

- The maintenance of accurate order records serves an important role, not only in protecting a Participant in the event of a dispute, but also as part of the Exchange's regulatory function.
- OML Limited has taken corrective action to prevent a reoccurrence.
- OML co-operated fully with the ASX in relation to the conduct of the investigations and proceedings.

The circumstances of this matter are as follows:

During the period 27 March 2003 to 19 November 2003 ("the Relevant Period") OML acted on behalf of certain clients who traded in equities through a number of accounts they had established with OML. At the relevant time, OML maintained a system of both handwritten and electronic order records. The handwritten order records were contained in the order record books of the OML representative who acted as the clients' primary contact at OML. These handwritten order records were lost when the OML representative relocated from the particular OML office that the clients had dealt with to another OML office.

In respect of the electronic order records kept by OML regarding the 56 equity orders:

- (i) 1 order was recorded on 28/09/03 which is 9 days after the related email was sent on 19/09/03 and 5 days after the trade date of 23/9/03, contrary to old ASX Business Rule 1.2.1.2(b).
- (ii) 1 order uses a single initial in the "Person Placing Order" field, and the word "Client" in the "Initiated By" field, which does not provide sufficient particulars of the name of the person who placed the order, contrary to old ASX Business Rule 1.2.1.2(c).

- (iii) 24 order records do not identify the person at OML who received the order instructions, contrary to old ASX Business Rule 1.2.1.2(c).
- (iv) 32 orders on the other accounts of the clients do not identify the name of the person who placed the instructions and the name of the person at OML who received the instructions, contrary to old ASX Business Rule 1.2.1.2(c).

In respect of the electronic order records kept by OML regarding the 51 option orders:

- (i) OML did not have any records with respect to 15 option orders contrary to old ASX Business Rule 7.3.2.5.
- (ii) With respect to 36 option trades, OML's print outs of electronic records indicate the "Placed By" fields were not completed and therefore the name of the person placing each option order was not recorded, contrary to old ASX Business Rule 7.3.2.5(c).
- (iii) With respect to the trades referred to in (ii), 4 manual option order records did not provide sufficient details of the name of the person who placed each of these instructions, contrary to old ASX Business Rule 7.3.2.5(a).