

Stockbrokers MONTHLY

MEMBERSHIP • iLEARNING • EVENTS • EDUCATION • POLICY & REGULATORY ISSUES



**Changes to internet
addresses affect
trading participants**



Stockbrokers
Association of Australia®



Inside...

- 3 Message from the CEO
- 4 ATO – Broker Reporting of Client Data – Data Specifications a Surprise
- 5 Lifting the threshold for ShareGift donations–Stockbrokers Association application to AUSTRAC
- 5 ASX Consults on Non-settlement Days
- 6 Professional, Ethical and Educational Standards for Retail Financial Advisers
- 7 ASIC Report on Cyber resilience
- 8 FATCA/CRS and ETFs, REITs etc
- 8 Takeover Panel Guidance on Broker Handling Fees in Takeovers
- 9 ASIC to further review Handling of Confidential Information
- 9 National Guarantee Fund (NGF) – recent developments
- 11 Changes to internet addresses affect trading participants
- 15 Super Snippets: The clock is ticking for collectibles
- 17 Accreditation & Training Calendar



Stockbrokers
Association of Australia.

Stockbrokers Association of Australia Ltd ABN 91 089 767 706

(address) Level 6, 56 Pitt Street, Sydney NSW 2000 |

PO Box R1461, Royal Exchange NSW 1225

(tel) +61 2 8080 3200 (fax) +61 2 8080 3299 (email) info@stockbrokers.org.au

www.stockbrokers.org.au

DISCLAIMER: This Newsletter is provided solely for the information of members of the Stockbrokers Association. It does not constitute advice. The Stockbrokers Association nor any of its officers or agents accepts no liability or responsibility for the accuracy, reliability or completeness of any information contained in the Newsletter, and readers should rely on their own enquiries and analysis in making any decision or taking any action that affects them.

Gender diversity guidelines sub-group up and running

I love the Chinese proverb, the longest journey starts with the first step.

When it comes to gender diversity in stockbroking, the journey for sure will be long - best estimates are that 95% of advisers are men.

It was with some trepidation therefore that 12 women met on March 23rd to convene the first meeting of the SAA Women in Stockbroking Guidelines Sub-Group.

Under the Chair of Lily Elliott from CBA, the group decided to set an aspirational target.

Before setting that target, the group decided to conduct some qualitative and quantitative research into gender diversity as it stands today. Then the group will have a benchmark against which to measure progress.

Fortunately, many firms already have gender diversity guidelines. It will be the job of the sub-group to synthesise these into an agreed industry standard.

Interestingly, some of those at the meeting cited research that demonstrates gender diversity actually lowers risk within firms. Others cited research that establishes a compelling business case for gender diversity.

This research will provide the impetus for the industry to get cracking.

There is no doubt in my mind that firms which genuinely embrace gender diversity will be winners. I am very excited for the future and can't wait for the sub-group to start rolling out the guidelines.

If you would like to participate in the SAA Women in Stockbroking Guidelines sub-group, please contact the SAA's Gillian Gilmore, Convenor of the Group.

Better still, please come along to our annual conference on June 1st at 13:30 hours and participate in our panel discussion *Towards Gender Equality in Stockbroking*.

SAA's Pathways Internship Program

Another long journey that we have just commenced is the roll-out of the SAA's *Pathways Internship Program*.

The *Pathways Internship Program* seeks to match students with prospective employers by providing work for interns during university holidays.

We have ten SAA 2016 passes available to full-time undergraduate students who may wish to consider a career in stockbroking and financial advisory.

Applications will be assessed on merit, and there is a maximum of two tickets per firm. As part of our Gender Equality target, we require that tickets be split evenly between men and women.

Please send applications to the SAA's Head of Education, Gillian Gilmore.

Association's Fund not a magic pudding

The following is the text of a letter to the Editor of the AFR. It was published on Friday 18 March 2016.

Dear Sir,

Trevor Sykes has clinically lifted the veil on some of the issues that were happening at BBY before its collapse in May 2015 – (*Inside the collapse of BBY March 2015*).

Sykes' analysis raises some very serious questions about how all these things could have happened.

While that will be a matter for the Supreme Court, Sykes is right to identify the key issue here being the possibility of the different classes of claims of clients in BBY being pooled and redress ultimately being sought from the National Guarantee Fund.

That approach is not in the best interests of stockbrokers nor their clients.

The National Guarantee Fund exists for the protection of investors who trade through the ex-



Andrew Green

changes, not for investors who trade in FX, CFDs and similar instruments.

The fund was never intended to be a general purpose compensation scheme for investors.

While the Stockbrokers Association stands by the fund, and expects that any legitimate claims that fall within its scope should be met, it is not a magic pudding.

Everything comes back to culture

At the ASIC Forum held on March 21st & 22nd, there was valuable discussion about the importance of culture.

Can't write enough rules – so have to rely on culture.

Poor culture gives bad outcomes.

Values drive culture.

Easy way to create good culture is to put the customer at the centre of what you do.

Can't wedge customers and shareholders. Focus on customer improves bottom line and creates value for employees.

Attitude, behaviour and culture form part of the bonus structure in a large global firm.

Aim for a culture of transparency and openness. When you find instances of bad behaviour, have to come down on them. ■

ATO – Broker Reporting of Client Data – Data Specifications a Surprise



LEGISLATION ENABLING the regime for reporting client data to the ATO regarding transfers of a range of classes of property, including shares and units, was passed in November 2015.

The purpose of the legislation is to enable the ATO to target the under-reporting of capital gains by Australian taxpayers across a range of asset classes, including shares and managed investments.

