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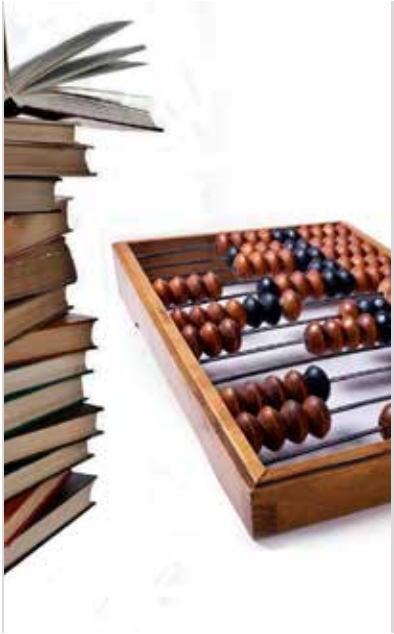
Stockbrokers MONTHLY

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

Stockbrokers Association of Australia®

Educating clients is good for business

Inside...



Stockbrokers Association of Australia

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SAA 2016

I thank each of our sponsors and exhibitors for helping us stage a fantastic annual conference June 1st & 2nd.

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Chang'An Bank Visitors Inspiring Past

On 12th May, the SAA hosted a delegation from the Chang'An Bank in Xi'an, Shaanxi.

Xi'an's rich history was uncovered in 1974 by farmers digging a well. They came across the Terracotta Army, thousands of life-sized model soldiers, horses and chariots in battle array.

China's first emperor, Qin Shi Huang, ordered the creation of the statues in 246 BC to commemorate the army that triumphed to unite China, and to be buried with him to protect him in the afterlife.

Chang'An is a State owned trading bank with 4,000 staff and A$30 billion of capital.

We are hoping that Chang'An's visit will be the start of a long and productive relationship between the two organisations.

TFS brings Sandalwood to SAA 2016

One of the exhibitors at SAA 2016 will be TFS Limited who manage the *largest area of Indian sandalwood plantation in the world*, with 10,500 hectares planted.

The plantations are in the Ord River Region around Kununurra. Having flown over them in May this year on a trip to the Kimberley, it was hard not to be impressed by the scale of the plantings.

TFS was founded in 1997 following successful government trials into the plantation growth of Indian sandalwood in the Ord River Irrigation Area. TFS is now an ASX 300 company.

Andrew Green

Approximately one-third of the 10,500 hectares area is owned by TFS with the remainder owned by individual and institutional investors.

TFS, who completed their first commercial harvest in 2014, have over 17 years experience in growing parasitic Indian sandalwood (*Santalum album*) trees. Over that time TFS has developed unique intellectual property to improve survival rates and yields of both heartwood and oil.

In 2008, TFS acquired Mount Romance, the world's largest distiller of sandalwood oil giving the group almost two decades of experience in growing, processing, distilling and distributing sandalwood oil and products.

Mount Romance distills wild sourced Australian sandalwood (*Santalum spicatum*) and TFS-grown Indian sandalwood (*Santalum album*).

TFS produces the world's only pharmaceutical-grade Indian sandalwood (*Santalum album*) oil.

In 2014 TFS in conjunction with Santalis Pharmaceuticals Inc., signed an agreement with Galderma (a world-leading global dermatology company) to supply pharmaceutical grade oil.

In 2015 TFS acquired its US pharmaceutical partners Santalis Pharmaceuticals and ViroXis Corporation to gain greater benefits from pharmaceutical product development. ■

Chang'An Bank Executives on their visit to the Stockbrokers Association on 12th May 2016

From L-R, Li Hui Min (Vice President), Liu Donglin (Director – Board of Supervisor Office), Zhou Xin Sheng (Board of Supervisors), Andrew Green (CEO of Stockbrokers Association), Jing Jie (Governor), Ren Ming (Service Operation Management Department).

Xi'an's rich history proudly carried forward by Chang'An Bank.

Professional, Ethical and Educational Standards for Retail Financial Advisers – Government releases latest version of Proposed Bill

ON 27 APRIL 2016, the Government released the latest version of the proposed framework for raising the professional, ethical and educational standards for retail advisers.

