

Stockbrokers MONTHLY

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



YOUNG MEMBERS WORKING GROUP

Enthusiasm, energy and lots of
unmet needs present an exciting
opportunity to shape the future



Inside...



- 3 Message from the CEO
- 4 Professional, Ethical and Educational Standards for Retail Financial Advisers – Proposed Legislation
- 4 ASIC Letter to Firms
- 5 ATO – Broker Reporting of Client Data – Issues with Data Specifications
- 6 ASX Proposals to Increase Minimum Core Clearing Capital
- 6 ASIC Consultation Paper CP 260 on “Regulatory Sandbox Exemption”
- 7 ASIC Guidelines on handling of Confidential Information
- 7 Committee News
- 9 ASIC Regulatory Priorities
- 11 Fintechs to wed advisers without plebiscite
- 14 Can’t you take a joke? Come on guys...
- 16 Super Snippets: An Investment Strategy
- 17 NEW and UPDATED National DTR Accreditation Program
- 18 Women in Stockbroking
- 16 Accreditation & Training Calendar



Stockbrokers

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COVER PHOTO: Members of the SAA Young Members Working Group gathered for their inaugural meeting at the SAA office in Sydney on 18th July 2016.

Young Members Working Group up and running

We are indebted to Jacques Rousset, the Chair of our Young Members Working Group (YMWG), for contacting SAA's Chairman Karl Morris in May, saying that the Association was not doing enough to support young people trying to build a career in the industry.

Karl's response was straight to the point – we better do something about this.

As a result of that communication, Jacques attended our annual conference in Melbourne in June and suggested we establish the YMWG. The Group now has 100 members across Australia, and inaugural meetings have been held to identify key issues.

One of the first members to express interest in the initiative was Ord Minnett's NSW State Manager, Jon Cousins. "But how old do you have to be to join the group?" asked Jon.

My response was the group is open to anyone of any age, provided they share the passion of helping young people build a career in the industry.

For the program to be successful, we need to harness the wisdom of people like Jon Cousins who have already successfully mentored many young stars – including Lucy Payne from Patersons, now a member of the YMWG.

Outcomes from the meetings included the following:

1. We need to roll-out a course for DAs and Assistant Advisers to make sure they have key competencies. Some of the feedback has been that advisers say they will provide mentoring but in reality don't get sufficient time. So we are planning to roll-out a Masterclass for DAs and Assistant Advisers.
2. There is an opportunity to develop a structured mentoring program. Karishma Mohini at UBS has kindly offered to be

Co-Ordinator of the SAA Young Adviser Mentoring Program. With her guidance, we will develop a structured approach. "Planning is very important to success," said Karishma. Our first meeting is scheduled for August 15. Target date for the launch of the program is February 2017.

3. The group also expressed a desire for regular networking events. So we have agreed, through State Convenors, for the group to meet on the first Thursday of every month at 5.30pm at a convenient venue. The networking drinks are open to anyone who is interested in helping young people build a career in the stockbroking industry.

If you would like to join the YMWG, please contact the Group's Conventor, [Diem Tran](#).

I would like to thank all those who joined the inaugural meetings. The insights you provided are most valuable and I have taken extensive notes.

Many of the comments were about how great the stockbroking industry is. Comments like, "it is the gold standard when you look at complaints to FOS and we need to shout that out from the roof-tops." We hear you. We agree. Wholesome messages like this often struggle to get airtime. The use of social media to push out positive messages was mentioned as something we should be doing more of.

Women in Stockbroking Working Group

The SAA's Guiding Principles for Gender Diversity are now available for viewing on the [SAA website](#).

While the Guiding Principles are not prescriptive, we would like each member firm to have the principles as their aspiration.

We are aware that many firms already embrace gender diversity principles and in some cases have done so for many years. Indeed it was interesting when talking with Karishma Mohini about our Young Members Working Group, her comment that at UBS, gender diversity was very much something that was perfectly normal.



Andrew Green

Cybercrime Working Group

Melissa Nolan from Baillieu Holst Limited has kindly offered to Chair our Cybercrime Working Group.

Our first meeting will be held at 2.30pm on 9 August. The meeting will establish:

1. Who will be involved
2. What will be covered
3. How will we do it

At the moment, there are 20 members of the Working Group. If you would like to join, please contact [Diem Tran](#).

SAA 2017

Please mark your diary for SAA 2017 to be held at Hilton Sydney on May 24th & 25th.

If you have any ideas for interesting speakers and topics, please email me. We are particularly interested in speakers who will bring something that members don't normally get to hear during the course of their normal work day.

2017 Charity Golf Day – volunteer needed

We need someone to devote a couple of hours a week commencing in November to chase up prizes for our golf day. If interested, please contact [Jennifer Murray-Pugh](#).

Our Women in Stockbroking Working Group is also keen to put together a few golf teams. If interested, please contact [Mel Cooper](#) at the ASX.

The 2017 Charity Golf Day will be held on 23rd May at Pennant Hills Golf Club. ■

Professional, Ethical and Educational Standards for Retail Financial Advisers – Proposed Legislation

THERE HAVE BEEN no developments on the proposed legislation restructuring the framework for professional, ethical and educational requirements for retail financial advisers, in view of the Government having been in caretaker mode for the lengthy period of time since the calling of the Federal election.

