



Stockbrokers Monthly

www.stockbrokers.org.au

Dear Member

NEW Stockbrokers Association of Australia iLearning – Coming Soon!

The Stockbrokers Association iLearning is a new online education system that will allow industry professionals to complete their CPD requirements not only at the comfort of their desk but also at a time convenient to their busy schedules. We believe this new initiative is very exciting and allows us to offer CPD with an industry focus, where other CPD providers don't. The NEW Stockbrokers Association iLearning – an online education system scheduled to launch in Q4 2010. So watch this space for further updates.

Professional Stockbrokers Program...

The Professional Stockbrokers Program is Australia's only professional qualification in stockbroking. Candidates who successfully complete the Professional Stockbrokers Program will be awarded a Professional Diploma in Stockbroking. For further information on the Professional Stockbrokers Program or any of the events and education courses detailed, please visit www.stockbrokers.org.au or call the Stockbrokers Association of Australia on (02) 8080 3200.

NEW Margin Lending Accreditation...

The new margin lending legislation commenced on 1 January 2010, with a 12-month transition to its effective date of 1 January 2011. In relation to training, ASIC has announced an 18-month transition period to update training for margin lending, meaning retail advisers will need to be RG146 compliant by 1 July 2011. To meet this demand, we have developed a NEW Margin Lending Accreditation which meets all these requirements. Candidates will receive 10 CPD hours (of which 6 are Compliance) for undertaking this accreditation.

UPDATED Superannuation Accreditation...

We have now launched an updated Superannuation Accreditation which aims at providing candidates with the specialist knowledge and skills necessary to provide financial product advice to retail clients in superannuation. The accreditation content examines the development of superannuation together with the legislative basis, the industry structure and market participants. This is followed by an examination of the investment rules and tax basis of superannuation – often the key features of a superannuation fund as far as clients are concerned. Candidates will receive 20 CPD hours (of which 8 are Compliance) for undertaking this accreditation.

NEW Insider Trading Workshops...

We have now launched new Insider Trading Workshops that are in the form of half-day workshops aimed at providing a thorough analysis of Insider Trading and related issues in a stockbroking and investment banking context. The workshop involves a mix of presentation, case studies and scenario-based discussion. The workshop is designed for sales staff/client representatives; proprietary traders; research analysts; investment banking; compliance, legal and regulatory staff. See our website for more details and to register.



David W Horsfield MSA
Managing Director & CEO



INSIDE

Committee News	3
Multi-Markets Issues – 'May 6' Meeting & ASIC Priorities	3
Market Supervision Changes	3
The Future of Financial Advice	4
ASX Further Consultation on Cash Equities Margining	5
Expert Witnesses	5
Super Snippets – an Investment Strategy	5
2010 Annual Stockbrokers Conference	6
ASIC, Ready for Market Supervision	8
Accreditation & Training Calendar	10
A Word from Richard Murphy, ASX	11
A Word from the ASX	12
Insider Trading Workshop	12
7th Annual Stockbrokers Charity Golf Day	14



CPD at the touch of a button!

Introducing Stockbrokers Association of Australia iLearning – a new online training system that will allow you to complete your CPD requirements from your desk at a time convenient to you!

Launching in Q4 2010, please visit www.stockbrokers.org.au for information or contact the Stockbrokers Association of Australia on +612 8080 3200.

www.stockbrokers.org.au



Stockbrokers

Association of Australia





Committee News

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

Board Meeting – 8 June

Chair: Rob Thomas

Multi-Markets Issues – ‘May 6’ Meeting & ASIC Priorities

In June we met ASIC with a small group of Members to discuss the ‘May 6’ market disruptions that occurred in the US, and the implications if any for Australia. While the US Authorities have not yet worked out the causes, factors being examined include variations in market disruption procedures across the US markets, and the effect of ‘market’ and ‘stub orders’.

