



SFE Bulletin No: 55 /04

From: SFE Corporation Limited ABN 74 000 299 392

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SELF REPORTING OBLIGATIONS

The purpose of this Bulletin is to remind Participants of their obligation to self-report any breaches under SFE Operating Rule 2.2.10 by contacting SFE's Compliance & Surveillance department upon becoming aware of a breach of SFE's Operating Rules.

In keeping with SFE's intent to enforce the Operating Rule in a reasonable and judicious manner, Participants are expected to exercise common sense and professional judgment in determining if a breach of the Operating Rules should be reported to the Compliance & Surveillance department of SFE. Where a Participant determines that a breach has occurred and it should be reported to SFE, the Participant should provide the Compliance & Surveillance department with full details of the breach in writing as soon as possible upon becoming aware of the breach. If any doubt exists regarding whether or not to report, the breach should be reported. In line with SFE standard procedures, relevant circumstances will be taken into consideration in deciding upon any appropriate enforcement action.

To further assist Participants, the following are examples of breaches that SFE would expect to be reported, in addition to obvious deliberate acts. However, please note that this list of examples is not exhaustive:

- Dual trading
- Personal account trading
- Unauthorised trading of an error account
- Post allocation
- Withholding
- Disclosure
- Failure to execute and allocate trades in sequence
- Failure to act in accordance with Clients' Segregated Account rules
- Failure to mandatory record information
- Wash trades
- Trading to the Exclusion of Others
- Failure to demonstrate prudent risk management

It has come to the attention of the Business Conduct Committee that not all Participants may have been self-reporting breaches of SFE Operating Rule 2.2.6 Clients' Segregated Account (CSA) Obligations.

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

Some examples of instances that would result in a breach occurring and therefore the need to self-report the breach to SFE include the following:

- Where the Participant's Bank incorrectly posts a bank charge to the Participant's CSA instead of to the Participant's House account.
- Where one of the Participant's Operations staff inadvertently posts a debit charge to the Participant's CSA instead of to the Participant's House account.

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



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