

CIRCULAR TO: **FULL PARTICIPANTS**
ASSOCIATE PARTICIPANTS
LOCAL PARTICIPANTS

NO. 180/2000

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

Participants are advised, pursuant to General By-Law G.11.65 of disciplinary action taken by the Business Conduct Committee (BCC) and Market Practices Committee (MPC):

PARTICIPANT 1

In accordance with General By-Law G.11.36(b) the BCC, acting under the said General By-Law, resolved that a Full Participant had failed to comply with the following:

- **Section 1210 of the Corporations Law and thus General By-Law G.3.16(q)(i) (formerly Article 3.6(3)(k)(i))**
[Failure to provide contract specifications to the client prior to accepting them as a client]
- **Section 1206 of the Corporations Law and thus General By-Law G.3.14(f) (formerly Article 3.6(1)(e))**
[Failure to correctly record the client's financial position on the contract notes]
- **General By-Laws G.46, G.47 and G.48 (formerly General By-Laws G.26, G.27 and G.28)**
[Failure to call margins and ensure that margins were satisfied by payment or cover within the earliest reasonable time]
- **General by-Law G.3.14(b) (formerly Article 3.6(1)(aa))**
[Failure to act in a proper and efficient manner]
- **General By-Law G.3.15(b) (formerly Article 3.6(2)(b))**
[Failure to deal in accordance with the Business Rules of an overseas exchange]

A complaint against the Full Participant was received from a client regarding trading on the client's account. From the review the following matters were identified:

- the information contained in the statements forwarded to the client was incorrect and therefore the client was unable to assess its financial position accurately;
- the Full Participant had not provided contract specifications to the client prior to accepting them as a client;

- the Full Participant had failed to call margins and ensure that margins were satisfied by payment or cover by way of Approved Securities as described in Part A of the First Schedule;
- the Full Participant had failed to ensure that funds or lodgement of cover was effected within the earliest reasonable time;
- the Full Participant was unable to demonstrate that it was acting in a proper and efficient manner; and
- the Full Participant was not acting in accordance with the Business Rules of an overseas exchange.

In accordance with General By-Law G.11.36(b), the BCC imposed a fine of \$1,000 upon the Full Participant in respect of the identified breaches.

PARTICIPANT 2

An enquiry found that a Full Participant failed to comply with:

- **General By-Law G.3.14(f) (formerly Article 3.6(1)(e)) by virtue of a failure to comply with Section 1266(6) of the Corporations Law**
[Failure to allocate in sequence of execution]
- **General By-Law G.26(b) (formerly General By-Law G.8(b))**
[Post Allocation]

The enquiry identified that the Participant, to avoid cash adjusting a client, re-allocated a number of trades following an error. No clients were disadvantaged by the re-allocation.

In accordance with General By-Law G.11.36(d), the MPC imposed a Reprimand upon the Participant for the identified breaches.

PARTICIPANT 3

An enquiry found that a Full Participant failed to comply with:

- **General By-Law G.3.15(a) (formerly Article 3.6(2)(a)) and Trading Rule TR.11.2**
[Failure to act in accordance with client instructions]
- **General By-Law G.3.14(f) (formerly Article 3.6(1)(e)) by virtue of a failure to comply with Section 1266(7) of the Corporations Law**
[Failure to accurately record order details]

The enquiry identified that the Participant took discretion on an order, that was not provided by the client, apparently in order to queue jump.

In accordance with General By-Law G.11.36(a), the MPC imposed a fine of \$750 upon the Participant.

BRONWYN HILL
MANAGER, SURVEILLANCE

29 SEPTEMBER 2000