Particular matters discussed were:

- **Circuit breakers:** whether having set parameters can themselves form the basis of trading strategies.
- **Trade Cancellation policies:** two main approaches - discretion (e.g. ASX Governors) v. Circuit breakers (e.g. SFE auto cancellation). NYSE uses a market pause approach once a ‘disorderly market’ has been identified.
- **Client ID’s** (i.e. providing them on input of orders): this is being considered in US and Europe now to assist regulators, and there may be pressure to introduce it here.
- **Algorithmic trading in small caps:** should it be restricted?
- **Best Execution:** while the detail of the best execution rule is not known, clearly the Canadian model is being considered. Should there be a different rule for retail and wholesale clients? ASIC will be consulting on this other issues early September.
- **Market Orders:** the impact of market orders on May 6 in the US was noted. A prohibition on market orders would lead to a lot more work for operators and systems in working orders. Likely to be a matter for consultation.
- **IOSCO moves:** an IOSCO paper is about to be published on DMA trading, which will no doubt be influential on Australian regulators.

Members noted that there could be possible competitive disadvantage for Australia if rules are made tougher than those in the region. Whatever controls ASIC is considering, the key is to ensure consistency across all the Australian markets that ASIC will supervise, otherwise regulatory arbitrage opportunities may arise, including circuit breakers and trade cancellation policies noted above, as well as order and tick sizes.

In April, ASIC told a parliamentary committee that it will shortly be consulting on the subject matter of possible common rules for market operators in a multi-market environment:

- Best execution
- Pre-trade transparency
- Post-trade transparency
- Data consolidation
- Direct market access/ sponsored access
- Algorithmic trading
- Tick sizes
- Access to markets
- Market operator systems and controls
- Off-market trading
- Crossing networks
- Cancelled, failed, varied trades
- Clock synchronisation of markets
- Non-public Transaction reporting to ASIC
- Suspicious activity reporting
- Trading during a takeover
- Short-selling
- Clearing and settlement
- Market operator cooperation
- ASIC’s supervisory approach
- Fees for supervision
- Compensation arrangements

(Parliamentary Joint Committee on Corporations and Financial Services, 29 April 2010)

Market Supervision Changes

The Government, ASIC and ASX are continuing to consult on aspects of the new supervision arrangements which come into force in August. We have recently made submissions on the following matters:

- Fees Regulations (NGF funding of market supervision expenses)
- Corporations Regulations (individual liability)

- Corporations Amendment Bill (accidental wash trades, penalties, etc)
- ASIC Markets Disciplinary Panel
- New ASX Operating Rules.

a. *Fees Regulations*: after ASIC takes over market supervision, it will have the power to levy fees on market operators for market supervision. We have sought clarification of several matters relating to the proposal that ASX supervision costs be paid from the National Guarantee Fund.

b. *Individual liability*: we have once again raised the serious concerns of Members about ASIC's new power to fine individuals up to \$1 million for breaches of its Market Integrity Rules. We are hopeful of some favourable announcements in this regard shortly.

c. *Accidental wash trades; penalties*: amendments to the Corporations Act will hopefully address the concerns we have raised since 2003 about accidental wash trades being prima facie contraventions of the law. The amendments will also introduce the increased penalties for market misconduct announced in January, namely to increase the maximum fines for individuals for market manipulation from \$22,000 to \$500,000 and for insider trading from \$220,000 to \$500,000. In both cases an alternative penalty of 3 times the profit made or loss avoided may be imposed. Maximum jail terms will increase from 5 years to 10 years. For corporations, the maximum fine for both offences will be increased to \$5,000,000, 3 times the profit made or loss avoided, or 10% of the corporation's annual turnover during the period of the breach.

d. *ASIC Markets Disciplinary Panel*: In July we responded to Consultation Paper 136 on ASIC's new Market Disciplinary Panel. The main points made were:

- concerns about the Infringement Notice Regime, in terms of its cost and complexity, reliance on 'negotiated outcomes', and risk of 'internalised forum shopping' by ASIC and double jeopardy,
- the Continuous Disclosure regime, while an obvious model for the Infringement Notice Regime, has a very different history and context,
- transitional arrangements post-Day One will cause cost and inconvenience, in terms of the Parallel Disciplinary regimes between ASIC and ASX/ACH/ASTC that will operate for several years,
- the continuation of the ASX model of Tiering of Penalties may be of assistance to the Panel, but must not impede its discretion to determine the appropriate penalty in each case, and
- in the preparation of a disciplinary case against a broker, it is important that the broker get the opportunity to comment on a Draft Report. This can make the process more efficient, by identifying areas of factual error and

matters in issue, prior to the matter going to the Panel.