Initially, the draft Bill and Explanatory Memorandum were issued in confidence by way of targeted consultation, but the documents are now publicly available for wide consultation.

The Government has addressed many of the comments and submissions made in response to the previous Drafts.

Key points to note in the latest Drafts:

- **National exam.** This is now a given – the only exceptions are to be in extremely rare cases (and they are intended to be very rare). The criteria for any exceptions are to be set by the Standard Setting Body (SSB).
- There are still no details about **the contents** of the National Exam. Again, this will be for the SSB to determine. There is an assumption being made by some that the content will need to be very general, in order for one exam to apply to a range of very diverse industry sectors. However others consider that the exam will need to be very detailed. The market will not know the content until the SSB is established and publishes the curriculum, which is likely to be not for at least another year.
- The requirement for **Bachelor's Degree "or equivalent"** remains compulsory, with there being **no carve-outs** for anyone. In particular, experience is expressly stated to be an irrelevant consideration. Hence there is no avenue for established and/or older advisers who are in the latter part of their careers to be excused from this requirement by reason of their experience alone.

In order to demonstrate the "equivalent" to a Degree, an adviser will need to have all of their existing qualifications, plus any courses they have done in their career, assessed by the SSB. The adviser will then only have to undertake coursework that would bridge the gap (if any) between their existing qualifications and the AQF 7 (degree) standard.

- **Existing** advisers have from 1 January 2019 to 1 January 2021 to pass the National exam. There is a 5 year transition period to meet the Bachelor's Degree or equivalent requirement. Advisers will have 3 years from 1 January 2019 to go from AQF 5 to AQF 6 (which would be relevant for anyone with RG 146 accreditations, which is usually AQF 5 standard). The adviser then has 2 more years to go from AQF 6 to AQF 7.
- There is a lot of useful new detail about the requirement for new advisers to complete a **Professional Year**. The PY is now described as a year of **work and training**, so that provisional advisers can perform some useful work and gain experience during the PY, and not have to wait until they complete the PY, provided they are under **supervision**. There is a high degree of supervision required, with a very high liability placed on the supervisor for any advice given by the provisional adviser.
- The supervisor prima facie has to

be physically present when the provisional advisor gives advice, unless the supervisor reasonably considers that it is not necessary. There is useful material explaining what "presence" means, and alternative methods such as dial-in, email cc, etc, permitted in order to make this practical. Guidelines on adequate supervision are to be issued by the SSB.

- **Code of Conduct**. There will now only be one standard Code of Conduct drafted by the SSB, applicable to all retail advisers in the industry.
- **Compliance Schemes**. A licensee has an obligation to ensure that all retail advisers are covered by a compliance scheme to monitor and deal with breaches of the Code. A compliance scheme can either be one run by a Professional Association, or one run by a 3rd party. The Licensee or an associate cannot operate the compliance scheme themselves. There is no requirement for all of the licensee's advisers to be covered by the same scheme.
- Compliance schemes all have to be approved by ASIC and subject to an independent review every 5 years. The SAA intends to run a compliance scheme for its members.
- The Board of the SSB has increased from 7 Directors to 9. There will be 1 Independent chair; 3 Directors with an industry background; and 3 with a Consumer background. There will also be 1 Director with an ethics background, and 1 Director with an educational standard setting background.
- All Directors will now be appointed by the Minister, in consultation with stakeholders. This means that the SSB is deemed a Commonwealth body.
- SSB Directors can be members of a professional or consumer organisation, but cannot hold executive positions, and must sit in a personal capacity.
- There is no mention made of funding of the SSB, but the assumption must be that it will eventually be on a cost recovery basis.

On the whole, the latest version of the draft legislation deals with a lot of the issues identified with the previous version, and there is much to commend the Government on achieving this.

Nevertheless, the SAA remains concerned about the absence of any carve out from the Bachelor's Degree requirement for advisers with considerable experience and in the later years of their career, and believes that this is likely to drive many valuable advisers out of the industry prematurely. The SAA has expressed the view that this does not sit with the policy of increasing the ability of investors to access financial advice, or that of assisting people to remain in the work force for longer.