The regime requires stockbrokers to provide the following specified client identification data to the ATO so that it can match the Order Identifier in the ASIC market data with a taxpayer:

- client's name, address and date of birth (if applicable)
- client's telephone number
- client's ABN or ACN (if applicable)
- TFN withholding tax code
- 'non-resident indicator' in respect of the client
- client's account holding number – SRN or HIN
- client origin of order number as

per RG223 5A of the ASIC FIX specification.

In January, the ATO issued the data specifications for the new reporting regime. The nature of these specifications has come as a surprise to the stockbroking industry.

Whilst the content of the information to be reported is in accordance with what was flagged, the data specifications require the information to be reported in a format which is different to the way in which the information is recorded in CHES. Many classes of information are required to be split into different fields, or reported in a different format, to that in which the information is currently held.

From talking to the ATO, it is our understanding that these issues

may be the result of CHES data specifications being in a format that is now outdated and not in accordance with contemporary data management standards.

Regardless, the Stockbrokers Association has expressed its strong concerns to the ATO about this late development, in particular, the potential for the ATO's data requirements to necessitate expensive system changes and/or manual reprocessing within broking firms. This was the very thing that the ATO was keen to avoid in framing the reporting requirements.

On 18 March, the ATO released the outcome of its consultation, and has confirmed that it would be proceeding with the data specifications as released, and that the "... ATO will work with software providers to try and assist entities who store the data in an alternate format."

The Association is also speaking to data vendors as to whether they may be in a position to provide a tool that would enable brokers to report the data in the format requested, and at what cost. Member firms are encouraged to raise this with their system vendors. The Association will also be raising this issue with the relevant Minister.

The legislation comes into effect in relation to shares and units on 1 July 2017, with the first report due before 31 July 2018. ■

In January, the ATO issued the data specifications for the new reporting regime. The nature of these specifications has come as a surprise to the stockbroking industry.

Lifting the threshold for ShareGift donations—Stockbrokers Association application to AUSTRAC

THE STOCKBROKERS Association has been working in conjunction with ShareGift Australia to seek an increase from AUSTRAC on the upper limit for charitable donations of shares to ShareGift.

ShareGift is a registered charity which facilitates the donation of unwanted parcels of shares by the public. ShareGift arranges for the shares to be sold by stockbroking firms free of brokerage to the donor. The proceeds are then given to various charities, guided by any nomination made by the donor.

Many member firms of the Stockbrokers Association are supporters of ShareGift's work and execute sales for them.

At present, there is an exemption from the requirements of the AML/

CTF legislation allowing for brokers to execute one-off sales for ShareGift without the onerous task of carrying out client identification and verification in relation to the donor. However, the upper limit of the exemption is \$500. This clearly limits the scope of charitable donations under the scheme, and many larger donations are discouraged due to the expense and difficulty of the client ID process.

The Stockbrokers Association has assisted ShareGift by making an application to AUSTRAC on behalf of a class of reporting entities (stockbrok-

ing firms) seeking an increase in the threshold applying to the exemption, so that larger parcels can be donated under ShareGift's framework. The Association is pleased that AUSTRAC has now proposed to increase the threshold to \$10,000.

On 7 March, 2016 AUSTRAC issued a Consultation Paper on the proposed increased threshold, with the period for submissions closing on 4 April 2016. Any firms supporting the exemption are encouraged to provide their feedback to AUSTRAC. ■

ShareGift is a registered charity which facilitates the donation of unwanted parcels of shares by the public.

ASX Consults on Non-settlement Days

IN MARCH, THE ASX issued a brief Consultation Paper on ASX Settlement Non-Business Days. The ASX proposal is to limit the number of days that are declared to be ASX Settlement Non-Business Days, and to align ASX to the Reserve Bank's approach on the subject. As a result, the only ASX Settlement Non-Business days would be days on which the ASX is closed for business, namely national holidays and the Queen's Birthday public holiday.

The ASX conducted a previous "market sounding" on the question in 2015 in connection with Victoria's designation of a public holiday on the Friday before the AFL Grand Final. The feedback that was obtained at the time was not unanimous, but there was a body of support among firms for the approach that the ASX is now proposing.

This policy, if adopted, will mean that many state specific holidays, such as Labour Day, Bank Holiday

and Melbourne Cup Day, will be settlement days, and firms will need to ensure that they have operational and staffing arrangements in place to deal with days that will no longer be Settlement Non-Business days.

The Association welcomes feedback from members. The closing date for submissions to ASX is 11 April 2016. ■

Professional, Ethical and Educational Standards for Retail Financial Advisers

MEMBERS WILL recall the Government's announcement that it was adopting key recommendations of the Financial System Inquiry (FSI) dealing with raising the professional, ethical and educational requirements for retail financial advisers.

Further, the Government announced that it would be pursuing an aggressive timetable that would see legislation enacted before 30 June 2016, with the new standard to be fully in place by 30 June 2019.

On 4 December 2015, Draft Legislation and a Draft Explanatory Memorandum were released for consultation. The closing date for submissions on the drafts was 4 January 2016.

The Association sent out an expedited consultation with members, and with the assistance of feedback received, lodged a Submission with Treasury by the due date.

Key points from the Draft Legislation:

A. Educational standards

Before being permitted to provide any retail advice, advisors will be required to:

- hold a Bachelors Degree or equivalent qualification
- complete a Professional Development Year
- pass a National Exam
- undertake ongoing Continuing Professional Development.