e. *ASX Operating Rules*: In June we commented on the latest draft of the ASX Operating Rules. The main points made were:

- since ASX will no longer have responsibility for supervising market participants, aspects of the rules should not be necessary, particularly requirements for organisational competencies of market participants. ASIC requirements ought to be sufficient for these purposes.
- too many substantive requirements are contained in the Procedures. This means they are not subject to Ministerial disallowance like the Rules. If ASX persists with this approach, proper consultation should take place before any new or modified requirements are introduced.
- the removal of one level of peer review diminishes the system which has served the market well for many years.
- since ASX will be determining the initial penalty, proper governance procedures will be necessary to segregate investigators and enforcement personnel from the penalty decision maker.
- the \$5500 fee payable to seek peer review of ASX penalties is not justified. If it is imposed, it should be refunded if the broker is successful at the 'Appeal Tribunal'.
- DTR's play an important role. While ASX is removing most of the requirements (apart from registration), we look forward to the previous requirements being replaced by ASIC rules, which may be more appropriate in a multi-market environment.
- consistent with our earlier submissions, ASX is to be commended for reducing the maximum fine under its Operating Rules from \$1 million to \$250,000.

The Future of Financial Advice

The Federal Government's response to the Storm Inquiry, 'The Future of Financial Advice' is proceeding to targeted consultation in the second half of 2010, ahead of full implementation in 2012. The package includes the following:

- A prospective ban on conflicted remuneration structures including commissions and volume based payments, in relation to the distribution and advice of retail investment products including managed investments, superannuation and margin loans.
- The introduction of a statutory fiduciary duty so that financial advisers must act in the best interests of their clients, subject to a 'reasonable steps' qualification, and to place the best interests of their clients ahead of their own when providing personal advice to retail clients.
- Increasing transparency and flexibility of payments for financial advice by introducing 'adviser charging' that will help align the interests of the financial adviser and the client; is clear and

product neutral; and where the investor will be able to opt in to the advice in response to a compulsory, annual renewal notice.

- Percentage-based fees (known as assets under management fees) will only be charged on ungeared products or investment amounts and only if this is agreed to with the retail investor.
- Expanding the availability of low-cost 'simple advice' to provide access to and affordability of financial advice.
- Strengthening the powers of the Australian Securities and Investments Commission to act against unscrupulous operators.
- The examination of a statutory compensation scheme.

<http://futureofadvice.treasury.gov.au>

ASX Further Consultation on Cash Equities Margining

Members will recall that in 2009 ASX published a proposal to demand margins to be lodged by clearers for unsettled cash equities transactions. In June, ASX announced that despite possible liquidity and cost impact, it was proceeding with the proposal, subject to a brief period of consultation. Since the initial consultation, ASX has made the following modifications:

- the 'look back' approach to assessing margins has been rejected
- no routine contributions to a default fund will be required
- no splitting of clearing accounts into house and aggregated client accounts
- no mandatory passing of margins to clients
- no margin offsets between cash equities and derivatives

Our earlier proposal to have the facility to 'lock' CHESSE stocks and monies prior to settlement has been rejected on operational and legal grounds. ASX says it has addressed cost concerns by using the 'Value at Risk' model thought to reduce margins, and allowing a wide range of acceptable collateral (which will not be Excluded Assets).

Expert Witnesses

ASIC regularly contacts the Association for referrals to brokers who may be able to assist in ASIC's regulatory activities. If you may be willing to assist in this regard, please contact us.

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

Super Snippets

We have just released a new and updated RG146 Superannuation course. It is highly recommended for anyone who advises on securities in self managed or other super 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.

Super Snippets – an Investment Strategy

The Superannuation Industry (Supervision) Act (SIS) requires trustees of all superannuation funds to "formulate and give effect to an investment strategy". The trustees must have regard to the circumstances of the fund' and consider risk, return, diversification, liquidity and the ability of the fund to meet its liabilities when they fall due.

The legislation is silent on a couple of important issues. Firstly it does not actually say that the investment strategy has to be in writing. However, the ATO guide to establishing a SMSF (NAT 71923) says "your investment strategy should be in writing so you can show your investment decisions comply with it and the super laws."

