



SFE Bulletin No: 26/02
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TRANSITIONAL AMENDMENTS TO THE BUSINESS RULES OF SYDNEY FUTURES EXCHANGE LIMITED AND OF SFE CORPORATION LIMITED

This Bulletin is issued as a reminder to Participants that on Monday 11 March 2002 the Financial Services Reform Act (FSR) becomes effective.

Amendments have been made to SFE Business Rules to address the introduction of the FSR.

Participants are reminded that the introduction of the FSR on Monday will require futures brokers with current futures brokers licences to transition to a new licence called an Australian Financial Services Licence (AFSL) over a two year period. Upon transitioning to the new AFSL the broker becomes subject entirely to the new FSR regulatory regime.

During the two year transition period transitioning by brokers will inevitably be staggered. The situation will arise where collectively SFE Participants will comprise of a combination of brokers holding old futures brokers licences under the old regime and brokers holding the new AFSL.

The amendments accommodate the application of SFE Business Rules to those SFE Participants who hold an AFSL or who have chosen to opt-up to the product disclosure requirements under the FSR regulatory regime. They also provide that where an inconsistency may exist between the FSR legislative regime and the SFE Business Rules, that the provisions of the FSR legislative regime prevails. The Business Rules in their current form will continue to apply to those Participants who hold the old futures brokers licence.

Since the issue of Bulletin 17/02 some minor amendments have been made to the transitional Business Rules. These amendments are identified in bold.

DEFINITIONS

Insert:

G.1.1 "Futures Brokers Licence" - means a licence granted by the Commission prior to 11 March 2002, that authorises a person who carries on a financial services business to provide financial services.

Replace:

Existing definition of "Futures Law" with:

- (a) where a Participant holds a Futures Brokers licence, **the law applying to such person by virtue of the operation of Chapters 7 and 10 of the Corporations Act 2001** (Cwlth) and references to a part or to a section of the Futures Law shall be read as a reference to the part or section of the law applying by virtue of the operation of those chapters;
- (b) where a Participant holds an Australian Financial Services Licence, Chapter 7 of the Corporations Act 2001 (Cwlth) and references to a part or to a section of the Futures Law shall be read as references to a part or to a section of Chapter 7 of the Corporations Act 2001 (Cwlth).

Existing G16.7 to G16.11 with:

G16.7 A Participant who holds an Australian Financial Services Licence shall:

- (a) provide a copy of that licence to the Exchange;
- (b) advise the Exchange of any variation to the conditions of the licence or of the suspension or cancellation of the licence; and
- (c) comply in all respects with the Futures Law.

G16.8 If a Participant holds an Australian Financial Services Licence, then where a provision of these Business Rules is inconsistent with a provision of the Futures Law, the provisions of the Futures Law shall prevail.

G16.9 A Participant who provides an opt-in Product Disclosure notification to ASIC pursuant to the Futures Law will comply in all respects with Part 7.9 of the Futures Law.

G16.10 If a Participant has transitioned to the product disclosure requirements of Part 7.9 of the Futures Law, then where a provision of these Business Rules is inconsistent with that part, the provisions of that Part shall prevail.

G16.11 For the purpose of G16.9 and G16.10, Futures Law shall mean that law which would apply as if the Participant holds an Australian Financial Services Licence.

Should you have any queries please contact Ms Patricia Gilligan on 9256 0661 or pgilligan@sfe.com.au in relation to the FSR amendment.

A handwritten signature in cursive script that reads "Malcolm Starr".

MALCOLM STARR
GENERAL COUNSEL & COMPANY SECRETARY

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