



Stockbrokers Monthly

www.stockbrokers.org.au

Dear Member

As now seems traditional in the lead-up to Christmas, the Government and ASIC have released a batch of significant legislative and regulatory matters for consideration and comment by the industry over the holiday period. This includes 2 major ASIC consultation papers (market structure and research providers), 2 Parliamentary Inquiries into FOFA (with more likely), and Government proposals on handling of client monies for OTC products. These matters, together with the major review by the Council of Financial Regulators into Financial Market Infrastructure, once again make this a very busy lead-up to year-end.

Stockbrokers Association 12th Annual General Meeting

The Stockbrokers Association of Australia held its Annual General Meeting on Wednesday 9 November 2011. Newly elected Board Members were: Andrew Coppin representing Wilson HTM; and Lewis Fellowes representing Patersons Securities. Re-elected Board Members were Dean Surkitt of Bell Potter Securities; Russell Deal of Deutsche Securities; and Stephen Karpin of Commonwealth Securities. It is with sincere thanks that we farewell Brad Usasz, Brent Potts, Murray McGill and Jonathan Gurnsey as Board Members – their outstanding contribution to the Stockbrokers Association of Australia is greatly appreciated.

2012 Annual Stockbrokers Conference – Mark Your Diary...

The dates for the 2012 Annual Stockbrokers Conference have been confirmed and will take place on Thursday 31 May & Friday 1 June 2012 at the Crown Promenade, Melbourne. The Conference will be preceded by the 9th Annual Stockbrokers Charity Golf Day which will be held on Wednesday 30 May 2012 at The Heritage Golf & Country Club, Melbourne. If you are interested in being a sponsor or an exhibitor, please contact Melinda Coulston at mcoulston@stockbrokers.org.au for further information.

Young Members Networking Lunch

Our final Young Members Lunch for 2011 will be held Wednesday 7 December at the Pool Club, Ivy in Sydney. The event will provide a wonderful opportunity for your junior staff members to meet other young people working in the industry so please ensure you alert them of the event. The lunch is strictly limited to 25 people and registration is essential so please RSVP at www.stockbrokers.org.au today.

Members Speaker Lunch in Sydney – Register Today!

The Stockbrokers Association is delighted to announce our next Members Speaker Lunch to be held in Sydney on Wednesday 15 February 2012. The event will feature a private presentation from Bill Evans, Chief Economist of Westpac Banking Corporation.

Speaker Topic: "The importance around the build-up of debt in developed economies".

For more detailed information, or to register for either of these lunch events, please visit our website, www.stockbrokers.org.au, but hurry as places are limited.

Young Members Drinks: Brisbane, Sydney & Melbourne – Thank you to all who attended!

Young Members Drinks were held in Brisbane on Thursday 10 November, Sydney on Thursday 17 November and Melbourne on Thursday 24 November. A very big thank you to all of our young members and their industry friends and colleagues who attended the events, we had a fantastic turnout and hope all attendees found the drinks a great opportunity to network with other young people working in the broking industry!



David W Horsfield MSA
Managing Director & CEO

INSIDE

Committee News	3
Market Competition Update.....	3
ASIC Market Rule Changes – Tranche 2 – Consultation Paper CP 168	4
Council of Financial Regulators Consultation Paper – Financial Market Infrastructure	4
AML Update.....	4
Future of Financial Advice (FOFA).....	4
Stronger Super: SMSF's and Off-Market Transfers	6
FSB Report on Australia – Securities Regulation	6
ASIC Consultation Paper 171: Research Provider Regulation.....	6
ASIC Consultation Paper 164: Additional Guidance on How to Scale advice July 2011.....	6
ASIC Consultation Paper 153: Licensing – Training and Assessment Framework for Financial Advisers March 2011	6
Compensation Arrangements Review....	7
ASIC Capital Requirements for Market Participants – RG226	7
DTR Training.....	8
Fidessa Expands Australian Operations .	9
Accreditation & Training	10
A Few Snaps From our Most Recent Members Speaker Lunch!.....	12
Super Snippets – Why a SMSF is Different	13
A Message from ASIC.....	14
Stockbrokers Association sponsors 2nd Annual Australian Microcap Investment Conference	15

Key Dates for Your Diary...

- ✓ Young Members Networking Lunch
7 December 2011, Sydney
- ✓ Members Speaker Lunch
featuring Bill Evans, Chief Economist,
Westpac Banking Corporation
15 February 2012, Sydney
- ✓ 9th Annual Stockbrokers Charity Golf Day
30 May 2012, Melbourne
- ✓ 2012 Annual Stockbrokers Conference
31 May & 1 June 2012, Melbourne

2012 Annual Stockbrokers Conference

DISCUSS. ENGAGE. CONNECT. CHALLENGE. CONFRONT.