The standards applicable to each of the above educational requirement will be set by a proposed new **Standard Setting Body** ("SSB").

B. Code of Ethics

- A Licensee will be subject to an



obligation to ensure that all of its advisers are bound by a Code of Ethics.

- All Codes of Ethics will be in the one universal format, to be drafted by the Standard Setting Body. There will be no process of approving other Codes.
- Everyone, including Professional Associations will need to use the same Code. There is a prohibition on any amendment of the Code.
- A Licensee will have 2 options; either Pathway 1, which would involve adopting the Code and professional standards scheme of a Professional Association; or Pathway 2, involving the Licensee adopting their own professional standards scheme using the Standard Code of Ethics.
- There needs to be a mechanism for monitoring each Code of Conduct, including hearing complaints from

investors, and applying soft sanctions for breaches of the Code.

- Under Pathway 1, the relevant Professional Association will monitor the Code and handle and adjudicate complaints. A Licensee that chooses Pathway 2 must appoint a 3rd Party to monitor the Scheme, but the Licensee will be responsible for enforcing the Code and applying any sanctions.
- Pathway 1 can only cover an adviser if they are a member of the Professional Association.
- A Licensee can adopt Pathway 1 by requiring its advisers to be a member of the Professional Association as a condition of their employment.
- A Licensee can nominate that some of its advisers to be subject to Pathway 1 (or one or more different Pathway 1 Associations) and some of them to be subject to Pathway 2 (if the Licensee has its own scheme). This may be relevant if the Licensee has a mix of different professions working within its ranks, e.g. stockbrokers, chartered accountants, etc.

C. Obligations to Notify ASIC

Licensees will have an obligation to notify ASIC within 30 days of:

- appointment of an advice provider, of the adviser's educational qualifications
- the end of the Financial Year, that each advice provider has completed their CPD hour
- becoming aware of a breach of the Code of Ethics by an advice provider or a sanction imposed on the provider.

The Government is known to be working through the issues raised by submissions received during the consultation. This includes the issue of the transition arrangements for existing advisers.

D. Standard Setting Body (SSB)

- The SSB is to be a company limited by guarantee, not a statutory body. The Minister will appoint a company that satisfies the criteria in the legislation
- The Board will comprise 7 directors - an Independent Chair appointed by the Minister; 3 Directors from an industry background; 2 directors from a Consumer background; and 1 Director with an Ethics background
- Directors cannot hold an executive position in an industry or consumer association at the time they are on the SSB Board
- There is no mechanism setting out how the SSB will charge to recover its cost of operation.

However, the SSB is expected to be fully funded by industry/cost recovery.

The Stockbrokers Association Submission gave broad support for raising standards applicable to financial advisers, but expressed a number of concerns, in particular:

- the need for a suitable alternative to a university degree for experienced advisers
- the lack of detail in the legislation generally
- the arrangements and governance of the SSB unduly remove the existing Professional Associations from a meaningful say in how the SSB functions and the standards that it sets

- the risk that the legislation as currently framed, particularly the Pathway 2 for the Code of Ethics, could serve to undermine the existence of Professional Associations and the work that they do, and
- the lack of any benefit from a single national exam across all industry sectors.

The Government is known to be working through the issues raised by submissions received during the consultation. This includes the issue of the transition arrangements for existing advisers.

Under the timeline presently proposed, the Government had been intending to introduce draft legislation in the Autumn sitting just commenced, with the legislation being in place and the Standard Setting Body established by 1 July 2016. However, the Minister has recently announced that the Government is now looking to introduce legislation in the second half of this year. ■

ASIC Report on Cyber resilience

IN MARCH, ASIC released Report 468 Cyber Resilience Assessment Report ASX Group and Chi-X Australia. The Report is an assessment of the cyber security arrangements of the two main Exchanges, which ASIC concludes are sufficient to meet their obligations.

The Report also goes on to “highlight emerging good practices being implemented by a wider sample of organisations within the financial sector.” ASIC makes reference to proposed Cyber Guidance from IOSCO, which have been issued in draft form and are intended to be finalised in the later part of 2016.

The cyber resilience “good practices” noted by ASIC include

- Board ownership of cyber strategy and periodic review

- use of third party experts for intelligence and risk assessments
- collaborations and confidential information sharing with other financial institutions, security agencies and law enforcement
- organisation-wide programs for staff awareness, education and random testing
- continuous monitoring systems and the use of data analytics to integrate sources of threats in real time, and
- routine and detailed scenario planning for response and recovery to cyber threats.

ASIC has also referenced a recent PwC Global State of Information Security Survey 2016, which contains some information which members may find useful. That Survey notes

trends in the financial services sector, including the significant increase in the use of mobile devices for financial service delivery. This has led to significant exposure to cyber security risk connected to the use of such devices, and has resulted in big increases in investment in cybersecurity spend (up 14%).

The PwC Report notes the increased use of such technology as cloud-based cybersecurity services, Big Data analytics, and advanced authentication and biometrics (such as voice and facial recognition), by financial securities firms at the leading edge overseas. The increasing threat from complex cyberattacks from overseas, often by players acting in concert, is highlighted. ■

FATCA/CRS and ETFs, REITs etc

THE PROBLEM FACING issuers of ETFs, REITs and LICs, as regards satisfying FATCA obligations in relation to products acquired on Exchanges, remains unresolved.

