

SFE CIRCULAR

No: 203/00

**DISCIPLINARY ACTION IMPOSED
BY THE BUSINESS CONDUCT COMMITTEE**

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

PARTICIPANT 1

It was identified that a Full Participant and a former Registered Representative of the Full Participant had failed to comply with the following:

- **General By-Law G.52(a)(ii);**
[Failure to operate a Managed Discretionary Account unless properly authorised in writing to do so]
- **General By-Law G.52(d)(i); and**
[Failure to ensure only persons approved as Registered Representatives (Managed Discretionary Account) shall exercise discretion]
- **General By-Laws G.3.16(s).**
[Failure to comply with the provisions of Part C of the General By-Laws as regards Managed Discretionary Accounts]

Compliance staff conducted an investigation into the circumstances surrounding the resignation of a Registered Representative of the Full Participant. It was discovered that the Registered Representative placed orders on behalf of two clients without being specifically instructed to do so. At the time the Registered Representative was also not authorised to operate a Managed Discretionary Account on behalf of clients.

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

In accordance with General By-Law G.11.36(d), the Committee imposed a Reprimand upon the former Registered Representative in respect of the identified breaches.

PARTICIPANT 2

It was identified that an Associate Participant had failed to comply with the following:

- **General By-Laws G.4.16(m)(i) and (ii), G.4.16(n) and G.65(a) and Section 1210 of the Corporations Law**
[Failure to execute Client Agreement Documentation]

Compliance staff undertook an inspection of the records and procedures relating to the Associate Participant. From a review of the Associate Participant's records it was identified that for all of its clients the Associate Participant did not have a copy of an executed Client Agreement Form on hand or evidence of having sent the Risk Disclosure Document.

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

PARTICIPANT 3

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

- **G.3.16(c)**
[Full Participant to lodge financial returns within one calendar month of the last trading date of each preceding month]

Compliance staff contacted the Participant on 29 September 2000 to advise that the August 2000 Monthly Return had not yet been received. The Exchange received the Return on 4 October 2000, which was after the due date. The Participant had not requested an extension of time to lodge the Return.

The BCC noted that this incident was a second offence. On this basis, in accordance with G.11.36(d) the BCC imposed a Reprimand upon the Participant for the identified breach.

PARTICIPANT 4

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

- **G.4.16(d)**
[Associate Participant to lodge financial returns within one calendar month of the last trading date of each preceding month]

The Participant lodged the July 2000 Monthly Return on 5 September 2000, which was after the due date for lodgement. The Participant had not requested an extension of time to lodge the Return.

The BCC noted that this incident was a second offence. On this basis, in accordance with G.11.36(d) the BCC imposed a Reprimand upon the Participant for the identified breach.

PARTICIPANT 5

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

- **G.4.16(d)**
[Associate Participant to lodge financial returns within one calendar month of the last trading date of each preceding month]

On 29 August 2000 the Participant requested an extension of time to lodge the July 2000 Monthly Return by no later than 4 September 2000. The Return was lodged on the 6 September 2000, which was after the date for lodgement.

The BCC noted that this incident was a fourth offence. On this basis, in accordance with G.11.36(b) the BCC imposed a fine of \$500 upon the Participant for the identified breach.

PARTICIPANT 6

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

- **G.4.16(d)**
[Associate Participant to lodge financial returns within one calendar month of the last trading date of each preceding month]

Compliance staff tried to contact the Participant on 29 September 2000. The Participant contacted the Exchange on 3 October 2000 to advise that the August 2000 Monthly Return had not been sent by the due date. The Exchange received the Return later that day. The Participant had not requested an extension of time to lodge the Return.

The BCC noted that this incident was a fourth offence. On this basis, in accordance with G.11.36(b) the BCC imposed a fine of \$500 upon the Participant for the identified breach.

PARTICIPANT 7

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

- **G.4.16(d)**
[Associate Participant to lodge financial returns within one calendar month of the last trading date of each preceding month]

Compliance staff tried to contact the Participant on 29 September 2000. The Participant contacted the Exchange on 3 October 2000 to advise that the August 2000 Monthly Return had not been sent by the due date. The Exchange received the Return later that day. The Participant had not requested an extension of time to lodge the Return.

The BCC noted that this incident was a repeat offence. On this basis, in accordance with G.11.36(b) the BCC imposed a fine of \$250 upon the Participant for the identified breach.

PARTICIPANT 8

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

- **G.4.16(d)**
[Associate Participant to lodge financial returns within one calendar month of the last trading date of each preceding month]

The Participant contacted the Exchange on 3 October 2000 to advise that the August Monthly Return had not been sent by the due date. The Exchange received the Return later that day. The Participant had not requested an extension of time to lodge the Return.

The BCC noted that this incident was a third offence. On this basis, in accordance with G.11.36(d) the BCC imposed a fine of \$250 upon the Participant for the identified breach.

PARTICIPANT 9

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

- **G.4.16(d)**
[Associate Participant to lodge financial returns within one calendar month of the last trading date of each preceding month]

Compliance staff contacted the Participant on 31 July 2000, reminding it of its reporting obligation. The Participant advised that the Return would be lodged later that day. The Exchange received the Return on 1 August 2000, which was after the due date. The Participant had not requested an extension of time to lodge the Return.

The BCC noted that this incident was a third offence. On this basis, in accordance with G.11.36(b) the BCC imposed a fine of \$250 upon the Participant for the identified breach.

PARTICIPANT 10

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

- **G.3.16(c)**
[Full Participant to lodge financial returns within one calendar month of the last trading date of each preceding month]

On 27 July 2000 the Participant requested an extension of time to lodge the Return by no later than 9 August 2000, due to the unavailability of two authorised signatories to sign the Directors' Statement. The Participant lodged an unsigned copy of the Return on 31 July 2000. Since the Directors' Statement had not been lodged by the due date, Compliance staff contacted the Participant requesting it do so immediately. The Exchange received the Directors' Statement on 11 August 2000.

The BCC noted that this incident was a third offence. On this basis, in accordance with G.11.36(b) the BCC imposed a fine of \$250 upon the Participant for the identified breach.

MICHELLE WAGNER
MANAGER - COMPLIANCE

15 NOVEMBER 2000