31 MAY - 1 JUNE 2012 | CROWN PROMENADE, MELBOURNE



INTERESTED IN
SPONSORING
OR EXHIBITING?
Email Melinda Coulston at
mcoulston@stockbrokers.org.au



Committee News

Recent meetings of Stockbrokers Association Committees, Working Groups and Advisory Panels, and major issues discussed:

Retail Broking Committee Meeting – Tuesday 25 October 2011

Chair: Bill Chatterton MSA, RBS Morgans Ltd

DTR Working Group Meeting – Wednesday 26 October 2011

Chair: David 'Sushi' Linden-Smith MESAA, BBY Ltd

Profession Committee Meeting – Tuesday 2 November 2011

Chair: Brad Usasz MSA, Wilson HTM Ltd

ASIC Market Structure Forum – Tuesday 8 November 2011

Stockbrokers Association Annual General Meeting – Wednesday 9 November, 2011

Chair: Rob Thomas MSA, Stockbrokers Association of Australia

Board of Directors Meeting – Wednesday 9 November 2011

Chair: Rob Thomas MSA, Stockbrokers Association of Australia

New Individual Practitioner Master (MSA) Membership application approved:

- Bruce Richard Sydney Symon MSA, MDS Financial Group Ltd

New Individual Practitioner Member (MESAA) Membership applications approved:

- Christopher John Lawlor MESAA, Ord Minnett Ltd
- Timothy Paul Willett MESAA, Shaw Stockbroking Ltd

New Individual Affiliate (AFSAA) Membership applications approved:

- Dhanesh Nair AFSAA, The Salvation Army
- James McGrath AFSAA, Certainty Compliance
- Peter Armstrong AFSAA, Sinclair Knight Merz
- Robert Burge AFSAA, Pulse Markets Pty Ltd

Market Competition Update

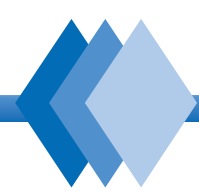
As members will be aware, Chi-X commenced operations as Australia's first truly competitive exchange market operator on 31 October 2011. The first week of trading ('the soft launch'), involving eight selected stocks over two settlement cycles, proceeded without any incident. On 9 November, following the granting of approval from ASIC, Chi-X moved to full trading of ASX 200 stocks and ASX listed ETF's.

ASX PureMatch: On 11 November 2011, ASIC announced that it was satisfied as to the readiness for the ASX PureMatch order book to commence operations on the scheduled date of 28 November 2011. Initially, there will be a "soft launch" for a period of at least two weeks involving not more than 10 stocks. ASIC also notified that it had granted a waiver to Market Participants so that PureMatch data is not required to be included in national Best Bid/Offer data until 1 March 2012.

ASX PureMatch will operate in parallel with ASX Tradematch, and is intended as an ultra low latency platform for trading ASX 200 and Index ETFs only. Order types will be restricted to market and limit orders only, with no crossings, iceberg, centrepoint or undisclosed orders.

ASX Liquidity Centre: On 2 November 2011, ASX issued a revised timetable for the introduction of the Australian Liquidity Centre at Gore Hill. The ALC is ASX's new data centre, built to house all of ASX's systems and to provide hosting and liquidity to users, including Co-Location .

On 16 January 2012, ASX will configure its systems so that ASX Trade operates from the existing Bondi Junction facility as primary site and the ALC as back-up site. On Saturday 21 January 2012, the configuration will be reversed for the day to allow Users to conduct order and connectivity testing, and similarly on Saturday 4th February for final connectivity testing. In the intervening period, between 23 January to 3 February (excluding 26 January). Users will



be able to conduct further connectivity testing between 16:45pm and 19:00pm. On 6 February 2012, the configuration will be reversed permanently, with TradeMatch going live from ALC as the primary site.

For further details, see the ASX Trade Technical Bulletin 27/11.

ASIC Market Rule Changes – Tranche 2 – Consultation Paper CP 168

As members will recall from last month's edition, ASIC released its second tranche of Market Integrity Rule Proposals in October. The Proposals, contained in Consultation Paper CP 168, deal with a group of subject areas that were not considered critical for Day 1 of market competition, and hence were held back for consideration until after preparations for the commencement of Chi-X were completed.

The proposals now contained in CP 168 include those dealing with:

- automated trading, including algorithmic and high frequency trading, "kill switches" and requirements for testing algorithms;
- volatility controls for extreme price movements, including "limit up- limit down" proposals;
- enhanced data for market supervision by ASIC, including client data ;
- expanding the product scope of best execution beyond listed equities; and
- pre-trade transparency and price formation in the market (relevant to crossings and Dark Pools).

As foreshadowed last month, the Stockbrokers Association and ASIC jointly held a Member's Forum on 8 November 2011 to hear from Senior ASIC staff regarding the CP 168 Proposals and the rationale behind them.

The Stockbrokers Association Market Supervision Working Group has met to analyse the more than 100 questions in CP 168 on which ASIC is asking for feedback, and to start the process of drafting responses. We are encouraging members to look at CP 168 and let us know their thoughts on the Proposals so that their views can be incorporated into the Association response. If any members wish to participate in the Market Supervision Working Group, please contact the Association to be included.

Council of Financial Regulators Consultation Paper – Financial Market Infrastructure

The Council of Financial Regulators has issued a Consultation Paper setting out a number of proposals for additional powers for Australian regulators to ensure the smooth functioning and continuity of Australia's financial market infrastructure (FMI), including market operators and clearing and settlement facilities. The review has emerged at least in part from the decision of the

Treasurer to reject the proposed Singapore Exchange takeover of ASX, citing concerns regarding the material risks and supervisory issues impacting on the effective supervision of ASX's operations, particularly the clearing and settlement functions.

The measures proposed in the Consultation paper include:

- greater regulatory powers in cases of breach of conditions of operator licences;
- capacity to make direct interventions in the operations of FMIs, including powers to issue directions;
- "step-in" powers to resolve a crisis situation in relation to a systemically important FMI, including powers to appoint a manager;
- powers to impose on-shore location requirements for systemically important FMI services;
- powers to require the making of listing rules;
- pre-approval of directors of FMI and parent entities to ensure they are fit and proper persons;
- client protection through portability of segregated client accounts;
- a review of the NGF, especially governance arrangements.