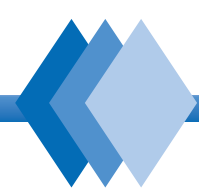
Secondly the legislation does not say the investment strategy should be reviewed though the ATO guide to running a SMSF (NAT 11032) requires it to 'be reviewed regularly. The annual audit of a SMSF requires the auditor to identify breaches of SIS and failure to have evidence of an investment strategy and to have reviewed it would be a contravention.

Trustees should review the investment strategy when things change – for example when a member leaves or joins the fund, when a member requests a payment or plans to start a pension and when an investment is to be made or sold.

Even if there have been no changes to the fund, a periodic review is good business practice. Many trustees will review their fund after the end of the financial year (August) and halfway through the year (February) when half yearly distributions have been received.

Having a documented investment strategy means trustees are more likely to follow a considered plan and are more likely to meet their retirement goals.

Peter Grace



2010 Annual Stockbrokers Conference



Tuesday 8 & Wednesday 9 June 2010, Crown Promenade, Melbourne



The Stockbrokers Association would like to

THANK THE SPONSORS

of the 2010 Annual Stockbrokers Conference

<p>GOLD SPONSORS</p>  <p>ASX AUSTRALIAN SECURITIES EXCHANGE</p> 	<p>BRONZE SPONSOR</p>  <p>Broadridge</p> <p>COMPLIANCE BREAKFAST</p> <p>Blake Dawson</p>	<p>CHARITY GOLF DAY</p>  <p>RELIGARE technova</p> <p>INDIVIDUAL MEMBERS BREAKFAST</p> 
--	--	---





ASIC, Ready for Market Supervision

The Australian Securities and Investments Commission (ASIC) has welcomed the announcement by the Minister for Financial Services, Superannuation and Corporate Law of a 1 August 2010 start date for the transfer to ASIC of the market supervision role now being performed by the Australian Stock Exchange (ASX).

This follows the proclamation of the relevant Act and approval of the relevant regulations by the Federal Executive Council. The Minister also announced his intention to approve the market integrity rules on which industry has been consulted. These rules, together with the amended ASX and SFE operating rules, which he also announced he would allow, will form the regulatory rules for the new market supervision regime. They are substantially the same as ASX applies today, and ASIC will adopt the same formal approach as ASX does in its Guidelines to interpretation of them and, to the extent possible, enforcement.

The market integrity rules consist of:

- Market Integrity Rules 1 ASIC/ASX Market Integrity Rules (MIR 1)
- Market Integrity Rules 2 ASIC/ASX 24 Market Integrity Rules (MIR 2)
- Regulatory Guide 214 Guidance on ASIC market integrity rules for ASX and ASX 24 markets (RG 214)
- Report 204 Response to submissions on CP 131 Proposed ASIC Market Integrity Rules: ASX and SFE markets (REP 204)

Regulatory Guide 214 outlines ASIC's approach to the supervision of its Market Integrity Rules for the ASX and ASX 24 Markets and will help market participants comply with the new ASIC Market Integrity Rules.

The ASIC market integrity rules will operate alongside revised ASX Operating Rules and ASX 24 Operating Rules, published by ASX today. These will take effect on commencement of the transfer of supervision.

On 7 July, ASIC and ASX concluded a formal agreement on the transfer of surveillance to ASIC. The agreement will underpin our continued cooperation in ensuring a seamless transition from ASX to ASIC on 1 August 2010 and for continued cooperation going forward.

With these developments, ASIC is now ready to assume the responsibility for market supervision on 1 August 2010. We have an integrated market surveillance system in place and we have developed a streamlined markets analysis methodology and relationship management model. We have built and trained a quality Market & Participant Supervision team, consisting of ASIC talent and external people with specialist market experience. The team will be will be complemented by ASX surveillance staff that will transfer to ASIC on 1 August 2010.

The change in responsibility for market supervision has two components for market participants to note.

Markets Disciplinary Panel

ASIC released a consultation paper seeking comment from the industry on the proposed operation of the Markets Disciplinary Panel on 25 May 2010 and consultation closed on 21 June 2010. We expect to announce the final operating arrangements for the Panel shortly.