It can be expected now that the Government, having been re-elected, will move quickly to progress the draft Legislation that was in circulation prior to the calling of the election. The announcement that Minister Kelly O'Dwyer will continue with the Financial Services portfolio should ensure that there are no delays with this.

There is, however, the question of what impact the state of the new Senate may have on key proposals in the legislation, or the speed of its passage. There are also some issues that were not fully resolved in the previous draft of the legislation, including:



- whether there will be any further variations of the bachelor's degree requirement to take into account experienced advisers in the later stages of their career
- how the new supervision standards to be set by the Standard Setting Body will interact with

ASIC's supervision requirements under AFS Licensing

- how investigation of Code breaches will interact with a concurrent ASIC investigation.

Prior to the election, the Government had outlined an aggressive timetable that would see legislation enacted before 30 June 2016, with the new standard to come into effect on 1 July 2019 and a 5 year transitional period before being fully in place by 30 June 2024. The introduction of the legislation will clearly now not meet this timetable, but it remains to be seen how the remainder of the timetable will be affected by this delay. ■

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ASIC Letter to Firms

AT ITS RECENT Regional Liaison Committee meeting, ASIC advised that it will shortly be writing to every Market Participant to set out its regulatory priorities in the coming year.

Addressing the meeting, ASIC's Nathan Bourne noted that continuing focus areas would include:

- Compliance supervision and risk management of businesses

- Cyber resilience including technology disruption
- Culture and Conduct
- Conflict management.

Cultural "indicators" will in future be incorporated into ASIC's surveillance program of participants' businesses. ASIC will be looking to identify "red flags" indicating a culture that it considers may be of concern. ■



ATO – Broker Reporting of Client Data – Issues with Data Specifications

MEMBERS WILL recall that the 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 ATO so that it could 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 (Share Reference Number (SRN)/ Holder Identification Number (HIN))
- client origin of order number as per RG223 5A of the ASIC FIX specification.



information to be reported in a format which is different to the way in which the information is recorded in CHESS. 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.

- the requirement for firms to provide a Bulk Trade Data Report.

trade data obtained from ASIC where an origin of order identifier is a shared order code, and not traceable to a particular client or account.

The Stockbrokers Association has expressed its concerns to the ATO about these late developments, 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 stated it was keen to avoid in framing the reporting requirements.

We understand that system vendors are looking at how these issues can be resolved by a system enhancement, but at last contact, they had not developed a solution. Member firms are encouraged to raise this with their system vendors.

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

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.

In January, the ATO issued the data specifications for the new reporting. A number of concerns have been raised about the content of the data specifications:

- the data specifications require the

This additional item requires brokers to report for client accounts the "bulk trades" which the account participated in during the reporting period. The ATO is now looking to reconcile all of the

ASX Proposals to Increase Minimum Core Clearing Capital

MEMBERS MAY HAVE seen the ASX Proposals published in its Paper of 30 June 2016 regarding increasing Minimum Core Capital Requirements (MCCR) for ASX Clearing Participants.

In summary, the ASX is consulting on the following proposed changes to MCCR:

- Core Capital requirement of \$5 million to remain unchanged for participants who engage in none of the specified additional activities (see below)
- Existing additional capital requirements (\$5 million, \$10 million and \$15 million) depending on the number of market participants for which the Clearing Participant clears, also to remain unchanged
- An additional \$2.5 million capital requirement for CP's with client short ETO positions, rising to \$5 million for CP's with material client short ETO positions (material meaning >\$60 million average Initial Margin aggregated for the CP's clients over a 3 month period)
- An additional \$2.5 million capital requirement for CP's undertaking any own account activity in any financial products, rising to \$5 million for CP's with a material amount of own account business (ASX Clear will determine what is material)
- An additional \$2.5 million capital requirement for CP's undertaking any activity additional to ASX-related execution, clearing and settlement within the legal entity for which losses may be incurred by the CP, rising to \$5 million

for material amounts of non-ASX activity. Non-ASX activity includes corporate finance, stock and margin lending, debt, FX, execution and clearing of international stocks and derivatives.

These proposals would obviously impact on Clearing Participants. ASX states on page 8 that its own analysis indicates that 29 out of 36 Clearing Participants would face an increase in MCCR (the majority in the range of \$2.5-\$7.5 million), but all but 3 of those CP's hold sufficient capital to meet this.

SAA would like to hear feedback on these proposals, including any of the figures in the Paper, and the questions posed at the end of the Paper. ■

ASIC Consultation Paper CP 260 on "Regulatory Sandbox Exemption"

ASIC'S CONSULTATION Paper CP 260 – Further Measures to Facilitate Innovation in Financial Services was released for comment on 8 June 2016.

CP 260 outlines proposals for what ASIC calls a "regulatory sandbox exemption" relating to AFS Licensing requirements applicable to Fintech start-ups. The CP seeks feedback on whether the regulatory exemption should extend to areas such as:

- Additional flexibility to ASIC in determining the skills and experience requirement for assessing license competency for Fintech start-up businesses, including the ability to rely on third parties
- Possible class-wide licensing waiver to allow entities to conduct early stage tests and trials
- A 6 month window for entities to test certain financial services without the need for a license
- Specification on the types of financial services that can be offered in the testing window
- Permission for services to be provided during the testing window to sophisticated clients; to retail clients subject to a numeric limit and \$ exposure limit

- Modified conduct and disclosure obligations that will apply during the testing window
- Consumer protections including dispute resolution and compensation mechanisms to apply to testing businesses.