The Stockbrokers Association is currently analysing the proposals, and will be providing a submission (due by 2 December). We are keen to hear feedback from members about the proposals.

AML Update

AUSTRAC has published a list of authorised External Auditors. This is a list of persons whose qualifications and experience equip them, in AUSTRAC's assessment, to act as an external auditor for a reporting entity should the need arise.

On 8 November 2011, AUSTRAC published a report entitled Money Laundering in Australia 2011. The Report is described as a consolidated picture of money laundering at the present time, the indicators and activities involved, the sectors and professions which are vulnerable, and new threats which emerging, together with the actions needed to detect and prevent its occurrence.

Future of Financial Advice (FOFA)

1. Ban on Conflicted Remuneration – Stockbrokers Carve-outs:
As Members would be aware, we have since May been in discussions with Treasury (and ASIC) and made lengthy submissions concerning the impact of FOFA, particularly on
 - normal stockbrokers' remuneration arrangements (commission splitting); and
 - 'stamping fees' on IPO's and new issues.

We were delighted to hear the announcement by Minister Shorten on 29 August that FOFA would not 'unduly impact' the traditional remuneration structures of stockbroking. The legislation which will enable the carve-outs (the second FOFA Bill) has now been released, but the precise detail of the carve-outs will not be known until the regulations

underlying the legislation are released, sometime after the Bill goes before Parliament. While we await the detail of the carve-outs, this is certainly a positive development, and an acknowledgement of the differences between stockbroking and financial planning and the importance of stockbrokers to capital raising in Australia.

The new FOFA changes will no doubt result in claims to FOS. While FOS does not normally hear complaints about fees, it does have a discretion to handle complaints about 'non-disclosure, misrepresentation or incorrect application of fees' (FOS Terms of Reference 5.1(b)(i)). It is hoped that the new provisions do not result in a substantial increase in the jurisdiction of FOS.

2. **Best Interests Obligation and Opt-in:** In late August, the Government released the first FOFA amendment Bill for comment. This covers the new best interests obligation, opt-in and increasing ASIC's powers. In our Submission to Treasury in September, while we welcomed the decriminalising of the obligation to have a reasonable basis for personal advice to retail clients, we raised several issues, which may limit the availability of advice to retail clients, including:

Best Interests Obligation

- 'subject matter of advice' and arrangements where 'different' subject matter may be appropriate are concepts that are too wide and unworkable;
- the ability of advisers to rely on expert third parties for product recommendations should be retained in the existing form;
- tailored, limited advice may not be facilitated by the Bill;
- business models which use Authorised Representatives may need to be reviewed; and
- existing obligations of market participants often exceed those proposed, which needs to be accommodated;

Opt-in obligation

- the opt-in obligation should be confined to arrangements for the giving of advice, and not to other financial services; and
- the consequences of a client's failure to respond to an opt-in request ought to be covered;

Expanded ASIC powers

- while the provider (individual or firm) is responsible for their own actions, we fail to see why the new definition of 'provider' is required. ASIC already has sufficient powers against individuals; and similarly
- we fail to see why the power to take action against someone 'likely to breach' requirements is necessary, as the existing ASIC powers are sufficient.

The first FOFA Bill was introduced to Parliament in October, and while it did follow the draft, it also introduced a requirement to give a fee disclosure statement within 30 days of the first anniversary of the fee arrangement, and clarifying two

matters: that the arrangement ceases as soon as the client gives notice of termination, and that if the adviser breaches the disclosure or opt-in obligations, the client has the right to sue for the fees paid.

The Bill has been referred to the Parliamentary Joint Committee on Corporations and Financial Services which will hold hearings in December and is due to report to Parliament by 29 February 2011 and to the Senate Economics Committee which is due to report by 14 March 2012. The Association is participating in both inquiries.

3. **Standards and Ethics:** A key aspect of the FOFA project is the examination of professional ethics and training standards. In November 2010, the Minister announced an Advisory Panel to provide Government with views on professional and ethical standards, and training and competency requirements for the financial advisory industry. (ASIC has separately proposed new training proposals – see CP153 below). The Panel, on which the Association was represented, met for the final time in September, and made final recommendations to the Minister in October.
4. **Wholesale/Retail Client Definition Review:** In January, the Government released an Options Paper on the definition of Wholesale and Retail clients under the Corporations Act. The 4 Options proposed were:
 - Option 1 – Retain and update the current system
 - Option 2 – Remove the distinction between wholesale and retail clients
 - Option 3 – Introduce a 'sophisticated investor' test as the sole test
 - Option 4 – Do Nothing.

In February the Association made a submission to the review, the main points of which were:

- the rationale of the proposals is not clear, and a wider review of the wholesale and retail definitions across the Corporations Act is recommended;
- there are serious concerns about the possibly detrimental effects of the proposals on capital raising in Australia, particularly in the small- and mid-cap sectors;
- the asset value test is complicated, and the real question is what truly represents a 'sophisticated investor';
- the product value test proposal to move to \$1m may not achieve the aims of the review;
- the opportunity should be taken to revisit (or preferably remove) the superannuation trustee with assets of less than \$10m and the small business tests;
- there is no support for removing the wholesale/retail tests entirely, or for using the sophisticated investor test as the sole determinant;
- there is support for a proposal to give ASIC the power to ban complex, dangerous products, such as is being proposed in the United Kingdom; and

- before any of the options are adopted, more consultation will be necessary in order that our Members can analyse the effects on their businesses, and the likely benefits to clients.

We still await news of the results of this FOFA consultation on the definitions of 'retail' and 'wholesale' investors, as we do for those of Richard St John's inquiry into compensation arrangements (see below).

