# Stockbrokers MONTHLY

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





Women in Markets

@ ASIC









#### Inside...

- 3 Message from the CEO
- 4 ASIC Proposals for Full Recovery of ASIC Budget
- 5 Cyber attacks on broking firms
- 5 Capability Review of ASIC
- 6 FATCA/CRS
- 7 Leaders Forum
- 8 Women in markets @ ASIC
- 11 Are you and your customers ready for T+2 Settlement?
- 15 Superannuation Accreditation
- 16 Super Snippets: Dealing with temporary disablement
- 17 Accreditation & Training Calendar





Stockbrokers Association of Australia Ltd ABN 91 089 767 706

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

PO Box R1461, Royal Exchange NSW 1225

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

www.stockbrokers.org.au

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

#### Proposed Industry Funding Model for ASIC

I wanted to raise with you our serious concern about the government's proposal to seek full industry funding for ASIC.

We will be making a formal submission to government before the closing date of 10 October.

The following are some of the arguments we will be raising with the government.

#### The problem with 100% cost recovery

While philosophically we have no issue with the user pays principle, we would be extremely concerned if the government sought 100% cost recovery from the industry.

There are two reasons for this.

The first is that unless the government is sticking its hand in its pocket to pay some of ASIC's costs, there would be no budgetary benefit by keeping ASIC's feet close to the coals. Instead, there would be a high probability of a relentless increase in ASIC's costs at a time when revenue within the industry is declining.

The second argument involves the public good. Well-regulated financial markets are a critical part of Australia's national infrastructure. Australia lacks the scale in financial markets that is enjoyed by our larger trading partners. Even the large investment banks struggle to remain viable in this market. The prospect of global investment banks shutting up shop is very worrying, as we would lose their diversity of skills and their access to global markets. This could have highlevel, knock-on effects for the nation, especially given our dependence on foreign capital.

ASIC is to public markets what the police force are to civilian law and order. Therefore, part of ASIC's costs should be borne by the community.

What is appropriate cost sharing is open for debate, but given that the government is trying to collect \$200 million pa for ASIC, then a sensible starting point would be that industry

and government split the costs and each kick in \$100 million pa.

#### Full cost recovery could stifle innovation

Innovation typically happens in small firms. It is the smaller firms that are agile and nimble, and it is typically the smaller firms that are prepared to experiment with new products and new ways of doing things.

What worries us is that full cost recovery could force another round of amalgamations. Stockbroking businesses are fragile, and it doesn't take much by way of extra red tape and indirect taxes to make the businesses unviable. When small firms merge to create larger firms, innovation goes out the window and is replaced by a compliance manual from head office which makes innovation all but impossible.

If as a nation we want to foster a culture of innovation in financial services, we need to be very careful we don't snuff out the nascent Fintech industry with extra red tape and indirect taxes.

#### It's not a levy, it's a transactions tax

We have a fundamental objection to trying to pass off what is essentially a tax on contract notes as a levy on brokers. This could trigger a race to the bottom, with some brokers absorbing the charge but others unable to do so.

Hopefully under the leadership of the new Treasurer, Scott Morrison, the government will call a spade a spade and acknowledge that a levy on brokers is actually a tax on contract notes that should be paid by investors.



#### Stockbrokers and exchanges are already paying same as global peers

Stockbrokers and exchanges are already paying \$18.6 million for ASIC equity market supervision. According to ASIC, this equates to a transaction charge of 0.0739 basis points. As the table below shows, this is roughly equal to the amount paid for transactions in the US and Canada.

#### ASIC should focus on complaints to FOS

ASIC should focus surveillance efforts on complaints to FOS.

The figures show that complaints against stockbrokers are a rarity. So ASIC doesn't need to deploy an army of foot soldiers to march up and down the CBD knocking on broker's doors.

Instead, ASIC should focus on the cohort of AFSL holders against whom complaints are made. Where misconduct is found, make use of banning orders.