There also are a number of other issues which need further detail, such as:

- how the new supervision standards will interact with ASIC's supervision requirements under AFS Licensing.
- how investigation of Code breaches will interact with a concurrent ASIC investigation.

The Association is consulting with members on the latest Draft Bill, and engaging in dialogue with the Government, Treasury and with other industry bodies to endeavor to resolve residual concerns.

Submissions to the Government on these latest proposals are due by 29 May 2016. ■

ASX Consults on Changes to ETO Cancellation Policy

ON 23 MARCH 2016, ASX released a Consultation Paper setting out options for possible changes to the existing ETO cancellation policies. The Paper acknowledges that the Consultation has arisen from an approach received from the Stockbrokers Association that changes to the existing cancellation framework were warranted.

The Consultation Paper sought feedback on a number of options for possible changes, including:

- the ability for a broker to contact the counterparty directly to seek cancellation of a trade
- changes to the time limit for notifying ASX of a cancellation request and,
- whether to introduce a "significant size" component to the cancellation framework.

This consultation stems from instances in the market where errors of significant size could not be dealt with in accordance with existing cancellation policies, resulting in impact on the market and on the parties.

Responses to the Consultation paper closed on 29 April 2016. ASX extended this date for any late submissions of feedback by SAA member firms ■

ASIC Foreshadows Consultation on "Regulatory Sandbox exemption" for Fintech start-ups

ASIC HAS ANNOUNCED that it will be releasing a Consultation Paper in June dealing with a proposed "regulatory sandbox exemption" relating to AFS Licensing requirements applicable to Fintech start-ups.

ASIC's Innovation Hub Consultation Paper will seek 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 and 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's Release makes note that these proposals, and the establishment of the Innovation Hub, are part of ASIC's efforts to promote Fintech businesses, innovation and market efficiencies.

We will analyse the Consultation Paper when it is released. Watch out for more detail in next month's issue of Stockbrokers Monthly. ■

Chi-X Consults on new products – Transferrable Custody Receipts and Quoted Managed Funds ("TraCRs")

ON 30 MARCH 2016, Chi-X issued Consultation Paper 2/2016 setting out a proposed framework and rules regarding Transferable Custody Receipts ("TraCRs") and Quoted Managed Funds ("QMFs").

TraCRs are a traded product exclusive to Chi-X, under which the holder will acquire a beneficial ownership of a proportionate interest in the shares of leading global companies traded on overseas markets. TraCRs will give Australian investors exposure to leading global companies through trades on Chi-X.

The Consultation Paper outlined how the TraCRs will be structured, as well as the proposed rule framework regarding the product, including disclosure and operational matters.

The proposals regarding QMFs involve extending the arrangements that are already in place for the trading of quoted ETFs on Chi-X, to also include certain managed funds.

Chi-X asked for feedback from the market on these proposals. The Association sought feedback from members, but did not hear any concerns about the product. Some consider that the product is likely to be well received by investors, particularly retail investors, to whom the ability to gain exposure to US stocks by instruments traded and settled in Australia in $AUD would represent an attractive way to satisfy the demand for international diversification of their portfolios away from purely Australian stocks. ■

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

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

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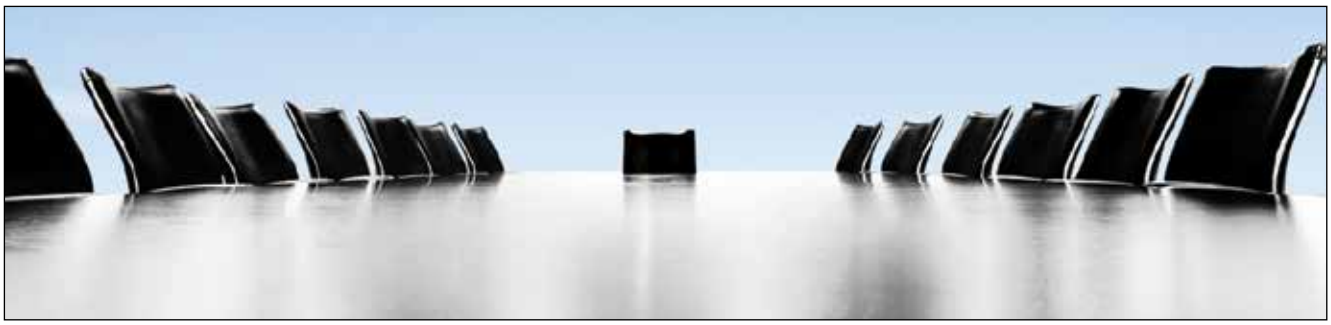


