

CIRCULAR TO: **FULL MEMBERS**
 ASSOCIATE MEMBERS
 LOCAL MEMBERS

No. 85/2000

DISCIPLINARY ACTION IMPOSED
BY THE BUSINESS CONDUCT COMMITTEE

Members are advised, pursuant to Article 38.13, of Disciplinary Action taken by the Business Conduct Committee (the BCC):

MEMBER 1

It was identified that a Full Member had failed to comply with:

- **Article 3.6(3)(b)(i)**
[Full Members to lodge financial returns within one calendar month of the last trading date of each preceding month]

The Member lodged the January Monthly Return on 1 March 2000, which was after the due date for lodgement. The Member did not request an extension of time to lodge the Return.

The Committee noted that this incident was a repeat offence. On this basis, in accordance with Article 38.9.1(d), the BCC imposed a Reprimand upon the Member for the identified breach.

MEMBER 2

It was identified that an Associate Member had failed to comply with:

- **Article 4.6(4)(c)(i)**
[Associate Members to lodge financial returns within one calendar month of the last trading date of each preceding month]

The Member lodged the January Monthly Return on 1 March 2000, which was after the due date for lodgement. The Member did not request an extension of time to lodge the Return.

The Committee noted that this incident was a repeat offence. On this basis, in accordance with Article 38.9.1(d), the BCC imposed a Reprimand upon the Member for the identified breach.

MEMBER 3

It was identified that an Associate Member had failed to comply with:

- **Article 4.6(4)(b)(ii)**
[Failure to maintain minimum level of Net Tangible Assets]
- **Article 4.6(4)(ba)**
[Failure to immediately notify the Exchange]

When the Member lodged its January Monthly Return on 29 February 2000, it was identified that the Member's Net Tangible Assets (NTA) had decreased below the minimum required for an Introducing Broker Associate Member of \$50,000 [pursuant to Article 4.6(4)(b)(ii)].

The Member provided evidence that a capital injection of \$5 million had occurred to rectify the matter.

In accordance with Article 38.9.1(d), the BCC imposed a Reprimand upon the Member for the identified breaches.

MEMBER 4

It was identified that an Associate Member had failed to comply with:

- **Articles 4.6(4)(j) and 43.1 and Section 1209(3) of the Law**
[Failure to properly maintain Clients' Segregated Account]
- **Article 4.6(4)(g)(i) and Sections 1208(1) and 1266(7) of the Law**
[Failure to properly maintain Internal Records of Instruction]

The above breaches were identified as part of a routine inspection of the records and procedures of the Associate Member. The Member has advised it has implemented procedures to ensure future compliance.

In accordance with Article 38.9.1(d), the BCC imposed a Reprimand upon the Member for the identified breaches.

MEMBER 5

It was identified that a Full Member had failed to comply with the following:

- **DSF®.12**
[Delivery of Individual Share Futures Contracts]

The Sydney Futures Exchange Clearing House Pty Limited (SFECH) advised that following the expiry of the February 2000 News Corporation (NCP) Individual Share Futures contract, the Member failed to provide the SFECH with an intention to deliver form by 5:30 pm on Thursday, 24 February 2000 as per the requirements on DSF®.12.

In accordance with General By-Law G.14(d), the Committee imposed a Reprimand upon the Member for the identified breach.

D C HORNE
GENERAL MANAGER - MARKET INTEGRITY

28 APRIL 2000