Issuers in this situation are unable to comply with FATCA client identification obligations that fall on them, in that they cannot obtain investor self-certifications as to their U.S. tax status prior to the “account” being opened, as the FATCA agreement entered into by Australia requires. For exchanged traded products, the first that the issuer will know that an investor has acquired the products on market is after the trade has occurred and the investor already owns them. The refusal by an investor to respond to a request for self-certification exposes the issuers to regulatory liability, with them being powerless to do anything about it.

Further discussions took place amongst industry groups in the new year, followed by discussions with Treasury officials. The discussions centred on identifying options that would add robust sanctions to a regime of post-trade assessment of FATCA status such that both Treasury and the US IRS might accept such a regime as delivering a near to 100%

compliance outcome notwithstanding that it is not pre-trade.

In the latest development, issuers have proposed a number of alternatives that could be expected to ensure that investors who trade in these products on exchange will complete FATCA certifications upon receiving the request from the issuers’ registries. These alternatives include possible ATO penalties; possible withholding tax on the investor; and the potential for distributions to be withheld from investors until such time as they complete a self-certification and return it to the registry.

Treasury has maintained the position that they have a preference for a pre-trade solution under which stockbrokers conducted FATCA client assessment prior to an order in the relevant products being transmitted to an exchange. Treasury’s preference is for this to be achieved without the need for any legislation, with issuers being required to enter into contractual agreements with brokers for the assessments to be collected by brokers on the issuers behalf (with appropriate compensation being paid by the issuers).

However, Treasury is considering the above options that have been put,



and are proposing to raise these with the US Government to identify which, if any, would meet with US approval.

The identical issue arises in respect of the OECD Common Reporting Standard (CRS), which is due to come into effect in 2017. It is understood that many of the OECD states are strongly opposed to exceptions being the requirement for pre-trade identification of tax status being allowed. However it should also be noted that none of these states have the same characteristics as the Australian market, and might hold a different view if they did.

The Stockbrokers Association has lent its support to the post-trade solution being put forward by the issuers, and is continuing to work with them to articulate the benefits of this over the pre-trade approach, both in terms of cost and also minimisation of the impact on the market for exchange traded products. ■

Takeover Panel Guidance on Broker Handling Fees in Takeovers

THE ATTENTION OF members is drawn to the revised Guidance Note 13 recently issued by the Takeovers Panel on the subject of Broker Handling Fees.

In the Guidance Note, the Panel states the view that broker handling fees paid in connection with a takeover are likely to be conflicted remuneration within the meaning of

the Future of Financial Advice (FOFA) provisions. This is in line with views taken by ASIC on the matter, that such handling fees have the potential to influence advice given to a retail client in relation to the takeover offer.

The Panel Guidance note discusses the potential for broker handling fees to contribute to “unacceptable

circumstances” arising in connection with a takeover.

Firms may wish to review the structuring of handling fees, if they have not done so already, in the light of this guidance. In relation to FOFA, there should be no issue regarding conflicted remuneration if no advice is given to any retail client in connection with the takeover offer. ■

ASIC to further review Handling of Confidential Information

AT THE RECENT ASIC Liaison meeting held on 10 March 2015, ASIC indicated that it was continuing its review of the practices governing the handling of confidential information within market participant firms.

Particular areas that ASIC indicated it was focusing on include:

- handling of draft research notes
- potential for lack of analyst independence
- approval processes for issuing and publishing research
- approval processes for external communications by analysts
- analyst involvement in corporate transactions
- Chinese wall arrangements around research
- appointment and remuneration of analysts
- allocations in capital raisings to the exclusion of clients
- staff trading, and
- market soundings.

ASIC has previously looked at the subjects of market soundings and analyst independence. It has also recently published its views on principal trading by facilitation desks (see the recent Report 452 on HFT and Dark Pool activity). ASIC indicated that it would be looking to issue guidance as a result of its present review, which can be expected towards the end of the year. ■

National Guarantee Fund (NGF) – recent developments

THERE HAVE BEEN SOME recent developments regarding the National Guarantee Fund (NGF) of which members should be aware.

Firstly, the Securities Exchange Guarantee Corporation (SEGC), which administers the NGF, has sought and obtained approval of the Minister for the minimum amount of the Fund to be increased to \$100 million, having regard to revised risk assessments and other factors. The amount of the Fund currently stands at approximately \$103 million.

This has made the liquidation of BBY Ltd a matter of heightened significance to market participants, because of the potential that it could potentially give rise to claims against the NGF which might reduce the NGF below the minimum amount.

The Liquidators of BBY have sought directions from the Supreme

Court as to whether the client segregated accounts (CSA's) of the different classes of clients of BBY should be pooled. According to the Liquidators' Notice to Creditors, the Liquidators' preliminary investigations indicate that "BBYL did not maintain comprehensive records that show the client or clients who are entitled to the balance of any particular CSA".

The Notice to Creditors also notes that the claims of the Equities and Exchange Traded Option (ETO) classes of clients are likely to be paid in full or substantially in full if there is no pooling, but may only be paid as little as \$0.36 cents in the dollar if pooling is ordered by the Court.

Pooling would therefore benefit the OTC, Futures and other classes of BBYL clients, at the expense of the Equities and ETO clients. The

consequences of this could be that Equities and ETO Clients might then seek to have any shortfall of their claims met by claiming against the NGF, which would not be the case if there was no pooling and their claims were met in full by the funds held by the Liquidator.

The issue of concern to market participants is that, should the NGF be required to meet claims which resulted in the assets of the NGF falling below the minimum amount, the SEGC may, under the Corporations Act, make a call against the Exchange and/or against Market Participants for a payment to replenish the NGF.