Committee News

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

Profession Committee Meeting, Wednesday 18 May 2016

Chair: Murray McGill MSAA, Patersons Securities

Derivatives Sub-Committee Meeting, Tuesday 24 May 2016

Chair: Peter Tardent MSAA, Commonwealth Securities Limited

New Individual Practitioner Master (MSAA) Membership applications approved:

- Ian Cameron
- John Clifford
- David Hofman
- Jane Stallman
- John Zemek

New Individual Affiliate (AFSAA) Membership applications approved:

- Katharine Goulstone
- Allysha Hueter
- Juan Sebastian Jimenez Arroyave
- Douglas Picken
- Angus Ross
- Gelan Yin
- Penny Zeinos

Educating clients is good for business

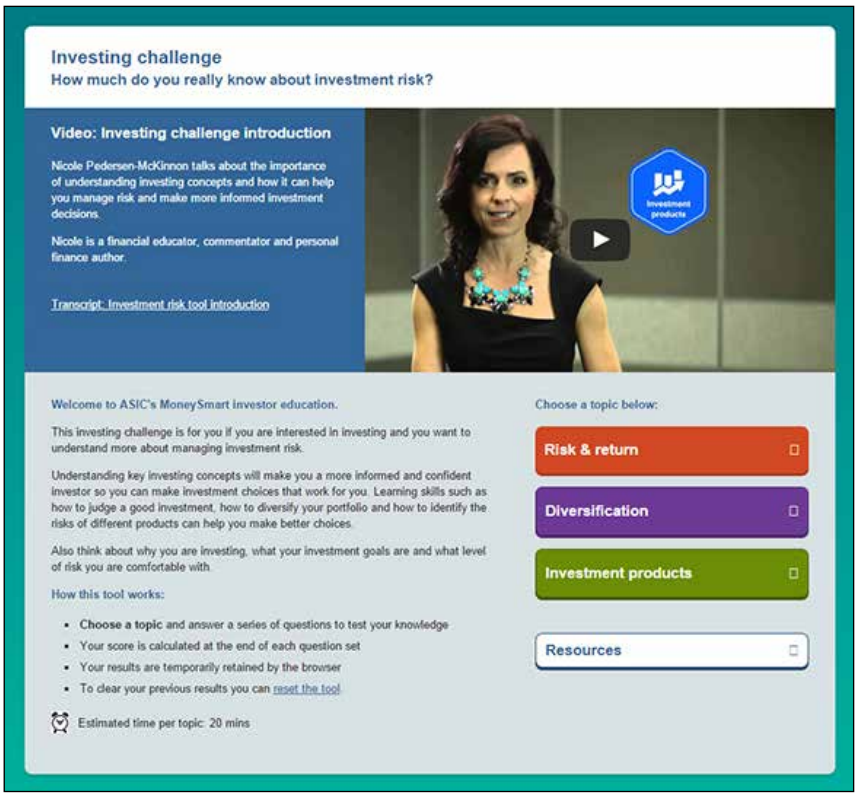
Benefits of Client Education

Better informed investors make better clients. They are less likely to invest in products they don't understand, less likely to take on unsuitable risk and less likely to panic when markets fluctuate over the short-term.

Talking to your clients about shares, exchange traded funds (ETFs), hybrid securities or any type of investment is much easier once they have a basic understanding of the product or type of investment.