ASIC has said that these proposals, and the establishment of its Innovation Hub, are part of ASIC's efforts to promote Fintech businesses, innovation and market efficiencies.

The SAA has sought the views of brokers on the proposals with a view to lodging a submission on the Consultation Paper. ■

ASIC Guidelines on handling of Confidential Information

ASIC FORESHADOWED at the SAA Annual Conference that it would be releasing Draft Guidelines on the handling of confidential information within Market Participants in 2H 2016.

At the ASIC Regional Liaison Committee on 14 July, ASIC announced that the Draft Guidelines are expected to be released in the next month. The Guidelines will deal

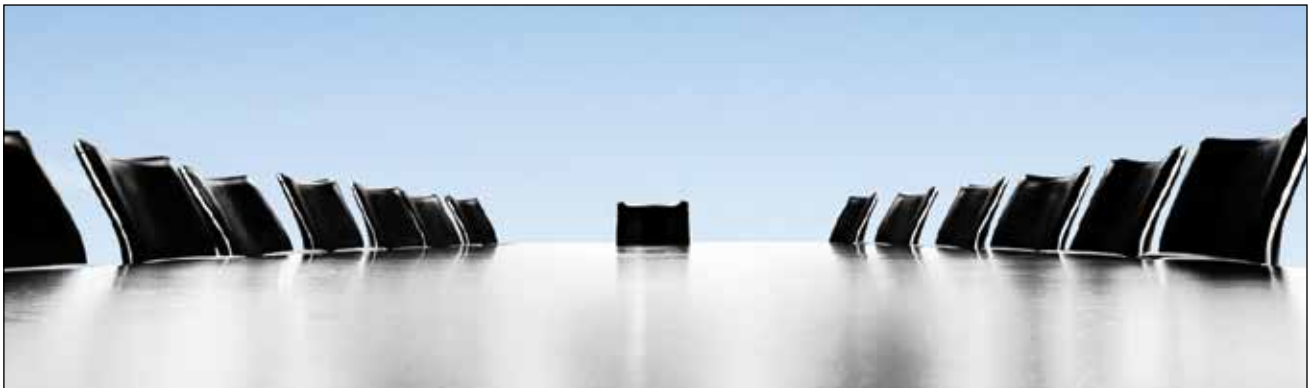
in particular with the interaction of research analysts and the corporate department within firms. ASIC has said that the Report will identify

practices that it considers to be good and those which it believes are not so good. ■

At the ASIC Regional Liaison Committee on 14 July, ASIC announced that the Draft Guidelines are expected to be released in the next month.

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

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



Committee News

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

Young Members Working Group Meeting Sydney, Monday 18 July 2016

Chair: Jacques Rousset, GCP Capital and Andrew Green, Stockbrokers Association

Young Members Working Group Meeting Melbourne, Wednesday 20 July 2016

Chair: Jacques Rousset, GCP Capital and Andrew Green, Stockbrokers Association

Young Members Working Group Meeting Brisbane, Friday 22 July 2016

Chair: Jacques Rousset, GCP Capital and Andrew Green, Stockbrokers Association



NEW!
4 day
course

Portfolio Construction Program

If you are committed to advancing your portfolio construction knowledge and wisdom, then the Portfolio Construction Program is for you.

We recognise that traditional tools and approaches to portfolio construction to set investment strategies for clients just aren't up to the job any more. And as strategies evolve, they demand new, innovative and flexible product solutions.

Technology also continues to evolve to allow for more complex strategies to be developed and implemented. Those responsible for portfolio construction need to be able to cater to a range of scenarios rather than relying on a limited range of strategies or portfolios.

That is why the Stockbrokers Association, in partnership with Western Sydney University, developed the Portfolio Construction Program. This program is especially suited to practitioners, which will be run by practitioners. The Portfolio Construction Program has been designed to encompass all of the information and tools needed for you to function in an evolving and increasingly sophisticated financial environment. There is a definite emphasis on the practical application of these techniques.

FORMER ATTENDEE:

"I would absolutely recommend the SAA's Professional Portfolio Construction Program. I am in the last stages of the course and I see what I'm learning being applied directly to what I'm doing in relation to management of portfolios. I think it is completely worthwhile. It is comprehensive as well as understandable."

Russell Price
Specialist Wealth Group



**Best
Practice
Ahead**

ASIC Regulatory Priorities

ASIC's Market Supervision team has identified key regulatory priorities for the year ahead. We encourage you to consider these when reviewing your risk management framework and focus your compliance, supervisory and risk management efforts to ensure compliance with ASIC's regulatory requirements.

Our key regulatory priorities for 2016-17 are:

- cyber resilience and technology disruption
- firm culture and conduct, and
- handling of confidential information and managing conflicts of interest in research and corporate advisory.



ASIC has prioritised these three existing and emerging risks because, if not properly addressed, they could adversely affect market integrity and investor confidence.

Regulatory Priority 1: Cyber resilience and technology disruption

Cyber threats have become a key global risk to business and financial market stability. ASIC is actively encouraging entities to improve cyber resilience practices. The overall stability of the financial market ecosystem may only be as strong as the weakest link.