Strong regulation and lower costs should not be mutually exclusive. The key is to have staff with relevant industry experience and deploy them wisely.

TABLE 1: TRANSACTION CHARGE COMPARISON				
Australia	0.0739 basis points	ASIC Market Supervision – cash equity markets average over 3.5 years to March 2015		
USA	0.0762 basis points	Comparable FINRA Revenues – average over CY 2007-2013		
Canada	0.0756 basis points	Comparable IIROC costs – average FY2009-2014		

Source: ASIC

# ASIC – Proposals for Full Recovery of ASIC Budget

EMBERS MAY recall that one of the recommendations in the Financial System Inquiry (FSI) Final Report was that ASIC be placed on a full cost recovery footing for its entire budget.

Because of this recommendation, the Treasury deferred any review of the existing ASIC Market Supervision Cost Recovery regime, to which stockbrokers are already subject, for at least another 12 months. This was so that the question of ASIC Cost Recovery could be looked at on a holistic basis.

On 28 August 2015, Treasury issued for comment a Consultation Paper setting out proposals for a framework that will deliver cost recovery of most of the ASIC budget.



work in the Consultation Paper include:

- A new fixed levy component for all market participants of \$15,500 p.a. (currently, \$1950 per quarter)
- A variable fee based on a market participant's percentage of message count

Advice and Wholesale Advice; a levy for being a Margin Lender; and a levy for Managed Discretionary Advice Providers (\$2400).

There is a great deal of detail in the Consultation Paper. The Association is analysing the Paper in detail, and is asking that Member firms do likewise and advise the SAA on the impact that the framework will have on them.

There are also many areas of uncertainty regarding the framework, and the SAA has requested clarification on a number of issues already. Issues that have immediately emerged are whether the new framework is intended as a complete replacement of the ASIC Cost Recovery regime or is additional to it (we are very much expecting it to be the former); and whether the existing variable com-

There is a great deal of detail in the Consultation Paper. The Association is analysing the Paper in detail, and is asking that Member firms do likewise and advise the SAA on the impact that the framework will have on them.

The new framework involves a raft of new cost recovery charges that will be levied for a whole variety of interactions with ASIC. Entities will be levied a range of these charges according to a whole range of touch points that they have with ASIC.

For this reason, it is to be expected that most entities will experience a significant increase in the regulatory fees that they will pay to ASIC.

Some key features of the frame-

- An annual fee per AFSL of \$250 per license plus \$250 per each license authorisation
- An annual levy of \$470 for each adviser on the ASIC Adviser register
- An annual levy for being a Securities Dealer (\$1600)
- An annual levy for listed entities

There are also a range of other fees, including a levy for listed and unlisted public companies; levies for providing Tier 1 advice, General ponent paid by stockbrokers based on % of market turnover has been dispensed with (this is not clear from the paper). We will pass on any detail to members as soon as it is known.

The Association will be making a robust submission on this subject, consistent with the strong stand we have taken on the question of ASIC Cost Recovery since it was first introduced some four years ago. Feedback from Members is welcomed.

Cyber attacks on broking

firms

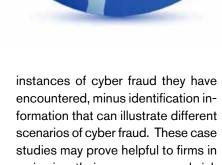
**F**OLLOWING OUR article in last month's Stockbrokers Monthly about the risks of cyber attacks, a number of firms have reported that they have experienced varying attempted attacks. It seems clear that there are persistent attempts by sophisticated hackers to explore weaknesses in the processes of financial firms in order to commit fraud, and there is no reason to think why stockbroking forms would be immune from such risks.

In August, ASIC issued a media release advising that it had frozen the proceeds of unauthorised share trades amounting to \$77,000. The amount represented trading in illiquid stocks made through a number of online accounts that had been hacked by persons suspected of being in Russia.

According to ASIC's release, the trading conducted through the accounts had the effect of creating an inflated price in the illiquid securities, before sale proceeds were then realised at the inflated price.