The Association is monitoring these developments very closely. At the time of writing, the Liquidators' application for directions was before the Court but the outcome not yet known. ■

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

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

SPONSORS & EXHIBITORS

Sponsors

Gold Sponsors



Silver Sponsor



Bronze Sponsor



Supporting Sponsors



Exhibitors



Changes to internet addresses affect trading participants



Changes to the way IP addresses are configured have implications for the collection of origin of order information. These changes may affect participants trading on the ASX and Chi-X markets. Participants (including those who outsource to third parties) should check that all standards of IP address are being captured.



ASIC

Australian Securities & Investments Commission

IN 2015, the internet ran out of addresses! Anticipating this issue, a new standard for internet addresses (known as the Internet Protocol version 6; IPv6) was developed during the '90s. However, it was not deployed in Australia until more recently. Even now its usage is limited. As a result, telecommunications carriers have implemented other workarounds, such as 'port numbers'. These developments have implications for the systems participants use to determine origin of orders.

Every computer participating in a network that uses the Internet Protocol (IP) to communicate is assigned a unique numerical label or 'IP address'. This also applies to mobile devices (such as mobile phones or tablets). Despite the introduction of IPv6, most organisations and individuals still use the original system, Internet Protocol version 4 (IPv4). This causes ongoing problems for telecommunication carriers, given the scarcity of IPv4 addresses.

To overcome this carriers have begun adding additional information to the end of IP addresses. This creates significantly more options for IP addresses. The additional information is referred to as a 'port number'. There are 65,535 port numbers per IP address. Most networks have adopted this approach already.

Participants must have appropriate trading management arrangements to determine the origin of orders and trading messages: Rule 5.5.3 of the ASIC Market Integrity Rules (ASX

EXAMPLE

IPv4 address: 112.34.237.6

IPv6 address: 2001:0DB6:AC10:FE01::

IP address w/ port number: 112.34.237.6:65411

Market) 2010 and the ASIC Market Integrity Rules (Chi-X Australia Market) 2011. The relevant information includes the identity and capacity of the client and the computer or device they are using to connect to the participant.

When a client places a trading order through the internet, the device they use transmits its IP address to the participant's computer. Many participants use this information to verify the identity of their client and the origin of the order. In order to accurately identify the device being used by a client to place orders, a participant will need to capture the complete IP address.

Likewise, ASIC may request information under notice from a participant to assist us to fulfil our supervision responsibilities. For participants who allow access to clients through the internet, this could include a list of IP addresses from which specific order instructions originated or from which trading in certain securities

originated. We too require the complete IP address.

Following changes to the way IP addresses are configured, a client's IP address could include an IPv6 sequence or port number, or both. Unless a participant has specifically upgraded its systems to capture IPv6 addresses and port numbers, this information is probably being lost at present. Participants should review their information technology systems to ensure this information is being captured, in order to fully comply with the origin of order requirements.

Third-party providers

Some participants use third-party providers to collect and store origin of order information. This is permissible as long as the requisite information is captured.

We recently had discussions with a participant who had experienced a denial of service attack. While assessing the damage caused by the attack, the participant realised that

their third-party provider was not collecting IPv6 or port number information that would allow the participant to determine origin of orders.

Participants are responsible for ensuring that any third-party service providers engaged by them comply with all applicable regulatory requirements. Where the participant is relying on IP addresses for origin of order, they must make inquiries with third-party providers to ensure their systems are configured for all standards of IP address. ■



ASIC

Australian Securities & Investments Commission

Accreditation Training Workshops Online CPD

INCREASE YOUR KNOWLEDGE AND SKILLS IN THE STOCKBROKING INDUSTRY TODAY!

2016 STOCKBROKERS CHARITY GOLF DAY

Tuesday 31 May 2016 | Woodlands Golf Club, Melbourne

The Stockbrokers Association of Australia invites you to enter a team in the 2016 Stockbrokers Charity Golf Day.

The 2016 Stockbrokers Charity Golf Day is to be held at Woodlands Golf Club, Melbourne on Tuesday 31 May 2016.

The Stockbrokers Association Cup will be awarded to the team that finishes in first place in this Ambrose Competition.

The Stockbrokers Association of Australia proudly supports the Heartwell Foundation, a community-based rehabilitation and education program for children with special needs. Heartwell empowers children to lead a better quality of life by developing

their skills and improving their health, self esteem and confidence to participate with their peers.

***** PLACES ARE STRICTLY LIMITED – BOOK NOW *****

Registration and player briefing at 8.45am. Shot gun start at 9.45am. Drinks will follow the game concluding at approximately 4.00pm. Fees include morning tea on arrival, light lunch and snacks on course, as well as drinks and canapés following the game. Equipment hire will be available on the day.

For enquiries please call (02) 8080 3200

TO REGISTER, please complete the form below and return via:

Fax: (02) 8080 3299 | Post: PO Box R1461, Royal Exchange NSW 1225 | Email: flyons@stockbrokers.org.au

PROUDLY SUPPORTING



REGISTRATION FORM

Name: _____		Surname: _____		
Position: _____		Organisation: _____		
Address: _____		City: _____	State: _____	
Tel: _____		Fax: _____	Email: _____	
Postcode: _____				
NAME OF PLAYERS	Email	Phone	Handicap	Transport [†] (Please tick)
1. _____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____

[†] Will transport to & from golf course be required?