Reading Report 429 Cyber resilience Health check, released in

2015, can help entities improve cyber resilience by:

- increasing awareness of the risks
- encouraging collaboration between industry and government
- providing health check prompts to help businesses consider their cyber resilience, and
- identifying how cyber risks should be addressed in the regulatory context – including considering board oversight of cyber risks.

Read Report 468 Cyber resilience

assessment report: ASX Group and Chi-X Australia Pty Ltd to:

- learn some good practices for cyber resilience in investment banks, and
- identify key questions that directors and board members should ask executives.

ASIC will continue to provide cyber self-assessment questionnaires to selected groups of market participants each quarter and conduct cyber resilience health checks with participants. We will provide infor-

mation back on common areas for improvement.

Regulatory Priority 2: Firm culture and conduct

ASIC defines culture as a set of shared values and assumptions within an organisation. It represents the 'unwritten rules' for how things really work. We want culture and conduct risk to be 'front of mind', so stakeholders make changes that lift standards, and disrupt and address problems early.

To address cultural and conduct related issues it is imperative that firms focus first and foremost on setting the right tone from the top. It is also important to:

- cascade cultural values to the rest of the organisation;
- translate values into actual business practices; and
- ensure take-up through:
 - staff accountability;
 - effective communication and challenge;
 - recruitment, training and rewards; and
 - governance and controls.

This year we will be introducing more cultural indicators into our risk-based surveillances. We will be stepping up our approach and where we think there may be a problem, look more closely, to uncover problems and address them.

We are undertaking a suite of work in respect of culture and conduct in the markets area. In particular, we are reviewing attitudes to conduct risk, sound remuneration policies, management of confidential information and conflicts of interest, and supervisory frameworks and risk management.

Regulatory Priority 3: Handling of confidential information and managing conflicts of interest in research and corporate advisory

The leakage of confidential, material price-sensitive information about a listed entity harms investor confidence and increases the risk of insider trading. This has been an ongoing area of focus for ASIC, with the publication of Report 393 Handling of confidential information: Briefings and unannounced corporate transactions back in 2014.

Through firm reviews we have identified a number of risk areas relating to how firms treat confidential information and conflicts of interest in sell-side research and corporate advisory. Further detail on our findings will be published shortly.

Regular review of controls (including policies, procedures, training and monitoring) will assist in ensuring you are appropriately managing risks.

Additional areas of focus:

- Ensuring client money is appropriately handled
- Ensuring financial stability and capital review
- Ensuring supervisory frameworks, risk management and controls are in place
- Ensuring appropriate product distribution for retail over the counter (OTC) derivatives and complex products
- Participant suspicious activity reporting ■



KEY ACTIONS – ASIC'S REGULATORY PRIORITIES FOR 2016-17

- ✓ Consider these regulatory priorities in your planning
- ✓ Use the ASIC resources available
- ✓ Review your business to ensure compliance and good practice
- ✓ More details in our forthcoming regulatory priorities letter to stakeholders



Fintechs to wed advisers without plebiscite

By John O'Connell, Chief Investment Officer, OwnersAdvisory by Macquarie

I have a dream that one day robos will marry advisers.

'Robo adviser' has become the catch-all phrase for any advice service that employs technology to create efficiencies in the delivery of investment advice and/or management.



John O'Connell

THERE HAVE BEEN plenty of headlines about robo advice painting a picture of a 'Brave New World' for investing – that it will somehow be devoid of humanity, turn all of the decision-making over to technology, and should be looked upon with a level of skepticism. In some ways that's understandable given we have 'personified' the process as a robot.

Robo advice is better termed *digital wealth management*. It is any investment advice outcome achieved through using technology and automation.

There is little point in arguing the virtue or other of automated investment solutions. The fact is they are here, not going to go away, so we better come to terms with it, get on board or get left behind.

I'm not naive about the relative strengths and weaknesses of digital advisers versus human advisers. The fact is given the nature of human beings there will always be a role for a traditional adviser – particularly those who adapt with the times.

So the debate shouldn't be framed as robos versus humans – rather it is robos *and* humans. There is a lot

to be gained for clients if both sides learn to get along and harness the strengths of the other. The winners in every service industry move early to what is best for the end client.

The marriage will be an evolving advice marketplace where I expect advisers will offer more complex, human-focussed, and valuable services because they aren't spending their time on the maintenance, asset and security allocation and implementation details. Robos are best suited to that. So there will be a client driven union: human adviser and robo advice engine.

On the human advice side there needs to be the acceptance that our clients want to avail themselves of any technology that promotes convenience or efficiency (lower cost to serve for any given level of quality or complexity). Technology is not a 'young people's thing' – witness the shift from traditional to online banking or online broking. Nor is it a 'geeks thing' – try separating a baby boomer from their iPhone. If it meets the twin challenges of more convenient and more efficient, then the market place wants it.

