

CIRCULAR



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**To: Associate Members
Floor Members
Local Members
Market Representatives**

46/98

No:

Disciplinary Action Imposed By The Business Conduct Committee

Members are advised that in accordance with Article 38.9.1(d), the Business Conduct Committee (the Committee), acting under the said Article, resolved that a Member and an employee of that Member had failed to comply with the following:

- 1. Article 3.6(l)(e) by virtue of an apparent failure to comply with Section 1266 (4) of the Law and Section TE.6.5.1 of the Trading Etiquette.**
[Disclosure of Information]
- 2. Article 3.6(l)(e) by virtue of an apparent failure to comply with Section 1266(7) of the Law and Article 3.6(3)(j)(ii).**
[Failure to Accurately Record Order Details]
- 3. General By-Law G.8(g) and Section TE.6.8.2(e) of the Trading Etiquette**
[Withholding an Order in Order to Cross]

An investigation identified that the Member and an employee of that Member had disclosed information not known to the rest of the market. Further that the Member and employee had withheld an order in order to cross and had failed to accurately record order details.

The Committee resolved that the Member and the employee had failed to comply with General By-Law G.8(g) and Sections TE.6.8.2(e) and 6.5.1 of the Trading Etiquette. Article 3.6(3)(j)(ii) and Article 3.6(l)(e) by virtue of an apparent failure to comply with Section 1266(4) and (7) of the Law.

In accordance with Article 38.9.1(d), the Committee imposed a Reprimand on both the Member and employee for the identified breaches.

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Members are also advised that following a routine inspection, in accordance Article 38.9.1(d) Committee resolved that a Member had failed to comply with the following:

- **Article 3.6(1)(e) (by virtue of failure to comply with Section 1172 of the Law)**
[Proper Authorities]

It was identified that the Member had not issued a Proper Authorities to two (2) of the Member's Market Representatives and to one (1) SYCOM trader.

The Committee resolved that the Member had failed to comply with the requirements of Article 3.6(1)(e) (by virtue of failure to comply with Section 1172 of the Law).

In accordance with Article 38.9.1(d), the Committee imposed a Reprimand upon the Member.

- **General By-Law G.10(cc)**
[Error Reports]

It was identified that the Member did not write and maintain error reports in respect of error trades.

The Committee resolved that the Member failed to comply with the requirements of General By-Law G.10(cc).

In accordance with Article 38.9.1(d), the Committee imposed a Reprimand upon the Member.

- **General By-Law G.7(h)**
[Open Positions]

It was identified that the Member's reported long contained trades inserted by journal entry, resulting in open positions for the Member's House account held at the SFECH to differ from open positions recorded in the Member's back office.

The Committee resolved that the Member failed to comply with the requirements of General By-Law G.7(h).

In accordance with Article 38.9.1(d), the Committee imposed a Reprimand upon the Member.

Deborah Horne
GM - Compliance & Surveillance

23/02/98

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