The apparent ability of fraudsters to hack into email accounts, steal client details, and obtain client signatures, is something that needs to be kept in mind. Techniques being employed are showing signs of increasing sophistication.

The Stockbrokers Association is putting together a Case Studies compilation that we will make available to members. We are inviting members to send us information describing reviewing their processes and risk management framework.



CYBER SECURITY

#### Capability Review of ASIC

REASURY HAS commenced a "Capability Review" of ASIC. The review is intended as an assessment of ASIC's ability to meet future regulatory challenges and be equipped with the capabilities - the leadership, strategy, people and processes - to deliver objectives that benefit consumers, investors and creditors.

The capability review stems from a recommendation in the recent Financial System Inquiry (Murray Inquiry) that ASIC be the first of Australia's financial regulators to undergo a

periodic capability review to ensure it is fit for purpose to undertake its role effectively and has the capability to address future regulatory challenges.

The Association has participated in an initial discussion with the Capability Review team. We put forward a number of issues that we believed should come within the scope of the

The Review team has indicated that the next stage will be a series of stakeholder round table meetings to look at particular themes relating to ASIC's capability to meet its objectives.

One of the issues that the Association noted was the position that the Government will ultimately decide upon in relation to the PJC proposals for professional and ethical standards in the financial advice industry. Depending on where the Government ends up on this question, ASIC could potentially have a raft of additional obligations with respect to Codes of Conduct that could be very material for the terms of the present Review.

#### **FATCA/CRS**

**EMBERS WILL** recall from previous issues of the Stockbrokers Monthly that there have been discussions involving Treasury; the issuers of ETFs, REITS and LICs; ASX; the Financial Services Council (FSC); and the Stockbrokers Association, regarding the difficulties that have been experienced in implementing the FATCA requirements in relation to listed investment entities

In brief, the issuers of LIE's are required to conduct FATCA assessments of new accounts, however regarding LIE's that are purchased on an exchange, the issuer cannot start to conduct the FATCA checks until after the products have already been acquired. This has led to arguments about whether this complies with the terms of the agreement that the Australian Government signed with the US Government, and led to a push by the issuers to have the FATCA obligations placed on stockbrokers.

Last month, we reported that the proposal by the ASX to impose FATCA-like obligations on stockbrokers through the CHESS Release 9.0 changes were being deferred pending further discussions within the industry.

The Stockbrokers Association has been strenuous in resisting an outcome being imposed on stockbrokers that was not in their interests. We could not see the logic or the fairness in requiring stockbrokers to become FATCA compliant, with all the cost and administrative burden that this would entail, when stockbroking did not come within the scope of FATCA in the first place.

In recent weeks, discussions have been taking place between some LIE issuers, some stockbroking firms, and the SAA, with a view to identifying a solution that would build on existing FATCA data already being collected by banks, combined with ASIC trade data and the new stockbroker enhanced data reporting requirements to ATO.

These discussions are still ongoing, and the Treasury and ATO have now been involved. It is early days

yet, however there are promising signs that a couple of potential solutions to the problem may be achievable using existing data capture, and which would avoid costly burdens being placed on the stockbroking

We will provide more information when these proposals are settled in more detail. Any proposals will be the subject of wide consultation, so that all members will have the chance to comment in more detail as to how they might be affected.



Last month, we reported that the proposal by the ASX to impose FATCA-like obligations on stockbrokers through the CHESS Release 9.0 changes were being deferred pending further discussions within the industry.

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

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

#### **Leaders Forum**





THE STOCKBROKER'S Association Leaders Forum was held in Sydney on Tuesday 15 September 2015.

This Forum saw stockbroking leaders come together to hear and discuss the latest issues affecting our industry. Discussion points included BBY - an update and experiences gained, as well as ETFs and the efficient frontier.

The Leaders Forums are a must for executives and leaders in the Stockbroking and Wealth Management industry to come together to hear about and discuss 'hot' issues facing our industry. The forums are held quarterly.