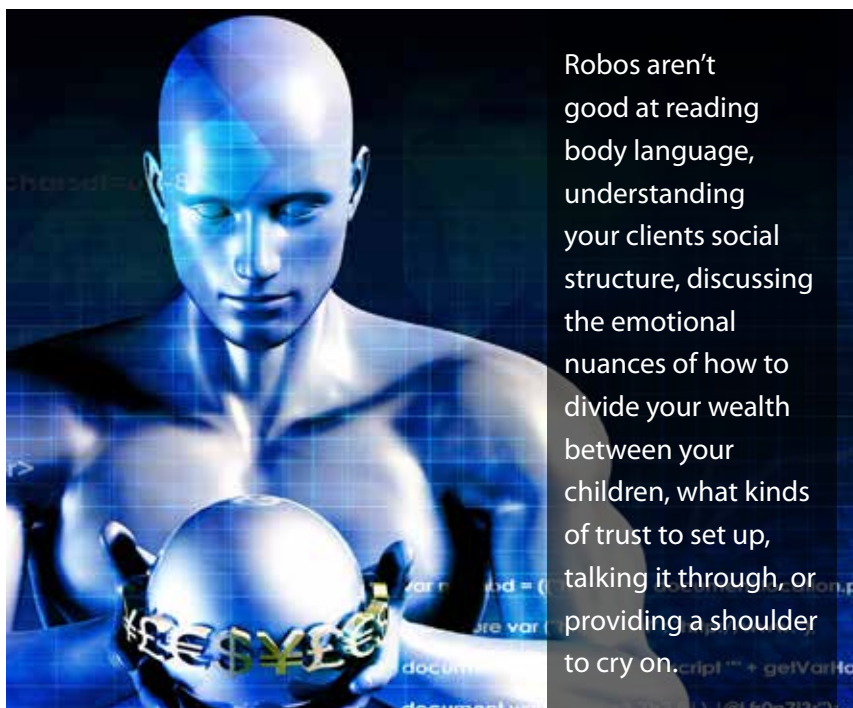
On the digital wealth side there needs to be a genuine effort to lift the service to what 'works' for the human adviser in their world. That is, there are a lot of pre-existing advice standards which are the outcome of many years of human judgement and refinement.

Robos aren't good at reading body language, understanding your clients social structure, discussing the emotional nuances of how to divide your wealth between your children, what kinds of trust to set up, talking it through, or providing a shoulder to cry on. They are however extraordinarily good at maths, analytics, data processing, precision and accuracy, at constantly monitoring portfolios, or considering many variables concurrently in multi-dimensional space for asset allocation and security selection and, being there, always, 24/7.

So it took me by surprise when I saw a news article reporting that "the fintech industry wants the corporate regulator and new government to modernise the disclosure rules for digital financial advice". Really?

I would have thought it was up to us fintechs to rise to the challenge. And given that I know developers thrive on solving complex problems, I actually quite enjoy witnessing the fruits and being marvelled by the technical beauty of what the industry has, can, and will achieve.

You get out of life in proportion to what you put in, and so it will be with



Robos aren't good at reading body language, understanding your clients social structure, discussing the emotional nuances of how to divide your wealth between your children, what kinds of trust to set up, talking it through, or providing a shoulder to cry on.

digital wealth managers. They will get out of the industry in proportion to the convenience and efficiency that they put in to their product and services.

Specifically on the perceived need to modernise disclosure rules, firstly, regulations are there to protect the consumer and where there is an inherent disparity between the knowledge of the service provider and the consumer, that protection is all the more important. I stand by the desire to keep standards high. Robos – done properly – can not only exceed the standards, they can provide a rigour and reproducibility that provides licensee's greater control over the quality of all their advice.

Secondly, ASIC is right to view the law as 'technology neutral'. Our law is founded on principles, which leaves the courts to colloquial interpretation. It is not practical to have a new prescriptive interpretation of every new widget.

Finally what is occurring in this debate is a desire by some to see the 'calculator exemption' extended widely. This is not the intended purpose of 'calculators'. Calculators are most frequently used for on-line mortgage or insurance situations

where it is a simple matter of varying factors such as repayment rates. Online calculators were never intended to be the salesman of advice products.

It is possible to meet the existing personal advice standards so long as you accept the hurdle must be cleared, not lowered. The brilliance of the software engineers can get there, it is just that bit harder. Technology heralds the promise of dispassionate, agnostic advice – it's up to the industry to rise to the promise. And we are the proof it can be met.

Society demands a level of adaptability that those who can move with will prosper, and those that can't will suffer. Disruption does not make the rules, but it does shape the landscape. So it is with digital wealth advice.

The biggest question for human advisers should be: How do I adapt? The answer should be: marry a robo. ■

OwnersAdvisory is an award winning wealth management platform providing expert investment advice, helping DIY and SMSF investors to make smarter investment decisions.

VANGUARD INVESTMENTS AND THE STOCKBROKERS ASSOCIATION OF AUSTRALIA PRESENT

2016 Leaders Forums



REGISTER NOW!

The 2016 Leaders Forum in Brisbane 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 Brisbane will commence at 12.30pm sharp (registration from 12.00pm) and concludes at 2.00pm.

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 |

DATE

Monday 12 September 2016

VENUE

Ashurst
 Level 38, 123 Eagle Street, Brisbane

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

Can't you take a joke?

Come on guys...

By Susan Price

If recent events have shown anything, it is that comments made by public figures, whether they be broadcasters, sports people, or prominent business figures, have the power to generate significant debate, and indeed outrage, over whether they are examples of sexist or racist behaviour, or “just jokes”, and part of the “friendly banter” that goes on.

