

SFE Bulletin No: 20/02

From: SFE Corporation Limited ABN 74 000 299 392

Date of Issue: 25 Feb 2002

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 failed to comply with:

- 1. General By-Laws G.3.16(n) and G.3.16(o), Sections 1208(1) and 1266(7) of the Corporations Act 2001 (Cwlth) (the Act)**
(Failure to record orders correctly and failure to record all required details of orders);
- 2. General By-Law G.29(a)**
(Unauthorised Dual Trading);
- 3. General By-Law G.3.14(b)**
(Not acting in a proper and efficient manner);
- 4. Trading Rules TR.11.5(f) and TR.11.5(i)**
(Failure to input client identifiers into SYCOM®);
- 5. General By-Law G.28(d)**
(Failure to accurately complete error reports);
- 6. Trading Rules TR.8.16(b) and TR.8.16(j)**
(Failure to lock SYCOM® Workstation keyboard and thus allowing another trader unauthorised access to SYCOM® by logging on under his or her password); and
- 7. General By-Law G.3.14(f)**
(Failure to comply in all respects with the Futures Law).

S F E B U L L E T I N C O N T I N U E D

An enquiry identified that a former employee of the Full Participant had failed to trade in a manner that was consistent with the SFE Business Rules and the Corporations Act 2001 (Cwlth). The former employee had initiated orders for the Participant's error account whilst having knowledge of client orders, had failed to maintain adequate order records and by not locking the SYCOM® Workstation had allowed another SYCOM® Trader unauthorised access to SYCOM®.

In accordance with General By-Law G.11.36(b), the BCC imposed a fine of \$3,000 upon the Participant in respect of the identified breaches.

PARTICIPANT 2

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

- 1. General By-Law G.22(a)**
(Failure to ensure that margin payments are received with 24 hours).

The enquiry identified that the Participant failed to ensure that margin payments were received within 24 hours.

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

PARTICIPANT 3

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

- 1. General By-Law G.37(a)**
(Late submission of Reportable Position File).

The enquiry identified that the Participant failed to lodge the file by the due time and was not able to demonstrate that this was due to circumstances beyond its control.

In accordance with General By-Law G.11.36(d), the BCC imposed a Reprimand upon the Participant as this was a repeat offence.

PARTICIPANT 4

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

- 1. General By-Law G.37(a)**
(Late submission of Reportable Position File).

The enquiry identified that the Participant failed to lodge the file by the due time and was not able to demonstrate that this was due to circumstances beyond its control.

S F E B U L L E T I N C O N T I N U E D

In accordance with General By-Law G.11.36(d), the BCC imposed a Reprimand upon the Participant as this was a repeat offence.

PARTICIPANT 5

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

1. **General By-Law G.3.16(c)(ii)**
(Failure to lodge Monthly Return by due date).

As the Return had not been lodged by the due date, Compliance staff unsuccessfully attempted to contact the Participant to advise that the Return had not been received. On 2 January 2002, the Participant called Compliance staff to advise that the Return had not been forwarded to the Exchange due to an oversight. The Return was received on 2 January 2002 which was after the due date.

In accordance with General By-Law G.11.36(d), the Committee imposed a Reprimand upon the Participant as this was a repeat offence.

PARTICIPANT 6

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

1. **General By-Law G.4.16(d)(ii)**
(Failure to lodge Monthly Return by due date).

As the Return had not been lodged by the due date, Compliance staff unsuccessfully attempted to contact the Participant to advise that the Return had not been received. On 2 January 2002, Compliance staff contacted the Participant to request immediate lodgement of the Return. The Participant advised that the Return was still awaiting sign off by its Director. However, on 3 January 2002, the Participant advised that the Return had been forwarded to the Exchange via facsimile on 31 December 2001. As the Return had not been received, the Participant immediately forwarded a copy of the Return on 3 January 2002 which was after the due date. The Return sent via facsimile on 31 December 2001 has not been received from the Participant and the Participant is unable to provide evidence of sending the Return via facsimile.

In accordance with General By-Law G.11.36(d), the Committee imposed a Reprimand upon the Participant as this was a repeat offence.

Please note that all fines imposed by the BCC, as noted above, are stated exclusive of Goods & Services Tax.

Should you have any queries please contact Michelle Wagner on 9256-0580 or mwagner@sfe.com.au

S F E B U L L E T I N C O N T I N U E D

A handwritten signature in black ink, appearing to read 'Michelle Wagner', with a stylized flourish extending from the bottom right.

Michelle Wagner
MANAGER, COMPLIANCE

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