A big thank you to our expert team facilitating this session: Corey McHattan from Ashurst, Matthew Lumsden from Vanguard Investments and Alan Bardwell from the ASX.

Make sure you book in to our next Leaders Forum which is being held in Brisbane on Wednesday 18 November.

To register simply click here









## Women in markets @ ASIC

The stockbroking industry has been slow to embrace gender diversity. As a result, there are significantly fewer female stockbrokers than male. This discrepancy is even more pronounced at senior levels. Until a few years ago, ASIC's Market Integrity Group (MIG) also exhibited a gender imbalance, with female participation skewed towards more junior positions. For the past two years, MIG has undertaken a range of initiatives to improve gender diversity. This has contributed to an increase in women at senior management levels within the group.

SAN ORGANISATION, ASIC Thas been pursuing a diversity mandate for a number of years. Gender diversity is one aspect of this mandate. We previously implemented gender targets, which are incorporated into the performance agreements of our senior executive leaders (SELs). Although not a legislative requirement, we report on our performance against these targets in the ASIC Annual Report. We consider this appropriate for a range of reasons, including requirements on ASX listed companies to report

on their gender diversity profile. Figures for the 2014-2015 financial year show that ASIC has made significant progress towards achieving these targets, although further work remains to be done (see Table 1).

What these figures don't show is that gender diversity has proven easier to achieve in some parts of ASIC than others. MIG was formerly included in the latter category, but has made a striking about-turn. In the past year, MIG achieved a 4.85% increase in the number of women at senior management levels, exceeding the group's individual target of 4%. In part, this change can be attributed to MIG leaders' determination to embed gender diversity as a strategic and operational concern. In the words of Commissioner Cathie Armour, "Diversity drives innovation, creativity and problem-solving capability, as well as individual and organisational productivity. This makes it a business imperative."

Initiatives to foster gender diversity occur at the group level and within individual teams in MIG. They may be one-off activities - in 2014, MIG

held a 'Women in MIG' breakfast at which senior female executives in financial markets spoke about their experiences - or measures to implement ongoing change. For example, we have a 'Diversity Commitment' to guide senior managers in their recruitment decisions. This one page document sets out actions to take when hiring staff. Examples include offering positions on a part-time and full-time basis and requiring shortlists to have equal numbers of male and female candidates.

MIG leaders actively encourage and support female staff members to participate in career development opportunities, and back this up by volunteering their own time to champion these initiatives. The Women in Law Enforcement Strategy (WILES) mentoring program is designed to encourage women to pursue careers and senior positions in Australian law enforcement and regulatory agencies. The WILES program matches mentors from Commonwealth government agencies with mentees from different agencies. This year, MIG SELs Greg Yanco and Oliver Harvey are WILES mentors. MIG Executive Level staff members Katharine Goulstone and Rhonda Luo are current WILES mentees and Jane Rennie is a former mentee.

Oliver Harvey commented that "Leaders in financial markets play a



From left to right: Oliver Harvey, Jane Rennie, Katharine Goulstone, Cathie Armour and Greg Yanco

critical role in addressing this issue. A commitment to gender diversity and diversity more broadly is not just the 'right thing to do', but makes overwhelmingly good business sense." For his part, Greg Yanco said "I have daughters myself. I don't like the thought of their career opportunities being limited by gender. Unfortunately, I see this happening in the stockbroking industry. It's a shame that business heads don't seem to realise the depth of talent they are forfeiting by not championing their female staff."

Critically, the initiatives and results outlined above have occurred against a backdrop of significant organisational support. In addition to the Diversity Council, which provides strategic leadership on all of ASIC's diversity activities, the Women in ASIC committee (whose members include men and women at all levels) ensures there is a continuous pipeline of new ideas to trial. For example, later this month our Perth office will host 'Bring your daughters to work' day. This international initiative has been running for more than twenty years with the aim of improving women's workforce participation. The Women in ASIC Committee decided to pilot the event after concluding that girls may benefit from the opportunity to explore careers in regulation and financial services at an age when they are less influenced by gender stereotypes.