AS EDDIE MCGUIRE has found out, both with comments about Adam Goodes, and the sports journalist Caroline Wilson, the community outrage that followed in both those instances led to an apology of sorts, but not without first inflicting reputational damage on Eddie Mc-

Guire and the organisations that he is associated with.

And before we move on, let's consider the “non-apology apology”, often crafted by lawyers and spin doctors that allows the appearance of an apology without actually giving one. By saying “I am sorry if you

were offended” there is no personal responsibility taken for the words, it still rests with the victim and their reaction to the comment. Those weasel words in many ways look worse than saying nothing at all. If you are going to apologise, at least do it properly, and that means swiftly and genuinely.

As kids we hear the nursery rhyme “Sticks and stones may break my bones but names will never hurt me”, but we know that this is wrong, and words have power. They can inflict damage even when used in an offhand way. There does not need to be any intention to be sexist or racist, and often there isn't. “I'm not racist but.....” is almost guaranteed to precede a racist comment.

How often have we heard commentators claim “this is political correctness gone mad” when there is strong reaction to a comment they have made? This is often used as a defence, usually to something fairly indefensible, but in a civil society we should be able to discuss things without needing to resort to belittling our opponent in an attempt to make our point.

When the recipient is a person who may already be feeling vulnerable or marginalised, or not in at least an equal position of power to the speaker, any attempt to challenge the use of those words often makes



it worse. Even for those who do feel empowered to speak out – the resulting backlash can be swift and savage – just look at the booing of Adam Goodes in his last year of playing with the Swans.

For that reason those on the receiving end of offensive jokes, or unacceptable language or behaviour are often the first to shrug it off or say “I wasn’t offended”, because they know that this will defuse the situation. It has to be remembered that the offence is in the eyes of the recipient, not the giver, and what may seem like a harmless joke, and one which the recipient may appear to be participating in, is in fact deeply hurtful and embarrassing.

not, but it has to be done in a way that is not offensive or excludes the non-dominant groups in the workplace. A private joke shared over a drink with an old friend who you know shares your sense of humour is one thing, but a joke told in public, to a wider audience where you don’t know everyone’s potential views is inherently dangerous. Add the amplification of social media, where often the context is missing, and it makes it even more likely to be misinterpreted.

As well as having avenues for employees to feel they can raise these matters and have them dealt with sensitively and confidentially, there is a role for bystanders, particularly those who are peers of the

By making our workplaces ones where people feel they can bring their real selves to work, and they will be respected and included, we all benefit, both personally and professionally.

So too in our workplaces, the use of language is important, and sends a message to all staff about what is acceptable and what is not. It shows who has power, and who does not. From sexist jokes we get the message that in fact women are not valued or respected. That they don’t really belong in that environment, and that it really is a man’s world.

The same applies to racist jokes, or jibes about people with a disability, or those who are LGBTI – they all serve to undermine those less powerful groups that may exist in a workplace, and subtly remind everyone who the dominant group is.

If all of the men have nicknames, but the women do not, it sends a signal that they are not “in the club”, and how do you find “Gazza” in the internal directory? By having to ask someone, or a co-worker, what Gazza’s real name is only reinforces your outsider status.

So what are employers to do? Does this mean there can be no friendly workplace banter? Of course

joker to privately or publicly call out that behaviour. In many cases, this is sufficient to address the issue, as mere awareness of how it might be perceived by another person is enough. If the behaviour continues after that, then you may need to move to disciplinary action.

Leaders also need to lead by example and also make sure that the wrong behaviour is not rewarded or encouraged, or even tolerated, as this will undermine any good work that may be happening in the workplace, and one thing that is true, is that actions speak louder than words. Dismissing something as “that’s just what he’s like” only reinforces the idea that it is not worth complaining about, and the onus is on the person who was offended to get over it.

By making our workplaces ones where people feel they can bring their real selves to work, and they will be respected and included, we all benefit, both personally and professionally. ■



Susan Price

SUSAN PRICE leads PwC’s Diversity and Inclusion consulting practice and works with organisations to manage and capitalize on the differences on their people, whether that be gender, age, culture, thought or any other dimension of difference.

An experienced employment lawyer, Susan also advises employers on all aspects of the employment relationship. She was recognized as a NSW Woman Lawyer of the Year in 2015 for her work in advancing women in the legal profession.



An Investment Strategy

By Peter Grace

The media and investment commentators regularly provide suggestions to trustees of Self Managed Super Funds (SMSFs) about suitable investment assets. It is worth remembering that the SIS Act requires trustees of all superannuation funds to “formulate and give effect to an investment strategy”. This is a SIS standard - meaning that to not have an investment strategy is a contravention of SIS.

Trustees are required to:

- **Have regard to the circumstances of the fund.** The trustees must assess the needs of the members such as are they nearing retirement, are they risk averse and are they considering leaving the fund? These and other factors will influence the rest of the investment strategy.
- Consider **risk and return**. This could apply to the investment portfolio as a whole as well as the selection of individual assets.
- Consider **diversification**. Anecdotal evidence suggests self directed investors focus on investment assets they ‘know’ such as direct property or bank shares. The fund would then be at risk if these assets do not perform as anticipated.
- Consider the **liquidity** needs of the fund. An investment portfolio will require cash or other easily redeemable assets to meet ongoing expenses particularly if the fund is paying a pension.
- Consider the ability of the fund to

meet its liabilities when they fall due. In this respect, perhaps the largest risk to a fund is having to pay out all of a member’s benefit – such as if the member leaves the fund by choice, in a marriage separation or on death or disability. The trustees must consider whether how assets can be liquidated or whether assets can be transferred in specie to meet the liability.