Financially literate clients are better able to focus on the strategy and advice you are giving, making interactions more productive for both you and the client.

Financial literacy helps reduce the incidences of poor consumer outcomes. It has also been shown to boost participation in financial services and markets, with a positive flow-on effect to the broader economy[1].



How ASIC's MoneySmart can help your clients

ASIC's MoneySmart website can help your clients to better understand their investments and their money. The website provides free, independent financial guidance and easy to use tools. It has been created by an experienced team of finance professionals, consumer educators and digital resource specialists, and is informed by research and expert advice.

ASIC's MoneySmart has an investing section that provides information on simple investments like shares and property, as well as complex investments like ETFs and hybrid securities.

It also offers a full suite of financial calculators and apps, including our very popular budget planner, retirement planner, mortgage calculator, and innovative apps like TrackMySPEND and TrackMyGOALS.

The site even has an investing challenge that tests your knowledge of investment risk.

Broadening a client's basic financial management skills will give them greater confidence when investing and setting financial goals.

Familiarise yourself with the broad range of information and tools available on ASIC's MoneySmart website so that you can tailor suggested content to suit your clients' needs.

What is financial literacy?

Financial literacy is having the financial knowledge, skills, attitudes and behaviours necessary to make sound financial decisions[2]. Financial literacy is a core life skill that must be maintained in order to navigate changing personal circumstances, new product offerings and the evolving financial services landscape.

ASIC has the responsibility of managing Australia's National Financial Literacy Strategy. The strategy encompasses initiatives across government, business, community, and the education sectors. Find out more about the strategy at the National Financial Literacy website. ■

ASIC
Australian Securities & Investments Commission

[1] OECD, 2012; *PISA 2012 Financial Literacy Assessment Framework*, OECD, 2012, www.oecd.org/pisa/pisaproducts/46962580.pdf; ASIC, REP 229.

[2] National Financial Literacy Strategy 2014-17.

Gearing investment strategies in a low growth environment

By Peter Moussa, Derivatives Development Manager, Leveraged

Today we hear many analysts referring to the market as entering a 'new normal'. This refers to a post-GFC world that has lower gearing levels and therefore a slower but steadier growth rate.

Leveraged
The professional's choice

INVESTORS ARE ALSO still cautious of higher risk growth assets. For those who delve into equities, they tend to prefer safer, more established companies - often with stable earnings, a higher yield and moderate dividend payout ratio. While these shares grow at a slower rate when compared to their lower yield counterparts, they tend to be less volatile and offer a more stable return through yield rather than high growth.

Cover calls

The covered call strategy is an ideal way to complement this type of portfolio. The strategy is used to increase the yield by helping investors generate additional income from their holdings. It is best used in a gradually rising or flat market. It works by selling 'call premium' on an underlying stock. The strategy is easier than it initially sounds.

How does it work?

A covered call involves owning or buying a share and then selling a 'call option'. The seller of a covered call needs to determine what price they are prepared to sell their shares at (the strike price). If they are comfortable to commit to a sale price today for a predetermined date in the future (the expiry date), they will receive a credit for that commitment (the premium/income).

If the underlying share continues to trade below the nominated strike price, the sold call would expire

worthless, they will keep the premium received and may continue to hold the share. They can then choose to sell another call with a new strike price and expiry date. This can be repeated as long as the investor holds the underlying share to generate an ongoing income.

What are the downsides?

Like anything there are risks. If the share has a sharp rise in value and breaks through the sold call strike price, investors could potentially give up their upside growth. This is why many choose to do it on low growth shares.

Another risk is that the underlying share declines in value. The premium received from the sold call will offset some of the decline in the share price, so while investors will be better off than if they had not sold the call at all, they are still exposed to downside risk.

Gearing strategy

For investors who want to sell more calls to generate an even greater income premium, they have the ability to purchase additional shares through a margin lender and sell a call against those. Investors have the ability to borrow funds through a margin lender to increase their shareholding. They can then sell more calls, while also benefiting from the additional tax benefits from holding an investment loan and additional dividends or franking credits that come with their holding.

