

# CIRCULAR



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**To: All Members**

**No: 336/98**

## **Amendments to the SYCOM Trading Etiquette**

Members are advised of amendments to the SYCOM Trading Etiquette which were made by the Board on 17 November and which come into effect immediately (but which are subject to regulatory disallowance).

The amendments, which are of an administrative nature, have been made:

- to SYCOM.2.1 to reflect the fact that SYCOM no longer relates solely to overnight trading and to make it clear that the now acronym refers to Sydney Computerised Market and no longer Sydney Computerised Overnight Market;
- to SYCOM.7.4 to 7.9 and 9B.8 to reflect the recent amendments in Article 13 which establish the Market Practices Committee and to recognise that matters may be referred to that Committee or to the Business Conduct Committee;
- to update references in SYCOM.7.7 and 7.8 to the new Article 38, which now deals with disciplinary matters; and
- to change the time bracket in SYCOM.12.4 to vary from 8.30 am to 9.30 am the time by which Members are required to confirm their overnight SYCOM trading. This reflects the change in time brackets recently approved by the Board and notified to Members.

The amendments are set out in full in the Annexure.

## THE AMENDMENTS

1. SYCOM 2.1 has been amended as set out below.

**SYCOM.2.1** *This Chapter 2 of the Trading Etiquette shall apply to trading on the Exchange's SYDNEY COMPUTERISED ~~OVERNIGHT~~ MARKET or SYCOM which provides for the trading of futures and options contracts by means of computers and computer determination of priority. The provisions of Chapter 1 of this Trading Etiquette shall have no application to such trading.*

*The purpose of this SYCOM Trading Etiquette is to set down regulations to enable SYCOM trading to occur in a fair and equitable manner.*

2. Various sections in SYCOM.7 have been amended as set out below.

**SYCOM.7.4** *The Screen Dealing Committee may in the case of third and subsequent minor offences impose a fine on a SYCOM Trader not exceeding one thousand dollars (\$1,000) or report the matter to the Market Practices Committee or Business Conduct Committee. No appeal shall lie from a decision of the Screen Dealing Committee with respect to a decision to impose a penalty under this paragraph 7.4.*

**SYCOM.7.5** *The Screen Dealing Committee may with respect to a major offence as set out in SYCOM.7.14 either impose a fine of up to one thousand dollars (\$1,000) on a SYCOM Trader or a Member or report the matter to the Market Practices Committee or Business Conduct Committee or where it considers the matter sufficiently serious, report the matter directly to the Board. No appeal shall lie from a decision of the Screen Dealing Committee with respect to a decision to impose a penalty under this Paragraph 7.5.*

| <b>Offence</b>             | <b>Fine or Other Sanction in Respect of Minor Offences Incurred in Each Twelve Month Period</b>  |   |
|----------------------------|--|---|
| <b>Minor</b>               |  |   |
| 1st Offence                | Up to \$200  | imposed by Screen Dealing Committee, SYCOM Manager or Exchange Officials  |
| 2nd Offence                | Up to \$400  | imposed by Screen Dealing Committee, SYCOM Manager or Exchange Officials  |
| 3rd and Subsequent Offence | Up to \$1,000  | imposed by Screen Dealing Committee or referral to <u>Market Practices Committee or Business Conduct Committee</u> <del>BCC</del> |
| <b>Major Offence</b>       | Screen Dealing Committee may impose fine of up to \$1,000 or referral to <u>Market Practices Committee or Business Conduct Committee</u> <del>BCC</del> or Board |   |

SYCOM.7.6 Where a matter is reported to the Market Practices Committee or Business Conduct Committee pursuant to SYCOM.7.4 or 7.5, the report may make recommendations that disciplinary action be taken against a SYCOM Trader. Before a report is made the Screen Dealing Committee shall meet to consider the matter and the person(s) involved shall be entitled to appear before that Committee to state their case

Where a matter is reported to the Market Practices Committee or Business Conduct Committee, that Committee may consider the matter as a part of its normal business, or it may convene a special meeting. The convenor of the Screen Dealing Committee, or the convenor's nominee, may (and shall if so required by the ~~Business Conduct relevant~~ Committee) attend the meeting at which the Screen Dealing Committee's report is considered, to state the reasons for the Screen Dealing Committee's decision. The person to whom the report relates and, where applicable, the Member, shall be entitled to appear before the ~~Business Conduct relevant~~ Committee to state their case.