Stronger Super: SMSF's and Off-Market Transfers

In September, the Government announced a package of reforms in response to the Cooper review of Superannuation arrangements, entitled Stronger Super. We have raised a serious issue with the Government in response to one of the Stronger Super reforms, namely the requirement that transactions involving related parties must be undertaken on-market. We have noted that the proposals may have the unintended consequence of facilitating transactions involving no change in beneficial ownership, or wash trades, which could result in serious breaches of the ASIC Market Integrity Rules and the Corporations Act. (The same would occur if the trade was broken into two matched trades rather than a single crossing.) We have suggested appropriate relief be granted so that ideally such transactions can be undertaken on-market without serious consequences. This is much more efficient for transparency and settlement purposes, and is the preferred solution. The alternative is that off-market transactions be allowed to continue, with reference to the market price. We await the Government's response.

FSB Report on Australia – Securities Regulation

The international Financial Stability Board is a group formed by the G20 countries and the European Commission to promote international financial stability. Australia is a member of the FSB. The FSB conducts a programme of peer review of its member countries. A report of the peer review of Australia was released in September. The review found that Australia had weathered the financial crisis well and has a sound regulatory and supervisory framework. In relation to securities regulation, it recommended certain areas for improvement, including:

- removing the power of the Treasurer to direct ASIC to carry out an investigation;
- funding a proportion of ASIC's work via a direct levy on market participants, so as to reduce its reliance on special purpose Government funding;
- clarifying ASIC's powers to use evidence obtained via a search warrant;
- ASIC should be more specific in its expectations of market participants in relation to churning and underwriting agreements; and
- for non-APRA regulated market intermediaries, risk-based capital requirements should be enhanced to meet

international norms and take account of systemic risk of large OTC exposures.

ASIC has already responded to a number of these recommendations (see RG223), which sets out its expectations on best execution in the multi-market environment.

ASIC Consultation Paper 171: Research Provider Regulation

In November, ASIC released CP171 Strengthening the regulation of research providers (including research houses). The paper, which ASIC has confirmed will apply to stockbrokers and investment banks, proposes a bi-annual compliance report to be lodged with ASIC, covering:

- research methodology and processes;
- conflicts management processes;
- disclosure of conflicts, and conflicts policy, to clients;
- publication and distribution of research;
- staff training;
- managing quality of research, including sign-offs and disclosures; and
- compliance and risk management.

Submissions are due 3 February 2012. We will be consulting with Members on feedback.

ASIC Consultation Paper 164: Additional Guidance on How to Scale Advice July 2011

In July, ASIC released CP164 on how to scale advice. The paper draws on research that a growing number of investors want advice on a piece-by-piece basis rather than comprehensive advice. ASIC's latest consultation paper addresses the issue of scaling financial advice and highlighting common financial advising situations, including stockbroking. In July, we commended ASIC for considering real-life situations which reflect the way stockbroking works, as most stockbroking clients only require advice on one or two transactions, not their entire portfolio. We also noted that the applicable law on 'further advice' in the Consultation Paper was out-of-date. We met with ASIC in September, and submitted that, since the guidance does not consider the new FOFA 'best interests' obligation - which will significantly impact 'scaled advice' - finalisation of the guidance should await the final FOFA changes.

ASIC Consultation Paper 153: Licensing – Training and Assessment Framework for Financial Advisers March 2011

ASIC released CP153 on Training and Assessment. The three main components of the proposed framework are:

1. Initial Exam: All existing and new advisers have to pass the Financial Services Competency Certificate (FSCC) examination;

2. Supervision: All new advisers have to be subject to supervision by an adviser of 5 years + experience; and
3. Periodic Update Exam: All advisers have to pass the Knowledge Update Review (KUR) examination every 3 years.

Timing: The framework is proposed to commence 1 July 2012 -

- 1 July 2012: supervision for new advisers applies from this date; FSCC becomes available;
- 1 Jan 2013: new advisers must do FSCC;
- 30 June 2015: cut-off for all advisers to have done the FSCC;
- 1 July 2015: supervisors must have 5 years experience, FSCC + supervisor's module (if required);
- 1 July 2017: cut-off for all advisers to have done the KUR.

The framework only applies to Retail Advisers, although we have argued in the past that it should cover all advisers, like the US FINRA Series 7 on which the framework is modelled. There is to be no grandfathering (unlike the introduction of PS146, where former ASX Members were exempt).

After consulting with Members, our June submission to ASIC made comments including:

- the desired outcome could be better achieved by improving and strengthening the current model of RG146, rather than introducing a whole new regime for competency training and assessment;
- the cost to the industry of preparing and undertaking the uniform examination and will be many millions;
- there is uncertainty at how the new proposals will fit with the existing RG146;
- the lack of a 'Recognition of Prior Learning' or 'grandfathering' mechanism;
- continuing education requirements could be better achieved by improving and strengthening the Continuing Professional Development requirements rather than introducing a new triennial Knowledge Update Review test; and
- there is uncertainty as to how the uniform examination will be appropriate for all advisers, and how specialist modules will be structured.

Recent discussions with ASIC suggest that, while the timing may change, the key parts of the proposals will proceed. However, we await clarification on the future of RG146 and a number of other matters, including the future of specialist accreditations (ADA, DTRs, RE's etc).