REGISTRATION FEE Individual: \$375 inc GST Team: \$1500 inc GST

The registration fee includes a \$100 (inc GST) charitable donation per person. To opt out of this donation, please tick: ☐

METHOD OF PAYMENT

Attach cheque made payable to the Stockbrokers Association of Australia or provide credit card* details: ☐ Visa ☐ MasterCard ☐ AMEX ☐ Diners Club

Cardholders Name: _____	Card Number: _____
Total Amount*: \$ _____	Expiry Date: _____
Signature: _____	

CANCELLATIONS: Fees are not refundable or transferable. Substitutions can be made in writing addressed to Fran Lyons via email to flyons@stockbrokers.org.au. The Stockbrokers Association will only reimburse registration fees if the event is cancelled. The Stockbrokers Association is not responsible for any costs incurred as a result. Non-Attendance: If a player fails to attend, fees will not be refunded or allocated to another event.

* Please note merchant fees apply to credit card payments: MasterCard or Visa 1.50%; AMEX 3.10%; Diners Club 4.00%.

ACCREDITATION & TRAINING

The professional education that the Stockbrokers Association provides is unique. We offer specifically designed education to meet increasing demand for new knowledge and skills in the stockbroking industry. We provide practical and relevant programs developed by the industry, for the industry. Our Accreditation program encompasses the following programs:

PROFESSIONAL STOCKBROKERS PROGRAM

Australia's only professional qualification in stockbroking, securities and derivatives. Distinctively professional, it is the recognised educational standard that employers, regulators, and clients expect from individuals who work within institutional and retail stockbroking firms and the investment banking community.

ASIC RG146

For those looking to meet ASIC RG146 requirements, our accreditation courses relate to ASIC RG146 areas of competence through Generic Securities Managed Investments, Derivatives, Margin Lending, Superannuation and Core 1 Skills.

CORE 1: SECURITIES & MANAGED INVESTMENTS

Provides candidates with the specialist knowledge and skills necessary to provide financial product advice to retail clients in Securities and Managed Investments. This accreditation focuses on the relevant market participants, product types, characteristics and applications.

ACCREDITED DERIVATIVES ADVISER (ADA1 & ADA2)

The accreditation of advisers who advise on derivatives traded on the ASX is a requirement set out in Part 2.4 of

the ASIC Market Integrity Rules (ASX Markets) 2010. There are two levels of accreditation and this accreditation meets the training requirements under ASIC Regulatory Guide RG146 in specialist knowledge and skills components for Derivatives at a Tier 1 level.

MARGIN LENDING ACCREDITATION

Covers Gearing, Margin Lending, Alternative means of achieving geared exposure, Tax deductibility of the interest, Franked dividends and Capital Gains Tax as well as Compliance topics.

SUPERANNUATION ACCREDITATION

Provides 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.

FOREIGN EXCHANGE ACCREDITATION

Designed not only for advisers with retail clients, but advisory staff that also deal with wholesale clients – not institutions, but high net worth individuals who would be classed as sophisticated investors and who deal in some of the products that would not

normally be traded by retail investors – such as spot transactions, forwards and currency options. The FX Accreditation covers FX markets, FX exchange products, taxation, and compliance.

NATIONAL DTR ACCREDITATIONS

A comprehensive accreditation system for DTRs operating in Australia's financial markets. Under the ASIC Market Integrity Rules for both the ASX and Chi-X Markets, trading participants must have at least one Designated Trading Representative (DTR). Only DTRs may submit trading messages, unless an automated order processing system is used.

RESPONSIBLE EXECUTIVE ACCREDITATION

From 1 June 2015, ASX Clear no longer required clearing participants to have Responsible Executives (REs). Accordingly, there is no longer any compulsory examination prescribed for clearing and settlement REs. REs are still required for trading participants under the ASIC (ASX Markets) Market Integrity Rules, and REs will still need to pass the prescribed examination prior to appointment. While the ASX requirements may have changed, the Stockbrokers Association believes it is very important to continue to offer this training and the relevant examinations.

The clock is ticking for collectibles

By Peter Grace

Usually grandfathering provisions apply when the Government changes superannuation rules and members may be adversely affected. One example is the rules for investing in 'collectibles' which were changed from 1 July 2011. To give trustees time to adjust to the new rules, SMSFs that already held collectibles were exempt until 1 July 2016.

What's a collectible?

The rules apply to 'personal-use' assets – items that can provide a present day benefit to a member of a SMSF or any other super fund. The ATO lists artwork (including paintings, sculptures and photographs), jewellery, antiques, artefacts, coins and banknotes (where their value exceeds their face value), postage stamps, rare books, wine and spirits, motor vehicles and motorcycles, recreational boats and membership of sports or social clubs.

Why the change?

The sole purpose of superannuation is to provide retirement income for members. It goes against the spirit of the sole purpose test to allow a super fund to invest in personal use assets that a fund member can use. The member is gaining enjoyment and benefit now.

What must trustees do?

Trustees must dispose of the personal use asset or comply with the new rules by 1 July 2016. If the trustees choose to dispose of the asset they must arrange for the asset to be independently valued so the sale or disposal is at arm's length.



The asset could be given to a fund member but this would be a benefit payment and the normal preservation and benefit payment rules would apply.

What if the trustees decide to retain the asset?

There is nothing in the rules that prevents a fund from owning a personal use asset. However it must be held as an investment – like any other asset the trustees must expect it to increase in value over time and possibly pay an income to the fund.

The rules on holding personal use assets cover 4 areas:

1. The asset cannot be used or leased by fund members
2. The asset cannot be stored in a member's private residence or place of business
3. The trustees must store the asset safely and document their decision on how and where it is stored
4. The trustees must take out insurance on the asset to protect the fund if there is loss or damage to it.

What if I don't comply?