Another benefit is that it can be used on a defensive share with reduced downside risk and a more stable earnings profile. It can also be beneficial in our aging population and for those looking to supplement their income through the market. ■

Peter can be contacted on 02 8243 3025 or Peter.Moussa@leveraged.com.au

COVER CALLS: Strategy guide

By Peter Moussa, Derivatives Development Manager, Leveraged

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Generating an additional income from your portfolio

Key features

- **Enhance the yield from your blue-chip portfolio**
- **Suitable in a flat or gradually rising market**
- **Cushion losses in a falling market**

A **COVERED CALL** involves owning or buying a share and then selling a 'call option'.

The seller of a covered call needs to determine what price they are prepared to sell their shares (the strike price). If they are comfortable to commit to a sale price today for a predetermined date in the future (the expiry date), they will receive a credit for that commitment (the premium/income).

If the underlying share continues to trade below the nominated strike price, the sold call would expire worthless, and they will keep the premium received and may continue to hold the share. The following month they can choose to sell another call with a new strike price and expiry date. This can be repeated as long as the investor holds the underlying share to generate an ongoing income.

Case study

Cleo buys 1000 shares in Company A – trading at $76.50 – through his margin loan. This gives him a total investment value of $76,500.

Cleo decides that he is prepared to sell his shares in company A at $80. He sells a call with a strike price of $80, which expires 30 days from today. In return for the commitment to sell at $80 he received a credit of $0.70 per share; $700 in total for the 1000 units held.

If Company A is trading above $80 at expiry, Cleo will most likely need to give up his shares at $80. If the share is trading below $80, the sold call will expire worthless and he can choose to sell a new call at a new strike price.

Factors to keep in mind

If Company A trades above $80 on any day before the expiry date, the call might not be exercised, which means he will continue to hold the share. It is up to the buyer of the call whether or not the call is exercised. The option is often automatically exercised if it is trading above $80 after the expiry date.

If Cleo does not want to carry the risk of being exercised prior to expiry, he can choose to sell a 'European' style call instead of an 'American' call. As the European call can only be exercised at expiry, this is especially beneficial for investors who want to sell a call before a share goes ex-dividend, but do not want the risk of being exercised on the call before the share goes ex-dividend.

You can also sell a call for a period longer than one month, which will give you a larger credit amount. For clients not looking to actively manage/trade in their portfolio, they can look at selling a much longer dated call.

What happens if the share remains flat or increases gradually?

Let's assume the share closes anywhere between $76.51 and $79.99 on expiry. This is the most ideal scenario with a covered call, because Cleo is profiting from their underlying position in Company A, as well having the sold call expire worthless, which means Cleo will keep the $700 premium with no further obligation to the sold call. In a flat market, covered calls tend to outperform a long only portfolio. The following month Cleo can choose to sell another call with a new strike price and expiry date. This can be done as often as the investor chooses.

What happens if the Company A increases in value dramatically?

If the share increases to $82 at the options expiry, Cleo will most likely be exercised on the call, which means

he will need to sell the share at $80 (the chosen strike price).

Here Cleo has still profited from the trade, as he will keep the $3.50 profit from the share, which increased from $76.50 to $80. In addition, he will keep the $700 premium from the sold call, along with any other dividends or franking credits he may be entitled to.

The downside in this scenario is Cleo will not benefit from any further increase in the share price above $80. In a quickly rising market, covered calls tend to underperform a long only portfolio.

What happens if the Company A declines in value?

Let's assume that, at expiry, the shares for Company A are trading at $72.00.

Given that Cleo purchased his shares at $76.50, he will be down $4.50 per share if he does not sell the call - a total loss of $4500 on the 1000 shares held.

Given he sold call the call and received a $700 credit, his loss would be reduced to $3800 ($4500 loss in the share less the $700 credit from the sold call premium). While this is still a loss, he is still in a better position than if he had not sold the call at all. If Cleo had been receiving a number of credits from the months prior his net loss would be even less. In a falling market covered calls tend to outperform a long only portfolio.

While this is still a loss, it has put him in a better position than if he had just purchased the share without selling a call.