The Panel will consist of people with appropriate market or professional experience and will function as a peer-review body. ASIC will announce the initial Panel members shortly. The Panel will take an approach similar to the existing ASX Disciplinary Tribunal. This will include imposing penalties and requiring remedial action generally consistent with those presently imposed or required by that tribunal.

The major difference participants will notice is the consequences of breaches.

A breach of the market integrity rules will attract a civil penalty under the Corporations Act. Civil penalty breaches are ordinarily heard by the courts on application by ASIC. The penalty varies with the offence. The most serious offences will attract a fine of \$1,000,000. That is in line with maximum ASX penalties.

However ASIC can elect to have the case for breach of a market integrity rule determined by its Markets Disciplinary Panel. The panel will issue 'infringement notices' as an alternative to civil penalties. The maximum financial penalty under an infringement notice is \$600,000 for the most serious breaches (e.g. market manipulation), being 6/10ths of the comparable maximum civil penalty. Consistent with the ASX's

current approach, ASIC has also set two other tiers for less serious matters with the maximum civil penalty for each of these being up to \$20,000 and \$100,000 respectively (or \$12,000 and \$60,000 under an infringement notice). The infringement notice can also direct remedial action, such as compensation, and attendance at training courses.

The conduct of hearings before the Panel will be very similar to that for hearings by ASIC's delegates in licensing matters. Recipients have the right to a private hearing. They can elect whether or not to accept an infringement notice. If they elect not to comply, we must take the breach to court and reargue the whole case, but the higher penalty exposure will apply. We will make an announcement when the Panel issues an infringement notice, and indicate if the recipient chooses to comply or not. ASIC recognises that it is important to establish a Panel which has credibility in the market, so its infringement notice decisions will be readily accepted.

ASIC is specifically given power to settle claims for breach of a market integrity rule through an enforceable undertaking. The undertaking can cover penalty payments, compensation payments, training and all the things an infringement notice can cover. At the outset the Markets Disciplinary Panel must approve any enforceable undertaking, to ensure consistency of outcomes and market credibility.

Go to www.asic.gov.au for a copy of ASIC CP136 Markets Disciplinary Panel.

Dealing with ASIC from 1 August 2010

From 1 August 2010, participants should contact ASIC for market integrity issues and ASX for operational issues.

ASIC's market surveillance team will conduct the initial enquiries that will lead to a decision on whether more investigation is warranted. After 1 August 2010 you will be able to contact this group on 1300 029 454 or by emailing market.surveillance@asic.gov.au

The market analysis team will take on matters after preliminary analysis by the real-time surveillance team, from our misconduct and breach reporting unit and from the participant compliance team. They assess incoming matters and recommend a course of action that may include a referral to a deterrence unit for investigation of possible misconduct. After 1 August 2010

you will be able to contact this group on 1300 029 454 or by emailing markets@asic.gov.au.

Our participant relationship team's role is to understand the business models of market participants, the risks they are taking and how well they are managing those risks. They will also handle enquiries about compliance with the Market Integrity Rules, Corporations Act and AFSL requirements and manage Derivatives Accreditation. Each participant will be directly contacted and allocated a relationship manager.

Our participant compliance team performs on-site surveillance and where necessary refers possible breaches to our investigators for further action. This team will also monitor remediation plans and review your approach to Automated Order Processing. You will also be able to contact both participant groups on a 1300 029 454 or by emailing market.participants@asic.gov.au after 1 August 2010.

If you are unsure who to contact please speak to your ASIC relationship manager or email market.participants@asic.gov.au after 1 August 2010.

See ASIC's announcement '[ASIC READY FOR MARKET SUPERVISION](#)'

For more information please visit www.asic.gov.au



Accreditation & Training

RE SERIES WORKSHOPS

	LOCATION	DATE	TIME
RE REFRESHER WORKSHOP – 4 CPD (COMPLIANCE)			
This workshop provides a refresher on the ASX requirements applicable to REs and reviews some of the main topics in the ASX Responsible Executive Exam. Intended as a refresher course for existing REs who have already passed the Exam, this workshop could also be of interest to potential REs. Topics include ASX RE Management & Supervision Requirements (& ASIC RM comparisons); ASX Capital Adequacy, Records, Trust; Dealing & Client relations rules; ASX Disciplinary Processes; Corporations Act requirements.	Perth Sydney Melbourne	Mon 26 July Mon 16 August Tues 7 September	1:00pm – 5:00pm 9:00am – 1:00pm 9:30am – 1:30pm