Compensation Arrangements Review

One of the Government's actions after the Storm Inquiry was to investigate arrangements for retail client compensation, particularly where the financial services provider fails. The Government engaged Richard St John to lead the review, and a preliminary discussion paper was released in April, which suggests that compensation arrangements may be improved by:

- improvements to professional indemnity insurance arrangements;

- greater financial literacy in clients;
- better financial resources of licensees;
- a 'last resort' compensation scheme for clients who have suffered loss that is not otherwise covered by failed licensees.

In our Submission to the inquiry in June, we commended Mr St John for taking a broad approach to the issue, looking at issues other than just compensation. However, in relation to the proposal for a 'last resort' fund, we argued that any measures so far as they impact stockbrokers, must take into account our sector's excellent record in relation to client complaints and award recovery. To do otherwise would be to introduce the risk of 'moral hazard', where less ethical sectors obtain the benefit of protection from better regulated and more ethical sectors like stockbroking. We presented claims figures from the NGF and FOS to show that Stockbrokers have an excellent record and strong history in the area of investor protection, and should not have to subsidise less scrupulous operators.

ASIC Capital Requirements for Market Participants – RG226

Following on from its earlier consultation (CP161), ASIC has released Regulatory Guide 226 for the transfer of capital requirements for trading participants, which took place on the anniversary of the transfer of market supervision, 1 August 2011.

ASIC has stated that, like the transfer of ASX Market Rules to ASIC Market Integrity Rules in 2010, it is making the minimum changes necessary to streamline the transfer to ASIC. It also stated that any changes are technical only and will have no significant impact on participants. (The only substantive changes proposed will be the introduction of a trust reconciliation rule to ASX 24 Futures participants, similar to that which already exists for ASX participants, and imposing the same lodgement periods as ASX on ASX 24 participants.)

Any ASX capital waivers will be transferred to ASIC. ASX and Chi-X participants will only have to comply with one set of requirements. By arrangement with ASX, lodgements to ASIC for both ASX and Chi-X participants will continue to be done via the ASX lodgement portal as before.

In our Submission to ASIC in June, we made the following points:

- **Seamless Transition:** we commended ASIC for endeavouring to achieve as seamless a transition as possible to the transfer of capital requirements in August 2011, with as few substantive changes as possible. We noted that we will be cognizant of any concerns of our Members in this regard as the new regulatory structure is established;
- **Lodgment Facilities – Confidentiality:** in relation to ASIC retaining the same lodgment facilities (via ASX) after 1 August 2011, we raised the issue of confidentiality. ASX will have no business or right to view the reports, since participants will be under no obligation to lodge reports with ASX (unless they are also clearing participants). Accordingly, we urged ASIC to

ensure that ASX have no right to view the reports or use them for any other purpose. This is particularly the case as we move to a multi-market environment. We further encouraged ASIC to establish its own lodgment facilities as soon as possible;

- **Following ASX Policy:** we encouraged ASIC to publish its own policy as soon as possible, rather than follow ASX policy on capital requirements for an extended period;
- **Non-Market Participants:** as we have submitted consistently for several years, also reiterated that the growing number of AFS licensees and representatives offering advice and dealing services in listed securities should be regulated in the same way as market participants, including capital requirements.

DTR Training

As members would be aware, in August last year the obligation to have Designated Trading Representatives accredited and registered with ASX was removed and replaced by similar obligations under the Market Integrity Rules, but without the registration component. Market participants must now instead ensure that each of their DTR's is suitably qualified and experienced, and has demonstrated knowledge of the rules and dealing processes on the relevant trading platform: see ASIC ASX Market Integrity Rule 2.5.5. Since then, while no longer obliged to, ASX has continued training and assessing DTR's as a service

to the industry. In April, ASX and the Stockbrokers Association reached agreement which will see the transfer of training and assessment of DTR's from ASX to the Stockbrokers Association, expected in August. The DTR Working Group has been established comprising senior DTR's and has now commenced the job of determining the training and assessment programme. It is expected that the previous model of a written (probably online) examination plus a practical assessment (the Governor's Exam) will apply. Further details will be released shortly.

Submissions

Members can view submissions at www.stockbrokers.org.au

Policy Enquiries

Doug Clark MSA, Policy Executive
dclark@stockbrokers.org.au

Peter Stepek MESAA, Policy Executive
pstepek@stockbrokers.org.au

AUSTRALIA'S EXPERTS IN TIME


BREITLING
1884
INSTRUMENTS FOR PROFESSIONALS™

Cartier

CHANEL

IWC
INTERNATIONAL WATCH CO. SCHAFFHAUSEN
SWITZERLAND, SINCE 1868


JAEGER-LECOULTRE

LONGINES®


OMEGA


TAGHeuer
SWISS AVANT-GARDE SINCE 1860

Watches of Switzerland is Australia's only national Swiss watch retailer, housing Switzerland's finest brands in an extensive range.

Watches of Switzerland is proud to offer members of the Stockbrokers Association of Australia the gift of time this Christmas. Present this ad in store to receive \$200 off the purchase price of your timepiece over the value of \$1000*.

View our range and locations at www.watchswiss.com

*Conditions: This offer excludes other gift vouchers and is not valid in conjunction with any other promotion, sale event or existing transactions. This advertisement must be printed out and presented at time of purchase. This offer is valid for initial purchase only. Valid until December 31, 2011.

WATCHES of 
SWITZERLAND
THE EXPERTS IN TIME

 **1300 888 091**
www.watchswiss.com

MELBOURNE | SYDNEY | PERTH | BRISBANE

Fidessa Expands Australian Operations

Fidessa Group, provider of high-performance trading, investment management and information solutions for the world's financial community, has expanded its Sydney-based Australian operations in a move to support its continued growth in the region.