Is this strategy right for you?

Investors need to choose whether they prefer to aim for growth or income from their portfolio. Historically, covered calls have been shown to produce more consistent returns in a flat, slowly rising or even a falling market but tend to underperform in a quickly rising market.

Investors may also choose to use this as a tool to diversify their investment strategy by allocating a portion of their portfolio to covered calls so they can benefit from a flat or slowly rising market, while leaving a portion of their portfolio for growth.

How has the strategy performed over the last 12 months?

Below is a chart which shows how the covered call index (XBW in green) tracked in comparison to the ASX200 index (XJO in blue). Here we can see that the covered call index has outperformed the XJO index by approximately 42% over the last 5 years. ■

Peter can be contacted on 02 8243 3025 or Peter.Moussa@leveraged.com.au

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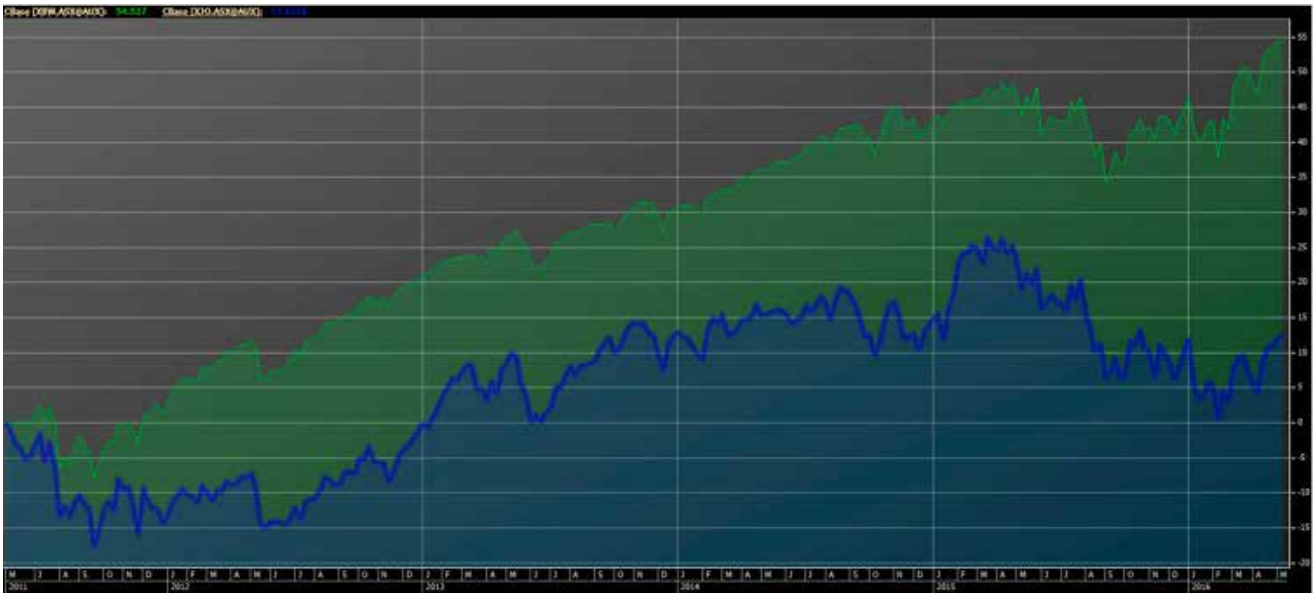

Super and the 2016 Budget

By Peter Grace

When you think of risk usually volatility or investment risk comes to mind. The proposed changes to superannuation rules in the 2016 Federal Budget exemplified a different risk – regulatory risk. The changes aim to make superannuation more equitable, flexible and sustainable.

TO SET A FRAMEWORK for retirement income policy settings, the Government proposes to legislate that the objective of superannuation is to '*provide income in retirement to substitute or supplement the Age Pension*'.

The aim of the Budget is to encourage saving for retirement but not to allow the accumulation of 'excessive wealth' or to hold assets in a tax haven for future generations.