RE EXAM PREPARATION COURSE – 10 CPD (COMPLIANCE)

This 2 x 3-hour intensive workshop (conducted over 2 days) covers the ASX/ACH RE exam syllabus in detail, ensuring that candidates are well prepared for the exam and know what to expect on the day. Detailed course notes are provided upon registration to help you self-study. The 12 ASX topics are divided into 7 mini workshops.	Sydney	20 & 21 July	9:00am – 12:00pm
---	--------	--------------	------------------

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

This 4-hour intensive workshop is a condensed version of the 2-day RE Exam Preparation Workshop. It covers the ACH/ASX RE exam syllabus in detail, with 7 subject areas and 2 assessments during class time. Detailed course notes are provided upon registration to help you self-study.	Perth Melbourne Sydney	Tues 27 July Wed 11 August Tues 17 August	9:00am – 1:00pm 9:30am – 1:30pm 9:00am – 1:00pm
---	------------------------------	---	---

INTRODUCTORY SERIES

	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 ADA ₁ exam candidates).	Sydney Melbourne Brisbane	Thurs 5 August Wed 25 August Wed 8 September	9:00am – 1:30pm 9:00am – 1:30pm 10am – 2:30pm

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.	Perth Sydney Brisbane Melbourne	Tues 27 July Tues 27 July Thurs 12 August Tues 24 August	2:00pm – 5:00pm 9:30am – 12:30pm 9:00am – 12:00pm 9:30am – 12:30pm
--	--	---	---

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.	Melbourne Sydney	Thurs 22 July Thurs 2 September	10:00am – 12:00pm 9am – 11am
--	---------------------	------------------------------------	---------------------------------

INTRODUCTION TO WARRANTS – 2 CPD

This 2-hour workshop covers the main types of warrants traded on the ASX, with particular focus on equity trading warrants and installments. Basic warrant pricing will be discussed and the role of the warrant issuer will be explained. Ideal for those who wish to acquire some basic knowledge about the Australian warrants market.	Melbourne Sydney	Wed 4 August Wed 22 September	9:30am – 11:30am 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). CFDs are a relatively recent addition to the available range of derivative products. In Australia, they are traded both directly with CFD providers and, since late 2007, on the ASX. While there is currently no regulatory requirement to hold specific accreditation to advise on CFDs, a sound knowledge of the different types of CFDs, their uses, and their risks and potential rewards will be valuable for advisers.	Melbourne Sydney	Thurs 2 September Wed 15 September	9:00am – 12:00pm 9:00am – 12:00pm
--	---------------------	---------------------------------------	--------------------------------------

PROFESSIONAL DEVELOPMENT WORKSHOPS

	LOCATION	DATE	TIME
CORE 1 PREPARATORY WORKSHOP: 3CPD (COMPLIANCE)			
Essential for candidates undertaking the Professional Stockbrokers Program Core 1 Assignment and Exam. This 3.5 hour course workshop all topic areas in the Professional Stockbrokers Program Core 1 – Securities & Managed Investment Accreditation.	Perth	Wed 28 July	10:00am – 1:30pm
	Sydney	Wed 25 August	9:30am – 1:00pm
	Melbourne	Thurs 9 September	9:30am – 1:00pm
MARKET MANIPULATION AND 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; Compliance & legal.	Melbourne	Tues 31 August	1:30pm – 4:30pm
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. The workshop involves a mix of presentation, case studies and scenario-based discussion. 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; regulatory staff.	Sydney Adelaide	Thurs 22 July Thurs 19 August	9:00am – 12:00pm 9:00am – 12:00pm

For further information visit www.stockbrokers.org.au

A Word from Richard Murphy, ASX...

Australia's financial markets are set to experience significant change. As always, change brings both opportunities and risks. With change also comes challenge. And in the context of competition for market services in Australia, there are challenges aplenty for government, regulators, exchange operators, market participants and investors. It all depends on the response.