The Women in Law Enforcement Strategy (WILES) mentoring program is designed to encourage women to pursue careers and senior positions in Australian law enforcement and regulatory agencies.



TABLE 1: TARGETS FOR WOMEN IN LEADERSHIP @ ASIC

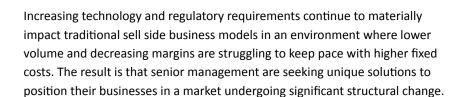
	Actuals as at 30 June 2015	Actuals as at 30 June 2014	2014 target	2015 target	2016 target
Senior Executive Service	36.36%	37.50%	47%	50%	50%
Executive Level 2	46.93%	44.42%	50%	50%	50%
Executive Level 1	52.58%	51.05%	50%	50%	50%







# Unbundling of Research and Execution Workshop



The Stockbrokers Association has partnered with Instinct to bring you the 'Unbundling of Research and Execution' workshop. The workshop will focus on the impact of technology in the execution process and the potential impacts to revenue from the growing push for the unbundling of research and execution.

Stuart Knowling and Matthew Moore will lead an interactive discussion of their own experiences and those of other global brokers looking to reduce costs and improve profitability.

www.stockbrokers.org.au

#### **Workshop Details**

#### Melbourne

Tuesday 10 November 2015 12.30pm – 1.30pm Venue TBA

#### **Sydney**

Thursday 12 November 2015 12.30pm – 1.30pm Level 6, 56 Pitt Street, Sydney

**Cost:** \$49.00

CPD: 1 hour

MARCH

# Are you and your customers ready for T+2 Settlement?



#### Target Transition Date Monday 7 March 2016

ASX IS DRIVING financial market efficiency and aligning with global best practice by moving from a T+3 to a T+2 settlement cycle for cash market trades in Australia. Shortening the settlement period by one business day creates capital and margin savings for industry, and a faster settlement of transactions for investors.

Market participants will benefit from the recently announced plans from the New Zealand Stock Exchange and AFMA to align with the ASX transition date for their own markets.

#### Market readiness

ASX's key focus is now on market readiness for the transition. On 19 August 2015, ASX published a Market Notice providing an update on the T+2 project, which included guidance for CHESS Vendors and Clearing and Settlement Participants

about CHESS testing, the attestation process and the completion of a readiness questionnaire. The questionnaire responses will help ASX to track each vendor and participant's readiness plans and identify any concerns about the transition. The key readiness dates are shown in the below diagram.

ASX will invite CHESS vendors and participants to a second round of workshops in November 2015 to review readiness and discuss any outstanding questions and concerns. ASX will also host further T+2 Market Implementation Group webinars to inform market participants of key project milestones and other topics of interest. The remaining webinars are planned to be held on 22 October and dates to be confirmed in December 2015, and February 2016. ASX will continue to keep market participants up to date via Market Notices and emails.

Trading participants are not required by ASX to complete CHESS testing, nor complete an Attestation. Trading participants should, among other things, consider the changes that may impact on their processes as outlined in the ASX T+2 Industry Readiness Guide, and the Business & Technical Overview document. For example, trading participants should consider the following:

- Investor awareness: How will you notify your customers of the changes to the settlement regime?
- Electronic trade confirmations: How is your business managing the update to the settlement date when you send your customers electronic trade confirmations?
- Trade cancellations: With the introduction of T+2 there will no longer be a facility to cancel trades on T+1. Trade cancella-

	Aug 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	7 March 16
	*	*	*	*	*	*	*
Readiness	Questionnaires due	MIG	TAS and cum, ex	MIG	Readiness	MIG	Go live -
/lilestones	28 Aug 15	Focus on readiness,	netting testing available mid Nov	Readiness	checkpoint: CTS will	Testing period	transition date for T+2
	CHESS testing	testing	(date TBA)	checkpoint:	contact	closes	100000000000000000000000000000000000000
available for Trade files and Corporate Actio Files		00000000	Vendor Participant	CTS will contact	customers directly	Attestations due	
	Corporate Action		Workshops – focus	customers	directly	12 Feb 16	
			on testing	directly			

- tions will only be accepted on Trade date.
- Special Markets: In line with the reduction of the settlement period, the ex-period for corporate actions will also be reduced. This means special markets will be effective for one day instead of two, with a T+1 settlement period.