A new office, located in the very heart of Sydney's CBD, comes as a direct result of recent, significant business successes for Fidessa in Australia, and will house a combination of current employees and new hires. In parallel, Fidessa is also opening new data centre facilities in Australia which will allow it to provide its full range of low-latency connectivity, Software as a Service (SaaS) solutions and other managed and hosted services locally.

This news follows a period of significant investment in the region by Fidessa. Earlier this year it signed a deal with ASX to provide the technology infrastructure for ASX Best, a workstation that supports multi-market equities trading.

Fidessa is also producing a series of white papers on the new trading landscape in Australia. The first, *Aussie Rules*, puts the Australian experience into a global context and investigates how all parties involved can best adjust to meet the challenges ahead. The second, *Stuck in the Middle with You?*, looks at the future for brokers in Australia's new trading landscape. These papers are available from the fidessa website – www.fidessa.com.

For further info on Fidessa and its products, contact us at info@fidessa.com.

Fidessa

Hampers that Pamper

Fabulous Food for Thought

A deliciously irresistible idea for companies and corporations to give their clients and friends this Christmas! Thank your clients and friends in generous kind for all their support and generosity during the year with this most deliciously thoughtful gift.

The Henry Bucks 'hampers that pamper' overflow and burst with the most mouth watering and luxurious cornucopia of condiments and confectionary, chocolates and chutneys. HB's exclusive, exceptional and extraordinary hampers come in 4 varieties. 'The Bowral' and 'The Balnarring' contain the very best of Australian fare and 'The Ascot' and 'The Henley' the very best of British.

Go to our website www.henrybucks.com.au for details and prices and to tantalise your taste buds or call us on 1800 651 399 anytime.

The best of British



"The Henley 350"

"The Ascot 500"



"The Balnarring 350"

"The Bowral 500"

The best of Australia



Henry Bucks
of Collins Street

www.henrybucks.com.au

Accreditation & Training

RE SERIES WORKSHOPS

	LOCATION	DATE	TIME
RE REFRESHER WORKSHOP – 4 CPD (COMPLIANCE)			
This workshop provides a refresher on the requirements applicable to REs and reviews some of the main topics in the ASIC/ASX Markets & ASX Clear (Clearing & Settlement) RE Exams. Intended as a refresher course for existing REs who have already passed the Exams, this workshop could also be of interest to potential REs. Topics include RE Management & Supervision Requirements (& ASIC RM comparisons); Capital Adequacy, Records, Trust; Dealing & Client relations rules; Disciplinary Processes; Corporations Act requirements.	Melbourne	Tues 29 November	9:30am – 1:30pm
	Sydney	Fri 9 December	9:00am – 1:00pm
	Melbourne	Wed 22 February	9:30am – 1:30pm
	Sydney	Tues 13 March	9:00am – 1:00pm

RE EXAM PREPARATION COURSE – 10 CPD (COMPLIANCE)

This 2 x 3-hour intensive workshop (conducted over 2 days) covers the ASIC/ASX Markets & ASX Clear (Clearing & Settlement) RE exam syllabus in detail, ensuring that candidates are well prepared for the exams and know what to expect on the day, with sample questions and a practice exam.	Melbourne	1 & 2 December	9:30am – 12:30pm
	Sydney	13 & 14 February	9:00am – 12:00pm
	Melbourne	20 & 21 March	9:30am – 12:30pm

RE EXAM PREPARATION 'SHORT COURSE' – 4 CPD (COMPLIANCE)

This 4-hour intensive workshop is a condensed version of the Stockbrokers Association 2-day RE Exam Preparation Workshop. It covers the ASIC/ASX Markets & ASX Clear (Clearing & Settlement) RE exam syllabus in detail, with 7 subject areas and 2 assessments during class time.	Sydney	Thurs 8 December	9:00am – 1:00pm
	Melbourne	Tues 7 February	9:30am – 1:30pm
	Sydney	Wed 14 March	9:00am – 1:00pm
	Brisbane	Tues 27 March	9:00am – 1:00pm
	Perth	Mon 30 April	9:00am – 1:00pm

INTRODUCTORY SERIES WORKSHOPS

	LOCATION	DATE	TIME
INTRODUCTION TO DERIVATIVES – 4 CPD			
This half-day workshop is ideal preparation for the Professional Stockbrokers Program Derivatives Accreditation (and for ASX ADA1 exam candidates).	Melbourne	Tues 6 December	9:30am – 2:00pm
	Sydney	Wed 22 February	9:00am – 1:30pm
	Melbourne	Wed 7 March	9:30am – 2:00pm

INTRODUCTION TO STOCKBROKING – 2.5 CPD

Ideal for those returning to, and for newcomers to the industry, back office, auxiliary and support personnel, this workshop covers the operation of financial markets, financial products, taxation, broking operations, regulation and an explanation of common acronyms & jargon.	Sydney	Thurs 9 February	9:00am – 12:00pm
	Melbourne	Thurs 1 March	9:30am – 12:30pm
	Perth	Mon 30 April	2:00pm – 5:00pm

INTRODUCTION TO OPTIONS – 2 CPD

This 2-hour workshop covers options pricing, basic strategies and the mechanics of trading equity options on the ASX. This workshop is suitable for industry participants, including client advisers and back office staff, who have no previous options experience and who wish to acquire some understanding of options trading.	Sydney	Wed 30 November	9:00am – 11:00am
	Melbourne	Tues 21 February	9:30am – 11:30am
	Sydney	Thurs 8 Mar	9:00am – 11:00am
	Brisbane	Tues 27 March	2:00pm – 4:00pm