Rising to the challenge, the Australian Securities Exchange (ASX) has announced a range of new technology systems and equity execution services to meet changing market conditions. They aim to lower the costs of trading, improve speed, and provide tailored offerings to users with diverse trade execution needs.

Some have predicted that change will have adverse consequences for ASX. This overlooks, however, that whether moving from open-outcry to electronic trading or demutualising and self-listing, ASX has been a world leader among exchanges in adapting to new conditions.

Whatever the objectives for the future, it is important to carry forward what we enjoy now – deep, transparent markets; informed, confident investors; and clear, efficient regulation.

The prospect of competition for market services is primarily an issue about the regulatory framework, not the granting of licences to new market operators or the development of new prices and products. Is the right framework in place to accommodate competition? Will the framework ensure that the interests of issuers of capital and retail and long-term investors are not compromised for the benefit of an emerging high frequency trading (HFT) community? The market turnover generated by HFT should not come at the expense of market quality.

One of the conclusions of ASX's report on algorithmic trading (published in February 2010) was that the likely rapid growth of algorithmic activity in Australia will generate new issues that to date have not been evident locally, but for which the Australian regulatory framework needs to be equipped - especially in a multi-market environment.

ASX continues to raise these issues locally while, with increasing intensity, the same issues (and concerns) are being voiced by governments, regulators and other market stakeholders overseas too.

The massive decline in US markets on 6 May this year, during which algorithmic traders accelerated the selling, creating a cascade effect that led to dramatic price movements in a 20-minute time period, was a timely reminder of the importance of government and regulators understanding the implications of market reforms for the efficiency and orderliness of financial markets. The plunge sparked a major investigation by the US regulator, the Securities and Exchange Commission, and caused considerable unrest on Capitol Hill and among American investors.

ASX looks forward to contributing to the consultation process that should accompany the development of the regulatory framework for competition for market services in Australia. It is critical that there is engagement from as wide a range of stakeholders as possible, given the significance of the proposed changes to Australia's market structure and the desirability of preserving the market integrity that currently exists.

Richard Murphy
General Manager Equity Markets, ASX

A Word from the ASX...

New Order Types

On Monday 28 June 2010 ASX introduced 3 new order types to their Equity Trading Platform. These were the;

- Undisclosed Order; which is a limit order disclosed as to price but undisclosed as to volume (with a minimum order threshold of \$500k)
- The Centre Point Order; which allows for matching between the Central Limit Order Book (CLOB) best bid and offer, inclusive of mid-tick matching
- The Centre Point Crossing Order; which allows for mid CLOB best bid and offer crossing, guaranteed for 30 seconds despite any change to the CLOB price.

ASX also launched VolumeMatch on 28 June 2010. VolumeMatch is the ASX block execution service run continuously over the day between 10.30am and 3.30pm. Execution occurs at the predetermined VolumeMatch price, which is generated from recent CLOB activity. VolumeMatch Orders must be in at least \$1 million and continuous matching at the predetermined price is conducted on a time priority basis.

View the ebrochures [New Order Types](#) and [Volume Match](#)

New Trading Fee Structure

A new ASX trading fee structure came into effect on 1 July 2010, the main points being;

- The headline trading execution fee was reduced from 0.28 basis points (bps) to 0.15 bps
- The trade execution fee for trades occurring during the auction process (including the opening and closing auctions) remain at 0.28bps
- On-market crossing and off-market crossing execution fees were reduced from 0.15bps to 0.10bps, and from 0.075 bps to 0.05 bps respectively

ASX Co-Location

On 10 June 2010 ASX announced its \$32 million commitment to building a new data centre. This new data centre, located a short distance outside the CBD, is scheduled to be completed in August 2011 and operational within a few months of that date.

ASX Net

On 29 June 2010 ASX announced it will launch ASX Net, a fully managed, low latency, high capacity network solution for connectivity to the Australian financial market.

ASX Net will support the transfer of multiple data feeds and allow clients to determine the products, services and liquidity they wish to access, including all ASX products and services, through a single connection point.

ASX Net will replace the existing network, ASX NiPPA. Pipe Networks will provide low latency, high bandwidth dark fibre for ASX Net. September 2010 is the scheduled launch for ASX Net.