ASX has planned a number of communication activities for retail

ASX has now published a T+2 brochure in PDF format for retail investors on asx.com.au. Brokers are encouraged to refer investors to the brochure, or to save a copy of the brochure to use in their own communications – re-publication on websites, newsletters, and in mailouts. Refer to the more information section for the links.

Information for retail investors will

mornation for retail investors will

ASX has now published a T+2 brochure in PDF format for retail investors on asx.com.au. Brokers are encouraged to refer investors to the brochure, or to save a copy of the brochure to use in their own communications.

investor awareness – how will the change impact them. Brokers may be considering changing their arrangements with their customers to support the shorter settlement period, particularly around fund and trade confirmations. ASX has consulted the SAA and a number of brokers to create material that outlines the potential changes for retail investors, and to assist brokers explain why the changes are necessary.

also be included in the ASX Investor Update newsletters from October onward, and in CHESS Holdings Statements issued from November 2015 to April 2016. ASX will also put in place prominent messaging on its own website and in call centre phone messages, and seek inclusion in media publications where possible.

ASX values the support of the SAA and its members to help ensure the

successful implementation of the transition to T+2 settlement.

#### More information

If you require further information about the transition to T+2 - including key dates, technical and testing information, the T+2 Industry Readiness Guide, FAQs - please visit the ASX T+2 web page: www.asx.com.au/t2.

For retail investors, the T+2 brochure is available <u>here.</u>

Participants can also refer to this brochure on the ASX T+2 web page.

Participants are encouraged to attend the next ASX T+2 Market Implementation Group webinar – scheduled for 22 October 2015 at 2pm Sydney time. Registration details are available from the ASX T+2 web page.

You can also email the ASX project team at T2Settlement@asx.com.au if you have any questions, or would like to be included on the ASX T+2 email contact list.









# **Portfolio Construction Program**

#### Welcome to the 21st Century!

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.

#### **About the Program**

The *Portfolio Construction Program* runs over 10 weeks at the offices of the Stockbrokers
Association of Australia in Sydney.
Each session runs from 9am to 12noon.

The Portfolio Construction

**Program** utilises content from the University of Western Sydney's material currently used in their Master of Commerce (Financial Planning) and Master of Applied Finance courses.

Candidates completing the **Portfolio Construction Program**, will upon successful completion of an assessment, receive advanced standing (a complete unit of study) in one of these qualifications.

#### **Assumed Knowledge**

An understanding of concepts covered in a typical introductory financial management course and basic MS Excel skills.

#### **Learning Metholdology**

Designed as small group face-toface workshops, each session of the *Portfolio Construction Program* involves a mix of presentation and case-study based discussion. There will be some group activities and there will be Industry experts presenting through the 10 week program.

#### **Learning Outcomes**

On successful completion of the **Portfolio Construction Program** candidates will be able to:

- Understand investor preferences and concepts of risk-return trade-off in constructing portfolios
- Undertake valuation of stocks based on quantitative and qualitative analysis
- Construct portfolios to match risk aversion levels of investors
- Evaluate benefits of international diversification
- Apply approaches to select securities
- Evaluate performance of portfolios

#### For further information or to Register

call 02 8080 3200 or visit www.stockbrokers.org.au











**HOSTED BY** 

VANGUARD INVESTMENTS AND THE STOCKBROKERS ASSOCIATION OF AUSTRALIA PRESENT

# 2015 Leaders Forums



#### **REGISTER NOW!**

The 2015 Leaders Forum in Brisbane, to be held on Wednesday 18 November, 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 2015 Leaders Forum in Brisbane will commence at 12.30pm sharp (registration from 12.00pm) and concludes at 2pm.