INTRODUCTION TO WARRANTS – 2 CPD

This workshop covers the main types of warrants traded on the ASX, with particular focus on equity trading warrants and instalments. Basic warrant pricing is discussed and the role of the warrant issuer is explained. Ideal for those who wish to acquire some basic knowledge about the Australian warrants market.	Sydney	Tues 6 December	9:00am – 11:00am
	Melbourne	Wed 15 February	9:30am – 11:30am
	Sydney	Wed 18 April	9:00am – 11:00am

INTRODUCTION TO CONTRACTS FOR DIFFERENCE (CFD) – 3 CPD

This 3-hour workshop focuses on the class of derivatives known as Contracts for Difference (CFDs). In Australia, they are traded both directly with CFD providers and, since late 2007, on the ASX. This workshop covers the different types of CFDs, their uses, risks and potential rewards.	Melbourne	Wed 7 December	9:00am – 12:00pm
	Sydney	Wed 28 March	9:00am – 12:00pm
	Melbourne	Tues 24 April	9:30am – 12:30pm

PROFESSIONAL STOCKBROKERS PROGRAM – PREPARATORY WORKSHOPS

LOCATION	DATE	TIME
----------	------	------

CORE 1 (RG146) PREPARATORY WORKSHOP – 3 CPD (COMPLIANCE)

Are you undertaking the Professional Stockbrokers Program Core 1 (RG146) Securities & Managed Investments Accreditation Assessment? Then this half-day workshop is ideal for you. Learn the syllabus in detail and key areas to focus on for your studies. Industry expert presenters and small class size for personal tuition. The Professional Stockbrokers Program Core 1 (RG146) Securities & Managed Investments Accreditation meets ASIC RG146 requirements in generic and specialist knowledge and skills in Securities and Managed Investments.	Melbourne	Wed 18 April	9:30am – 1:00pm
	Sydney	Thurs 19 April	9:30am – 1:00pm

PROFESSIONAL DEVELOPMENT WORKSHOPS

LOCATION	DATE	TIME
----------	------	------

MARKET MANIPULATION AND OTHER PROHIBITED CONDUCT WORKSHOP – 4 CPD (COMPLIANCE)

This half-day workshop will cover an in-depth examination of what constitutes market manipulation and other prohibited market conduct. The workshop will involve a mix of presentation and scenario-based discussion. It is designed to suit the needs of market professionals, both front and back office, including: Sales staff/client representatives; Proprietary Traders; DTRs; Investment banking; Settlement staff; and Compliance & legal.	Sydney	Tues 7 February	9:00am – 12:00pm
	Melbourne	Tues 6 March	1:30pm – 4:30pm
	Brisbane	Thurs 15 March	1:30pm – 4:30pm
	Sydney	Tues 17 April	9:00am – 12:00pm

INSIDER TRADING WORKSHOP – 4 CPD (COMPLIANCE)

This workshop provides a thorough analysis of the subject of Insider Trading and related issues in a stockbroking and investment banking context. Topics discussed include the elements of insider trading; statutory defences; insider trading and continuous disclosure; front running; dealing with rumours; management of confidential information; how to protect yourself, including Chinese walls, internal processes; and consequences of insider trading breaches. The Workshop is designed for sales staff/client representatives; proprietary traders; research analysts; investment banking; compliance and legal; and regulatory staff.	Melbourne	Thurs 2 February	1:30pm – 4:30pm
	Sydney	Thurs 1 March	9:00am – 12:00pm

INVESTING WITH OPTIONS IN SMSFs – 2 CPD

This 2-hour workshop focuses on the use of options within a Self Managed Super Fund (SMSF). Participants will learn how options can be incorporated as part a SMSF share portfolio within the context of the Superannuation Industry Supervision Act. In addition to understanding the basic concepts of options, the do's and don'ts of strategies within a SMSF are expounded upon. This workshop does not assume prior knowledge in options and is a pre-cursor to learning more options strategies offered by the Advanced Options Course. This course is suitable for new options Advisers and Advisers, trustees and administrators of SMSFs.	Melbourne	Tues 15 November	2:30pm – 4:30pm
	Sydney	Tues 28 February	9:00am – 11:00am

ADVANCED OPTIONS STRATEGIES – 2 CPD

The 'Advanced Options Strategies' course helps you discover strategies that work according to your views of the stockmarket and the underlying shares. You will not only uncover strategies, but also the risk management plan and defense strategies for your trading plan. Some basic knowledge of options is preferred. This course is suitable for options compliance personnel and ADA Levels 1 and 2 options Adviser.	Sydney	Thurs 22 March	9:00am – 11:00am
---	--------	----------------	------------------

For further information visit www.stockbrokers.org.au

A Few Snaps From our Most Recent Members Speaker Lunch!



David Horsfield, Managing Director & CEO, Stockbrokers Association of Australia & Peter Birtles, Managing Director & CEO, Super Retail Group

On Thursday 27 October we held a Members Speaker Lunch in Brisbane. The lunch event featured a private presentation from Peter Birtles, Managing Director & Chief Executive Officer of Super Retail Group on “*Growing the Super Retail Group in a Tough Retail Market*”.

A very big thank you to all of our members and guests who attended the fantastic event!



Super Snippets

Our updated RG146 Superannuation Course is highly recommended for anyone who advises on securities in self managed or other superannuation funds. Each month we will be publishing a short article covering a current superannuation topic written by Peter Grace the author of our new course. ▼

Why a SMSF is Different

It is not uncommon to hear 'salesy' statements about SMSFs such as 'you can make non concessional contributions of \$150,000 a year to your SMSF'. This is true but it also true of virtually all other super funds. So how are SMSFs really different?