There is general agreement that tax concessions are needed to compensate members for locking their savings away for the long-term. There is also agreement that there must be some limits on the tax concessions. The devil is in the detail of how much is 'excessive' and the mechanisms to limit the concessions.

The proposals are far reaching and promise to be confusing for clients who have taken financial advice. They are also likely to stimulate individuals who have never taken advice to seek assistance for the first time. Being qualified to give advice on superannuation and being accredited by an Australian Financial Services Licensee to give advice can provide opportunities to widen your client base.

These opportunities can be to discuss new strategies, review current strategies and to educate clients.

New Strategies

Will these strategies be appropriate for your client?

- Balancing superannuation accounts between members of a couple so both get under the $1.6m pension cap
- Making non concessional contributions without a work test
- Claiming the tax offset for spouse contributions
- Claiming tax deductions for personal contributions
- Using the lifetime non-concessional contribution cap most effectively
- Using the concessional contributions 'catch up' provisions.

Reviewing Current Strategies

Every financial plan involves assumptions about the future. Current strategies need to be tested to ensure they are still appropriate. In light of the Budget, are these strategies in the client's best interest?

- Using a transition to retirement (TTR) pension to build wealth in superannuation
- Withdrawal and re-contribution to minimise tax on death benefits to non dependents
- Holding high levels of life insurance inside superannuation
- Managing lower concessional contribution caps.

Education of Clients

Clients may get their opinions from family, friends and the media. They may not understand the whole picture. For instance, it has been claimed that the pension limit of $1.6m is inadequate because at a 3% return it would only produce an income of $48,000. In fact, an Account Based Pension is designed to be depleted during the retirement period and the minimum drawdown increases with age. If the pension assets return 3% (after inflation) then $1.6m will produce an income of over $81,500 for 30 years.

An ability to understand the terminology and strategies in superannuation is important to enable you to build rapport and confidence with your clients. Attaining RG 146 Superannuation through the Association can give you the background and knowledge to impress your clients. ■

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

Superannuation Accreditation

Do you need to update yourself on the Australian Super landscape?

Do you need to update your clients on Super?

Need a course that is perfect for broking professionals, cost effective and gives you 20 hours of CPD at the same time?

What is the Stockbrokers Association Superannuation Accreditation?

The Stockbrokers Association's 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. This is followed by an examination of the investment rules and tax basis of superannuation – often the key features of a superannuation fund as far as clients are concerned.

Advisers need to take care with advising clients to put money into superannuation (contributions) and taking money out (though lump sums or pensions). Particular focus is given to small funds and those funds where there may be direct equity investments. Superannuation is a major plank in the Government's policy to make Australians more self-reliant in retirement and the final topic examines retirement planning and the interaction of superannuation with the social security system.

How many CPD hours will you receive?

Candidates will receive 20 CPD hours (of which 8 are Compliance) for undertaking this Accreditation.

Interested in completing the Stockbrokers Association Superannuation Accreditation?

Please click here for more information or email education@stockbrokers.org.au for more information.

CONTACT **education@stockbrokers.org.au** for more information.

ACCREDITATION & TRAINING June, July & August

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: Tues 21 Jun | 9:00am – 1:00pm MELB: Tues 19 July | 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.	MELB: Wed 15 & Thur 16 Jun | 9:30am – 12:30pm SYD: Mon 08 & Tues 09 Aug | 9:00am – 12:00pm
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: Mon 20 Jun | 9:00am – 1:00pm MELB: Wed 20 July | 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
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: Wed 27 July | 1:30pm – 4:30pm 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.	SYD: Tue 26 July | 9:00am – 11:30am MELB: Wed 10 Aug | 2:00pm – 4:30pm 

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 SYD: Wed 22 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.	SYD: Wed 20 July | 9:00am – 12:00pm MELB: Wed 31 Aug | 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.	MELB: Wed 13 July | 9:30am – 11:30am SYD: Wed 3 Aug | 9:00am – 11:00am
	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.	MELB:Thurs 14 July, 9:00am – 12:00pm SYD: Wed 17 Aug, 9:00am – 12:00pm

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