SYCOM.7.7 Where a matter is reported to the Market Practices Committee or Business Conduct Committee pursuant to SYCOM.7.4 or 7.5, the ~~Business Conduct relevant~~ Committee will consider the matter subject to Articles 13.1 to 13.5. In addition to the powers referred to in Article 13.1A(a), the Committee may in its absolute discretion, direct that:

- (a) the SYCOM Trader's entitlement to access SYCOM be suspended for a period not exceeding six (6) months; or
- (b) the SYCOM Trader's registration as a SYCOM Trader be suspended for a period not exceeding six (6) months

SYCOM.7.8 Where a matter has been reported to the Board pursuant to SYCOM.7.5 or referred to the Board by the Market Practices Committee or Business Conduct Committee or in any other manner and the Board is satisfied that a person has been guilty of misconduct or a breach of the SYCOM Trading Etiquette or the Business Rules, then (without limiting its powers under any other provisions of the Business Rules in particular Article 13.1A(ca)) the Board may impose all or any of the following penalties:

- (a) impose a fine not exceeding fifty thousand dollars (\$50,000). The Board shall not impose a fine or fines which in total exceed fifty thousand dollars (\$50,000) for a series of breaches arising from the same substantive act or acts;
- (b) direct that the person's entitlement to access SYCOM be suspended for a period not exceeding six (6) months; and
- (c) terminate the person's status as a SYCOM Trader or a Member's entitlement to access SYCOM.

Before any decision is made pursuant to this paragraph, the Member and SYCOM Trader shall have the right to appear before the Board and offer any explanation or additional information. The convenor of the Screen Dealing Committee or the Convenor's nominee shall also attend any such meeting.

SYCOM.7.9 Fines made subject to SYCOM.7.1 to 7.5 shall be paid by the Member within fourteen (14) days. Subject to SYCOM.7.15 to 7.18, fines imposed by the Market Practices Committee or Business Conduct Committee or the Board shall be paid by the Member within twenty-eight (28) days. Where the Board imposes a fine on a Member or employee which exceeds ten thousand dollars (\$10,000) or confirms a fine imposed by the Market Practices Committee or

*Business Conduct Committee on a Member in excess of that amount, then the employee or Member have a right to appeal in accordance with Article 13.1A(cb). Failure to pay a fine within the prescribed period under this paragraph 7 shall result in denial of access to SYCOM until the fine is paid*

*SYCOM 9B.8 Where it can be established that a Member or SYCOM Trader uses information relating to a large order other than as provided in SYCOM.9B, that Member or SYCOM Trader shall be referred to the Market Practices Committee or Business Conduct Committee.*

3. SYCOM 7.7 and 7.8 have also been amended as follows (new changes highlighted):

*SYCOM 7.7 Where a matter is reported to the Business Conduct Committee pursuant to SYCOM.7.4 or 7.5, the Business Conduct Committee will consider the matter subject to Articles 13.1 to 13.59 and Article 38. ~~In addition to the powers referred to in Article 13.1A(a), the Committee may in its absolute discretion, direct that: (Amended 24/11/07)~~*

- ~~(a) the SYCOM Trader's entitlement to access SYCOM be suspended for a period not exceeding six (6) months; or~~*
- ~~(b) the SYCOM Trader's registration as a SYCOM Trader be suspended for a period not exceeding six (6) months. (Added 10/10/06)~~*

*SYCOM.7.8 Where a matter has been reported to the Board pursuant to SYCOM.7.5 or referred to the Board by the Business Conduct Committee or in any other manner and the Board is satisfied that a person has been guilty of misconduct or a breach of the SYCOM Trading Etiquette or the Business Rules, then it shall be considered pursuant to Article 38. ~~(without limiting its powers under any other provisions of the Business Rules in particular Article 13.1A(ca)) the Board may impose all or any of the following penalties: (Amended 24/11/07)~~*

- ~~(a) impose a fine not exceeding fifty thousand dollars (\$50,000). The Board shall not impose a fine or fines which in total exceed fifty thousand dollars (\$50,000) for a series of breaches arising from the same substantive act or acts;~~*
- ~~(b) direct that the person's entitlement to access SYCOM be suspended for a period not exceeding six (6) months; and~~*
- ~~(c) terminate the person's status as a SYCOM Trader or a Member's entitlement to access SYCOM. (Amended 10/10/06)~~*

*~~Before any decision is made pursuant to this paragraph, the Member and SYCOM Trader shall have the right to appear before the Board and offer any explanation or additional information. The convener of the Screen Dealing Committee or the Convener's nominee shall also attend any such meeting.~~*

4. SYCOM 12.4 has been amended as follows:

*SYCOM 12.4 Notwithstanding SYCOM 12.1 all trades shall be confirmed in accordance with General By-Laws G.22 and G.23 by no later than ~~8.30am~~ 9.30 am on the morning following the relevant SYCOM trading session.*

**Barbara Jones**  
**Company Secretary & Assistant General Counsel**

27/11/98

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