Every SMSF has to have an annual financial and compliance audit. For returns for the 2016-17 year auditors and the ATO will be especially vigilant with funds holding personal use assets. If a fund is caught each trustee is subject to a fine of \$1,800 per breach – so if you hang that artwork on the wall at home and the fund does not have an insurance cover on it, you are up for a \$3,600 fine.

Trustees have less than 3 months to sort this out. ■

Our RG146 Superannuation course is an elective in our Professional Stockbroker's Program. It provides the necessary qualifications for anyone who advises on securities in self managed or other superannuation funds. Each month we publish a short article covering a current superannuation topic written by Peter Grace the author of the course. Peter can be contacted at wordsandtraining@bigpond.com

VANGUARD INVESTMENTS AND THE STOCKBROKERS ASSOCIATION OF AUSTRALIA PRESENT

2016 Leaders Forums



REGISTER NOW!

The 2016 Leaders Forum in Sydney, to be held on Tuesday 3 May, is designed for senior executives and leaders in the Stockbroking and Wealth Management industry to come together to hear about and discuss the 'hot' topics facing our industry. Through a mix of presentation and discussion, attendees will hear from industry experts and peers to update them on these issues. The Forums are held over a lunch time session and are hosted around Australia. These are Forums you need to attend to keep abreast of key issues for your business.

WHO SHOULD ATTEND?

CEOs, CFOs, COOs, Senior Executives, Senior Compliance and Legal, and team members who communicate with clients and staff on a regular basis.

DURATION

Held over a lunch time session, the 2016 Leaders Forum in Sydney will commence at 12.30pm sharp (registration from 12.00pm) and concludes at 2.00pm.

FORUM TOPICS

- What to do when ASIC comes knocking
- Adviser's Alpha – putting the value on your value

PRESENTERS

All presenters are industry experts in their field:

Corey McHattan, Ashurst
 Tim Sparks, Vanguard Asia-Pacific,
 Peter Stepek, Stockbrokers Association

CPD

Attendees will receive 1.5 hours of CPD (Compliance)

REGISTRATION FEE

Individual Members	\$105.00
Employees of	
Organisational Members	\$120.00
Non Members	\$140.00

**Discounts apply for bookings across all sessions.
 Please contact the Stockbrokers Association.*

ADDITIONAL FORUM

Brisbane Wednesday 24 August

FOR FURTHER INFORMATION: visit www.stockbrokers.org.au or call **02 8080 3200**.

ACCREDITATION & TRAINING April, May & June

Responsible Executive (RE) Series Workshops

RE REFRESHER – 4 CPD (COMPLIANCE)

This workshop provides a refresher on the requirements applicable to REs and reviews some of the main topics in The ASIC Market Integrity Rules (ASX Markets) 2010 and/or The ASX Clear Operating Rules (Clearing & Settlement) Responsible Executive Examination. Intended as a refresher course for existing REs who have already passed the Exam(s), 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.

MELB: Fri 20 May | 9:30am – 1:30pm
SYD: Tues 21 Jun | 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 exam(s) and know what to expect on the day, with sample questions and a practice exam.

SYD: Mon 16 & Tues 17 May | 9:00am – 12:00pm
MELB: Wed 15 & Thur 16 Jun | 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 Market Integrity Rules (ASX Markets) 2010 and/or The ASX Clear Operating Rules (Clearing & Settlement) Responsible Executive exam syllabuses in detail, with 7 subject areas and 2 assessments during class time.

MELB: Thurs 19 May | 9:30am – 1:30pm
SYD: Mon 20 Jun | 9:00am – 1:00pm

Professional Development Workshops

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

This workshop covers an in-depth examination of what constitutes market manipulation and other prohibited market conduct. Involving a mix of presentation and scenario-based discussion, it is designed to suit market professionals, both front and back office, including: Sales staff/client representatives; Proprietary Traders; DTRs; Investment banking; Settlement staff; and Compliance & Legal.

SYD: Thurs 12 May | 9:00am – 12:00pm
MELB: Thurs 09 Jun | 1:30pm – 4:30pm

INSIDER TRADING – 4 CPD (COMPLIANCE)

This workshop provides a thorough analysis of Insider Trading. Topics include: 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.

MELB: Thurs 05 May | 1:30pm – 4:30pm
SYD: Wed 8 Jun | 9:00am – 12:00pm

A DAY IN THE LIFE OF A TRADE – 2 CPD (COMPLIANCE)

This 2.5 hour short 'course in operations' focuses on the evolution of share and derivative trades from order placement through to execution to settlement (and later exercise/expiry where relevant) and reporting requirements. Designed for new or unfamiliar starters in the Industry or Markets, this workshop provides a comprehensive overview of the market and operational process. It provides an excellent foundation for retail desk assistants and would suit as a refresher for experienced staff as well as those staff in auxiliary and rotating roles: legal, IT, HR and other supporting roles associated with stockbroking. There is no assumed knowledge for participants of this workshop.

MELB: Wed 13 Apr | 2:00pm – 4:30pm
SYD: Wed 4 May | 9:00am – 11:30am



LEARNING TO LEVERAGE – 1 CPD

The Workshop will suit brokers or advisers who may want to recommend leverage to their clients and potentially boost client returns from investing in domestic equity markets while managing the risks. This 1 hour workshop will focus on the how, when and why to implement and run a strategy of borrowing to invest.