- Consider whether the members have adequate **life insurance** cover. Unexpected death or disablement is a risk in any long term investment strategy and the trustees must demonstrate they have considered the member’s needs. Of course, members may have life insurance in another superannuation fund or hold it personally

The investment strategy should be in writing so the trustees can show their investment decisions comply with it and the super laws. There is also a requirement that the strategy be reviewed regularly. The annual audit of a SMSF requires the auditor to sight the investment strategy and

that it is being reviewed – but not whether the strategy is appropriate.

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.

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

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

NEW and UPDATED National DTR Accreditation Program

WE HAVE FINALISED a comprehensive update of the National DTR Accreditation Program.

The Stockbrokers Association's National DTR Accreditation program is a comprehensive accreditation program for Designated Trader Representatives (DTRs) operating in Australia's financial markets. The accreditation is comprised of two parts – a national DTR online examination and a one-on-one oral assessment

conducted by a DTR Governor (who is also a member of the National DTR Working Group). All successful applicants then have the opportunity to register for the National Register of DTR Operators, a searchable database held by the Stockbrokers Association which maintains the details of Nationally Accredited DTRs.

Many thanks and acknowledgement goes to the Stockbrokers Association's National DTR Working

Group whose input to create and update the accreditation was invaluable. Thanks and acknowledgements also to Australian Securities and Investment Commission, Australian Securities Exchange, Chi-X and those dedicated individuals who devoted time and resources to the project.

See our [website](#) for further information. ■

National DTR Working Group Members

- David Linden-Smith (Chair), Ord Minnett Limited
- Paul Craft, Morgan Stanley Australia Limited
- Gillian Gilmore, Stockbrokers Association of Australia
- Nick Grinbergs, National Australia Bank Limited
- Darren Hough, CLSA Australia Services Pty Ltd
- Tim Kearney, Commonwealth Bank of Australia
- Claire Keetley, Ord Minnett Limited
- Silis Key, Chi-X Australia Pty Ltd
- Frank Malcolm, OpenMarkets Australia Limited
- Evan McQuire, Ascot Securities Pty Ltd
- Michael Newland, CMC Markets Asia Pacific
- Graham O'Brien, ASX Limited
- Te Aorangi Okeroa
- Eamon Phillips, Bell Potter
- Stuart Poole, Patersons Securities Limited (Melb)
- Sadie Powers, SAA Non Members
- Rod Skellet, Origin Capital
- Robert Talevski, Commonwealth Bank of Australia
- Mat Tilley, CommSec Adviser Services
- Anthony Whitaker, Wilson HTM Limited



Accreditation Training Workshops

INCREASE YOUR KNOWLEDGE AND SKILLS IN THE STOCKBROKING INDUSTRY TODAY!

Women in Stockbroking

THE STOCKBROKERS Association's Women in Stockbroking Working Group met in May 2016 and in June published the Women in Stockbroking Working Group Guiding Principles for Supporting Gender Diversity in Stockbroking.

This document can be found on our [website](#) and is a compilation of policies of member firms. The principles are aspirational. The message is simple – firms that embrace gender diversity will outperform those that don't, because women will gravitate to the most enlightened firms. There are four principles: Stepping up as Leaders; Creating Accountability; Disrupting the Status Quo; and Dismantling Barriers for Carers.

The Group will be meeting again in August. A recent survey and its findings will be one of the topics discussed.

If you are interested in joining, please contact Gillian Gilmore in the first instance on ggilmore@stockbrokers.org.au

GUIDING PRINCIPLES

Stepping up as Leaders

- a. Create leadership teams that embrace and implement gender diversity - lead by example.
- b. Publicly advocate and support change.
- c. Actively develop, promote and advance inclusive leaders across your organisation through:
 - i. Publicly changing the perception of the broking industry
 - ii. Creating opportunities to discuss gender diversity
 - iii. Reflecting the investment needs of the broader population

Creating Accountability

- a. Set granular targets and provide transparency and reporting on progress, measuring and assessing diversity statistics.



- b. Hold your businesses accountable to targets and continue to monitor success.
- c. Break entrenched patterns by engaging leaders at all levels on the objectives set that clearly articulate the benefits of women's representation in their teams.

Disrupting the Status Quo

- a. Ask 50/50: If not, why not. Ask 50/50 across career lifecycles, from recruitment and talent development to leadership teams, boards and panels.
- b. Broaden your searches and challenge results in creating opportunities.
- c. Raise the bar on women's careers. Personally sponsor talented women and expect your senior executives to do the same. Ensure women get critical experiences in key roles.
- d. Mainstream flexibility. Reflect on work patterns and "what it takes to succeed in your organisation". Change the presumption - ask why all roles can't be done flexibly as a starting point.

