

CIRCULAR TO:

FULL MEMBERS
ASSOCIATE MEMBERS
LOCAL MEMBERS

No. 160/2000

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 the following:

Trading Rule TR. 4.9

[Disclosure of a password by a SYCOM® Trader]; and

Trading Rule TR. 8.16(b) and (j)

[Failure to lock the MFWS keyboard and thus allowing another trader unauthorised access to SYCOM®]

On 18 May 2000, following a referral from the Exchange's Screen Dealing Department, Compliance staff initiated an enquiry into trading by the Member in the interest rate options.

The Exchange's Screen Dealing Department notified Compliance staff that employees of the Member had logged on to SYCOM® using the password of an employee of the Member who was overseas.

In accordance with Article 38.9.1(d), the Committee imposed a Reprimand on the Member in respect of the identified breaches.

MEMBER 2

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

Article 4.6(4)(c)(i)

[Associate Member to lodge financial returns within one calendar month of the last trading date of each preceding month]

Since the May Monthly Return (the Return) had not been lodged by the due date, Compliance staff contacted the Member on 3 July 2000 requesting it do so immediately. The Exchange received the Return on 4 July 2000.

The BCC 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 a Full Member had failed to comply with the following:

Trading Rules TR.8.16(b) and (j)

[Failure to lock the MFWS keyboard and thus allowing another trader unauthorised access to SYCOM®]

Compliance staff initiated an enquiry into trading conducted by an employee of a Full Member and identified that the employee had failed to lock his MFWS keyboard and thus had allowed the other employee unauthorised access to SYCOM®.

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

MEMBER 4

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

Trading Rules TR.4.9 and TR.8.16(b) and (j)

[Disclosure of password by a SYCOM® trader and thus allowing another trader unauthorised access to SYCOM®]

Compliance staff initiated an enquiry into trading conducted by an employee of a Full Member and identified that the employee had released their password to another employee and thus had allowed the other employee unauthorised access to SYCOM®.

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

MEMBER 5

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

Article 4.6(4)(c)(i)

[Associate Member to lodge financial returns within one calendar month of the last trading date of each preceding month]

On 27 April 2000, the Member's accountants, on behalf of the Member, requested an extension of time to lodge the March Quarterly Return (the Return) by no later than 5 May 2000.

When the Return had not been received, Compliance staff contacted the Member's accountants who prepare the Return on (Monday) 8 May 2000 and was advised that the Return was still to be finalised. The Return was received on 12 May 2000.

The BCC noted that this incident was a repeat offence. On this basis, in accordance with Article 38.9.1(b), the BCC imposed a fine of \$250 upon the Member for the identified breach.

MICHELLE WAGNER
MANAGER - COMPLIANCE

18 AUGUST 2000