

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

No. 112/2000

DISCIPLINARY ACTION IMPOSED
BY THE MARKET PRACTICES COMMITTEE
AND THE BUSINESS CONDUCT COMMITTEE

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

MEMBER 1

An enquiry found that a Full Member had failed to comply with:

- **Section TE.6.4A.2 of the Trading Etiquette**
(Failure to make a market enquiry based on an Expression of Interest)

The enquiry identified that the Member did not make an enquiry of the pit in relation to an Expression of Interest, the Expression of Interest was passed from one employee to another, it was noted that an order was subsequently placed.

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

MEMBER 2

An enquiry found that a Full Member had failed to comply with:

- **General By-Law G.8(b)**
(Post Allocation)
- **General By-Law G.8(d)**
(Failure to maintain a complete record of error trades)
- **General By-Law G.8(c) and Section 1266(6) of the Corporations Law**
(Failure to allocate trades in sequence of receipt)
- **Article 3.6(1)(e)**
(Failure to comply in all respects with the Futures Law)
- **Article 3.6(1)(aa)**

(Failure to deal in Futures or Options contracts in a proper and efficient manner)

- **Article 3.6(1)(c)**
(Failure to comply with the Articles, By-Laws and the Trading Rules and accept and consistently with the decisions of the Board and its Committee)
- **Failure to comply with Condition 1 of its Futures Brokers Licence**

In addition, the enquiry found that the Member's employee had failed to comply with:

- **General By-Law G.10A(a)**
(Trading on an account where the person controls the account or holds a beneficial or relevant interest in it)
- **General By-Law G.10(b)**
(Trading or initiating a trade on an account with knowledge of client orders in the same or similar commodities, where the person controls the account or holds a beneficial or relevant interest in it)
- **General By-Law G.9(d)**
(Failure to maintain a complete record of error trades)
- **General By-Law G.8(b)**
(Post Allocation)
- **General By-Law G.8(c) and Section 1266(6) of the Corporations Law**
(Failure to allocate trades in sequence of receipt)
- **Article 3.6(1)(e)**
(Failure to comply in all respects with the Law)
- **Article 3.6(1)(aa)**
(Failure to deal in Futures or Options contracts in a proper and efficient manner)
- **Article 3.6(1)(c)**
(Failure to comply with the Articles, By-Laws and the Trading Rules and accept and act consistently with the decisions of the Board and its Committee)

The enquiry identified that the Member's employee had initiated trades for an account in which it was deemed the employee had a beneficial or relevant interest. Further, the Member's employee initiated trades for the account with knowledge of client orders and also post allocated a trade.

In addition, the activities highlighted that compliance procedures employed by the Member were ineffective, on the basis that the activities were only brought to the Members attention following staff information.

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

In addition, in accordance with Article 38.9.1(f), the MPC imposed a fine of \$10,000 upon the Member's employee and, in accordance with Article 38.9.1(g) suspended the employees registration as a Registered Representative for one (1) year.

MEMBER 3

An enquiry found that a Full Member had failed to comply with:

- **General By-Law G.8A(a)(i)**
(Failure to record telephone lines where orders are received or likely to be received)

The enquiry identified that the Member had failed to record five (5) telephone lines where orders are received or likely to be received.

In accordance with article 38.9.1(d), the BCC imposed a Reprimand upon the Member.

MEMBER 4

An enquiry found that a Full Member had failed to comply with:

- **Trading Rule TR.10.3**
(Failure to Make a Market Enquiry based on an Expression of Interest)
- **Trading Rule TR.18**
(Disclosure of Information)
- **Trading Rule TR.17.1(c)(v)**
(Withholding an Order to Cross)

The enquiry identified that the Member had failed to take an Expression of Interest to market, disclosed information not known to the rest of the market and withheld an order in order to cross.

In accordance with Article 38.9.1(b), the MPC imposed a fine of \$2,500 upon the Member.

MEMBER 5

An enquiry found that a Full Member, in accordance with Trading Rule TR.2.5 and pursuant to TR.16.1, had failed to comply with:

- **Point 8 of Schedule F of the Trading Rules, Custom Market SYCOM® Trading Procedures**
(Trading out of market)

The enquiry found that the Member had executed a trade that it knew to be out of market, the trade was subsequently cancelled.

In accordance with Article 3.9.1(b), the MPC imposed a fine of \$500 upon the Member.

MARK FLOYD
ACTING MANAGER, SURVEILLANCE

6 JUNE 2000