Dismantling Barriers for Carers

- a. Get the basics right, build environments where parents and carers thrive and encourage return to work
- b. Invest in back to work programmes making transitions easy
- c. Support primary carers by creating a supportive culture and awareness

- d. Support all genders men and women to embrace their choice
- e. Get under the numbers to see whether parents returning from leave continue to develop their careers. Intervene where needed. ■

Women in Stockbroking Working Group Members

- Andrew Green
- Anna-Louise Barry
- Catherine Happ
- Chantelle Stevens
- Daniela Crollini
- Dianne Colledge
- Donna Gulbin
- Emily Krezlewski
- Emily Shand
- Genevieve Milesi
- Gillian Gilmore
- Heather Brilliant
- Jane Irwin
- John Clifford
- Joslyn Telford
- Judith Matthews
- Julie-Anne Burnicle
- Justin Greiner
- Katharine Goulstone
- Katie McDermott
- Katrina Glover
- Kim Pearson
- Laura O'Rourke
- Lily Elliott
- Lisa Helson
- Lucy Payne
- Melanie Keach
- Melissa Cooper
- Melissa Nolan
- Michelle Lee
- Morana Hunter (Chair)
- Nathalie Leonard
- Nicole Sadler
- Susan Weir
- Tanuja Chithravelu
- Yiota Lambrou

ACCREDITATION & TRAINING August, September & October

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.

SYD: Mon 12 Sep | 9:00am – 1:00pm
MELB: Wed 12 Oct | 9:30am – 1:30pm

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 08 & Tues 09 Aug |
9:00am – 12:00pm
MELB: Mon 05 & Tues 06 Sep |
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.

SYD: Tues 13 Sep | 9:00am – 1:00pm
MELB: Tues 11 Oct | 9:30am – 1:30pm

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 4 Aug | 9:00am – 12:00pm
MELB: Thurs 1 Sep | 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.

SYD: Tues 30 Aug | 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 10 Aug | 2:00pm – 4:30pm
SYD: Thurs 20 Oct | 9:00am – 11:30am



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: Thurs 08 Sep | 9:00am – 1:30pm
SYD: Wed 14 Sep | 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 31 Aug | 9:30am – 12:30pm
SYD: Tues 18 Oct | 9:00am – 12:00pm

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.

MELB: Thurs 6 Oct | 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: Thurs 11 Aug | 9:00am – 11:00am
SYD: Wed 31 Aug | 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 17 Aug | 9:00am – 12:00pm
MELB: Wed 26 Oct | 9:00am – 12:00pm

For further information visit www.stockbrokers.org.au

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REGULATORY CHANGE SEMINARS

Are you prepared for today and tomorrow?

A typical global financial services organisation deals with an average of 200 – at times conflicting – regulatory developments on a daily basis. Each one of these updates carries potential risk and can leave any organisation vulnerable if not properly managed and mitigated.

The consequences of non-compliance vary significantly and can include personal liability, fines and reputational damage to the organisation; all of these penalties more severe than ever before. With that in mind, how can you be certain your organisation is keeping ahead of the pace of these regulatory changes?

Thomson Reuters has released its annual *Cost of Compliance Survey* which highlights a number of potential red flags for the future of regulated financial services firms and their compliance officers.

Of the findings, the clear expectation is that compliance functions will need to do more to keep up with ever-growing regulatory change and complexity. Despite a sense that more needs to be done in terms of tracking and analysing regulatory change, reporting to the board and updating policies and procedures, however, many firms have been unable to increase their focus in these areas.

SYDNEY DETAILS

Tuesday 16 August 2016, 12.30pm to 1.30pm
 ASX, 20 Bridge St, Sydney

MELBOURNE DETAILS

Thursday 18 August 2016, 12.30pm to 1.30pm
 Patersons Securities Limited, Level 15, 333 Collins St, Melbourne

Additionally, efforts to comply can no longer be reactive; compliance professionals have to be proactive and anticipate the developments ahead of time. You need to take swift action to assess the impact of regulatory change on your organisation, report to the board and put appropriate plans in place.

All this means that you face a rapidly changing and overwhelmingly complex regulatory environment, a landscape which is set to endure into the future.

Join Kelly Ann McHugh from Thomson Reuters who will share the findings from the survey and recommendations organisations can take to keep a step ahead.

FINANCIAL & MEDIA MARKETS CHARITY REGATTA

This fun sailing event is a great way to help support worthwhile charities whilst entertaining your clients, networking or even thanking your staff!

FOR ENTRY FORMS OR SPONSORSHIP APPLICATIONS PLEASE CONTACT:

david.brocklehurst@thomsonreuters.com
or call 02 8079 5223 or 0412 411 366
visit www.asxreuterscharity.com.au

FRI 18TH
NOVEMBER
2016

LOCATION

Middle Harbour Yacht Club Mosman

COST OF ENTRY

Yacht Entry: \$2,000 (plus GST) per yacht

Price per Guest: \$170 (plus GST)

VIP Spectator Guest: \$320 (plus GST)

FREE WITH ENTRY

All competitors will receive:

- a polo shirt
- a cap
- gourmet lunch pack
- entry to beach after party including BBQ, complimentary drinks, auction and raffle draws.

VIP BOAT

A spectator boat will follow the race. This is an alternative to racing. Guests are able to view the regatta whilst enjoying a seafood buffet served with fine wines.

All class of boats are welcome.
Race operated on a handicap basis.
All sectors of Industry are welcome.

Current cup holder: BRI Ferrier
Yacht name: Helsal 3

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