MELB: Tues 19 Apr | 12:30pm – 1:30pm

Introductory Series Workshops

UNDERSTANDING DERIVATIVES: OPTIONS AND WARRANTS – 4 CPD

Derivatives are an established and essential component of global financial markets. Focusing on options and warrants, this workshop discusses how and why derivatives are used for leverage and/or manage risk. Key concepts are explained through worked examples, under the guidance of an experienced practitioner. This half day workshop is also ideal preparation for **Accredited Derivatives Adviser Level 1 - ADA1 candidates**.

MELB: Wed 15 Jun | 9:00am – 1:30pm

THE BUSINESS OF STOCKBROKING IN AUSTRALIA – 2.5 CPD

This workshop provides an overview of Australia's financial markets and the critical role that stockbrokers play in both retail and institutional markets. A short history of broking in Australia sets the scene for explanation of the current market structure, operations and regulation.

MELB: Wed 8 Jun | 9:30am - 12:30pm

UNDERSTANDING OPTIONS: FEATURES, BENEFITS AND RISKS – 2 CPD

This workshop focuses on equity options traded on the Australian Securities Exchange (ASX). Equity options offer investors an efficient means of managing the risks of adverse price movements in the share market. In addition, they give traders a vehicle by which to gain leveraged exposure to individual shares and selected indices. This workshop covers options pricing, basic strategies and the mechanics of trading options on the ASX.

SYD: Wed 11 May | 9:00am – 11:00am
MELB: Wed 25 May | 9:30am – 11:30am**UNDERSTANDING WARRANTS: TYPES, DIFFERENCES AND RISKS – 2 CPD**

This 2 hour workshop covers the main types of warrants traded on the ASX with a particular focus on equity trading warrants and instalments. Basic warrant pricing will be discussed, and the role of the warrant issuer will be explained. Ideal for those who wish to acquire fundamental knowledge about the Australian warrants market.

MELB: Wed 18 May | 9:00am – 11:00am
SYD: Thurs 9 Jun | 9:00am – 11:00am**INTRODUCTION TO CONTRACTS FOR DIFFERENCE (CFD) – 3 CPD**

This workshop focuses on the class of derivatives known as Contracts for Difference (CFDs). This workshop covers the different types of CFDs, their uses, risks and potential rewards.

SYD: Wed 18 May | 9:00am – 12:00pm

For further information visit www.stockbrokers.org.au

Your ETF universe is now even bigger

Vanguard's four new exchange traded funds bring together all the great benefits of Vanguard ETFs and include international fixed income for the first time in Australia.

Our expanding product range means you can now select from 16 different ETFs to diversify your clients' investments across international equities, Australian equities, international fixed income and property securities—all while taking advantage of Vanguard's low cost, diversified approach to investing.

With Vanguard, your ETF universe just keeps getting bigger.

Connect with Vanguard™ > vanguard.com.au/etfs > 1300 655 205



Vanguard



© 2016 Vanguard Investments Australia Ltd (ABN 72 072 881 086 / AFSL 227263 / RSE Licence L0001335) ("Vanguard") is the product issuer. All rights reserved. We have not taken individual circumstances into account when preparing this publication so it may not be applicable to your circumstances. You should consider your circumstances and the relevant PDS and/or Prospectus before making any investment decision. You can access the relevant PDS and/or Prospectus at www.vanguard.com.au or by calling 1300 655 205. Vanguard ETFs will only be issued to Authorised Participants, that is persons who have been authorised as trading participants under the ASX Operating Rules. Retail investors can transact in Vanguard ETFs through a stockbroker or financial adviser on the secondary market. Past performance is not an indication of future performance. Our products are designed to closely track market returns before fees, expenses and taxes; investments are not guaranteed and may rise or fall in value.



Learning to Leverage

Who will Benefit

Designed for people who want to potentially boost returns from investing in domestic equity markets and who are prepared to manage the risks, this 1 hour workshop is a short course on using leverage to invest in equity markets. It will focus on the how, when and why to implement and run a strategy of borrowing to invest.

The Workshop will suit brokers or advisers who may want to recommend leverage to their clients.

Learning Outcomes

- Tips for designing an appropriate leverage strategy in different circumstances
- Common and sometimes overlooked traps and pitfalls plus essential techniques for managing risk
- What to do if the strategy does not perform as planned

Participants will also receive a brief introduction to the tax implications of leverage and strategies that may complement a leveraged investment.

Assumed Participant Knowledge

Participants will preferably have an introductory understanding of investing in domestic shares or managed funds.

Workshop Details

Date: Tuesday 19 April, 12:30pm –1:30pm

Venue: Delphi Bank Melbourne, Rialto Towers, Level 41, 525 Collins Street, Melbourne

Cost: \$49.00

Lunch will be provided.

PRESENTED BY



To register, please visit the STOCKBROKERS ASSOCIATION WEBSITE



SAA 2016

STOCKBROKERS CONFERENCE

1 & 2 JUNE 2016 | CROWN PROMENADE, MELBOURNE



Stockbrokers
Association of Australia

www.stockbrokers.org.au/conference | #2016StockbrokersConf | @StockbrokersAA

GOLD SPONSORS



CommSec
Adviser Services



SILVER SPONSOR



BRONZE SPONSOR



Broadridge

SUPPORTING SPONSORS



Leveraged
The professional's choice



*Earlybird
registrations
now open!*

SAA 2016 - 1 & 2 JUNE 2016

ALSO...
2016 STOCKBROKERS CHARITY GOLF DAY
WOODLANDS GOLF CLUB, MELBOURNE - 31 MAY 2016

*** REGISTER NOW | EARLY BIRD RATES AVAILABLE | REGISTER NOW ***