View the [ASX Net brochure](#)

To find out more about ASX's next generation trading system, ASX Trade, visit www.asx.com.au/asxtrade



Insider Trading Workshop – 4 CPD Hours (Compliance)

This Workshop provides a thorough analysis of the subject of Insider Trading and related issues in a stockbroking and investment banking context. The workshop involves a mix of presentation, case studies and scenario-based discussion. 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; regulatory staff.

Presented by:

Peter Stepek, Policy Executive,
Stockbrokers Association of Australia

Details:

Sydney Thursday 22 July (9:00am – 12:00pm)
Adelaide Thursday 19 August (9:00am – 12:00pm)

To register: Visit www.stockbrokers.org.au



Margin Lending Accreditation

Your Stockbroking Association has a program for you.

The new margin lending legislation – the Corporations Legislation Amendment Financial Services Modernisation Act 2009, commenced on 1 January 2010, with a 12-month transition to its effective date of 1 January 2011.

In relation to training, ASIC has announced an 18-month transition period to update training for margin lending, meaning retail advisers will need to be RG146 compliant by 1 July 2011.

To meet this demand, the Stockbrokers Association of Australia has developed a Margin Lending Accreditation which meets all these requirements.

The Margin Lending Accreditation will be run by DeakinPrime, the corporate arm of Deakin University. Candidates who enrol will receive materials which also double as reference notes, and will have 12 weeks to complete the online assessment.

As per our existing accreditations, delivery is flexible. This means you can enrol and do the assessment at a date and time that suits you, provided it is within the allocated timeframe.

Candidates will also receive 10 CPD hours (of which 6 are Compliance) for undertaking this accreditation.

For further information, please contact the Stockbrokers Association of Australia on (02) 8080 3200 or via email at education@stockbrokers.org.au.



7th Annual Stockbrokers Charity Golf Day

Monday 7 June 2010

Royal Melbourne Golf Club



The Stockbrokers
Charity Golf Day
proudly supports



A special thank you to
our major sponsor



Thank you also to



David Horsfield, CEO with Scott Taylor,
Heartwell Foundation



2010 Winning Team



Looking for accreditation and training within the Stockbroking Industry?



Presenting the PROFESSIONAL STOCKBROKERS PROGRAM – Australia's only professional qualification in stockbroking.

Candidates who successfully complete two 'core' accreditations and one 'elective' accreditation will be awarded a Professional Diploma in Stockbroking. It's that easy.

Accreditations include:

- ✓ RG146 Accreditation (Core 1)
- ✓ Professional Standards Accreditation (Core 2)
- ✓ Derivatives Accreditation ASA Level 1
- ✓ Superannuation Accreditation
- ✓ Margin Lending Accreditation
- ✓ Managed Investments Course
- ✓ Securities Accreditation

Other courses offered by the Stockbrokers Association include:

- ✓ Introduction to Derivatives
- ✓ Introduction to Options
- ✓ Introduction to Stockbroking
- ✓ Introduction to Warrants
- ✓ Introduction to CFDs
- ✓ Responsible Executive Exam Preparation Courses
- ✓ Responsible Executive Refresher Workshops
- ✓ Market Manipulation and Other Prohibited Conduct Workshops
- ✓ Surveillance and Monitoring Workshop
- ✓ Fixed Income Markets Seminar
- ✓ Advanced Options Strategies Workshop
- ✓ Insider Trading Workshop
- ✓ Effective Client Communication Workshop

All workshops can be tailored to your organisation and conducted in-house at your office – at a time and location convenient to you!

The Stockbrokers Association provides professional education specifically designed to provide knowledge and skills in the stockbroking industry.

For more information call +612 8080 3200 or visit www.stockbrokers.org.au

Looking for that competitive edge?



How about a proven, reliable, experienced solution provider?

Having been around for more than 20 years in the Australian marketplace, Religare Technova's breadth of experience and domain knowledge is unsurpassed.

With the ability to customise a solution that meets your needs, Religare Technova can significantly increase your efficiencies whilst enhancing your bottom line.

Religare Technova provides a plethora of Trading and Settlement solutions, Customer Relationship Management solutions, Trading Networks and many more.

With a presence in more than 10 countries and over 2000 employees, Religare Technova is fast becoming a leader in the global IT space.

www.religaretechnova.com
connect@religaretechnova.com