There are some variations in the SIS Act for SMSFs. For instance, there are restrictions on who can be a member of a SMSF, a fund can acquire business real property from members and the members do not have access to the Super Complaints Tribunal.

However there are some other differences that are important for anyone giving advice to trustees or the members of a SMSF.

Arm's Length Basis

It is well known that trustees of SMSFs are required to act on an arm's length basis in making investment decisions. In addition, the trustees are also the members so cannot act of an arm's length basis when making decisions for the members. This is quite different to APRA regulated funds where the trustee is usually 'distant and independent' of the members.

Trustees must take care to behave on an arm's length basis. For instance, in an APRA fund if a member over age 55 declares they have retired, the trustees will accept the declaration.

The same condition of release rules apply in a SMSF but the trustee will know if the statement is false because they are also the member.

Compliant Not Prudential Supervision

The regulator of SMSFs – the ATO – focuses on regulatory compliance compared to APRA regulated funds where the focus is on prudential standards. An auditor must review compliance with the SIS Act before the annual report is lodged and report compliance breaches. The number of transactions for a SMSF may be a few hundred rather than the millions for large funds. This means it is practical to examine most transactions when they occur to ensure they comply and for an auditor to review a large proportion of them.

Rare Events

With few members in a SMSF many administrative events will only come up infrequently. A fund may accept a large non concessional contribution once or start a pension only one or two times in its existence. In large APRA funds with thousands of members most events will occur often and there will be established procedures to handle them. SMSF trustees will usually need advice in handling these irregular events.

These differences are worth remembering when working with SMSF trustees.

Peter Grace



Stockbrokers
Association of Australia.

DTR TRAINING...coming soon!

A Message from ASIC...

The recent launch of the new securities exchange, Chi-X Australia, opens up Australia's equity market to competition.

This new era will also include 'PureMatch', which will soon be launched by the Australian Securities Exchange (ASX). PureMatch is a new order book service that will operate in parallel to its existing ASX equity trade execution facility, TradeMatch. PureMatch will provide for trading in a subset of ASX listed securities.

While PureMatch will be similar to TradeMatch in that it will be a limit order book for equity securities with the same general features as TradeMatch, there will be differences pertaining to the stocks quoted, the pricing model, continuous matching instead of auctions, and no crossings. It illustrates that in the new multi-market environment that Australia resides in, a one-size fits all approach will no longer serve all customers.

More information on the service itself can be found in the Broker Factsheet published by the ASX, which can be found here.

As always, ASIC is working closely with both ASX and industry participants to ensure that the introduction of PureMatch does not impact the integrity or orderliness of the market, or the ability of ASIC to conduct adequate market surveillance. Industry has

previously raised concerns about the readiness and robustness of systems if PureMatch were to have commenced at or about the time of Chi-X's commencement, which took place on 31 October 2011. ASIC has confirmed it is satisfied that ASX, prospective participants and data vendors are ready for PureMatch to commence operating from 28 November 2011.

More information can be found on the ASIC website, including information related to market participant certification of AOP systems.

This, together with the commencement of Chi-X Australia, are reflective of a changing multi-market environment, and one that is ASIC continues to strategically plan for. Further to this, ASIC recently published Consultation Paper 168: Australian equity market structure: Further proposals (CP168), which seeks view on proposed market integrity rules on issues including high frequency trading, volatility controls, and enhanced data for supervision. A copy of the Consultation Paper, together with how interested parties can make submissions can be found on the ASIC website –

www.asic.gov.au



Would you like to earn
2CPD hours quickly and
easily from the comfort
of your own home?

Find out more information about Stockbrokers Association iLearning Online Courses by visiting www.stockbrokers.org.au/ilearning or email education@stockbrokers.org.au for more information!

www.stockbrokers.org.au/ilearning



Stockbrokers Association sponsors 2nd Annual Australian Microcap Investment Conference

The Stockbrokers Association very proudly sponsored the 2nd Annual Australian Microcap Investment Conference which was held on Tuesday 18 and Wednesday 19 October at the Sofitel Melbourne. The event provided an exciting opportunity for the investment community to hear first hand from 22 of Australia's leading microcap CEO's about their strategy, their business environment and their growth prospects. Here are some photo's from the conference event...





Register today for our next Members Speaker Lunch!

The Stockbrokers Association of Australia is delighted to introduce our next Members Speaker Lunch to be held in Sydney on Wednesday 15 February 2012.

The lunch event will feature a private presentation from Bill Evans, Chief Economist of Westpac Banking Corporation.

SPEAKER TOPIC: "The importance around the build-up of debt in developed economies".



MEMBERS SPEAKER LUNCH, SYDNEY

Speaker: Bill Evans, Chief Economist, Westpac Banking Corporation
Date: Wednesday 15 February 2012
Time: 12pm for 12.30pm
Venue: Radisson Blu Plaza Hotel, 27 O'Connell Street, Sydney
RSVP: Wednesday 8 February 2012

Cost: (all prices include GST)

Individual Member:	\$85.00	Non Member:	\$105.00
Organisational Member:	\$95.00	Corporate Table of 10:	\$900.00

Included: Two-course lunch with glass of wine or beer on arrival

FOR MORE DETAILED INFORMATION, OR TO REGISTER for this lunch event, please visit www.stockbrokers.org.au but hurry as places are limited.

www.stockbrokers.org.au

 **Stockbrokers**
Association of Australia.