#### **PRESENTERS**

All presenters are industry experts in their field.

#### **CPD**

Attendees will receive 1.5 hours of CPD (Compliance)

#### **VENUE**

Ashurst

Level 38, 123 Eagle Street, Brisbane

#### **REGISTRATION FEE**

Individual Members \$105.00

Employees of

Organisational Members \$120.00 Non Members \$140.00

#### **FURTHER INFORMATION**

For further information visit www.stockbrokers.org.au or call 02 8080 3200.



## **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.

A DVISERS NEED TO take care when advising clients to put money into superannuation (contributions) and take money out (through 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.

On successful completion of the Stockbrokers Association Superannuation Accreditation you will be able to:

 Compare the features, benefits and risks of different superannuation products and discuss

- how these features affect their suitability for different clients.
- Explain the advantages of investing through superannuation and be aware of the investment restrictions.
- Identify the regulatory and taxation issues relevant to superannuation in Australia.
- Apply the contribution rules to maximise the client benefit by accessing tax concessions and not incurring tax penalties.
- Discuss the ability of a client to access superannuation as a lump sum and/or pension as well as identifying tax issues on taking money from superannuation.
- Explain the benefits and risks of small funds as an investment vehicle, particularly in investing.

- Understand the interaction between superannuation, other investments and the social security system.
- Provide superannuation advice to retail clients in accordance with ASIC RG146 requirements.

Regarding enrolment - it's a self-study program so enrolments are taken online at anytime. Candidates have 12 weeks (three months) from enrolment in which to complete the assessment requirements of the program (1 x online exam + 1 x assignment). The assessments may be done in any order within the study period. Regarding the suggested study hours to study the Superannuation Accreditation, this will depend on each candidates learning style. We recommend around 150 hours.

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

Dealing with temporary disablement

By Peter Grace

Our last two articles considered how the risk of death and permanent disability can be managed through superannuation. A further risk is temporary disability where a member is currently unable to work but is expected to recover.

IN THE SIS ACT this is called 'temporary incapacity' and will apply where the trustees are satisfied the member has ceased to be gainfully employed as a result of physical or mental ill health – but the ill health is not severe enough to satisfy the definition of permanent incapacity.

#### Paying a benefit

The benefit must be paid as a non commutable pension. A number of conditions must be met:

- The member must have been gainfully employed before the disability and the ill health caused them to stop work. Medical certificates will be required to satisfy this condition.
- The benefit must not be greater than the income the member was receiving from employment.
- The pension must stop if the member recovers from the incapacity.
   This condition would require the trustees to periodically review the member's health status.

#### Tax status of the benefit

The pension will be assessable income and taxed at marginal tax rates.

#### Insurance

Most trustees will arrange a life insurance policy to protect members from the risk of temporary disablement. For large superannuation funds this will usually be a 'group' policy but for SMSFs an individual policy may be arranged.

Since 1 July 2014 the policy definitions must be consistent with the SIS definition explained above. For instance, the policy cannot include ancillary benefits (such as paying medical expenses).

These policies may have different names (such as income protection or salary continuance) but will have similar features including:

- A waiting period before the pension starts. A longer waiting period usually means a lower premium.
- A maximum benefit payment period. This may be for 2 years,
   5 years or up to retirement age.
   A longer benefit period usually means a higher premium.
- A limit on the amount of benefit usually capped at 75% of the pre disability income (plus superannuation contributions that were being paid prior to disability). This limit is set by the insurer to provide an incentive for the member to return to work.

Note that the trustees of a SMSF could top up the income received by a member to 100% of the member's pre disability income but only from re-

serves or the member's accumulation (providing the member's minimum benefit is not reduced).

#### Tax deductibility of premiums

Premiums for temporary disability insurance are 100% deductible to the super fund.

An alternative for the member is to arrange temporary disability insurance personally (outside superannuation). The premiums will still be tax deductible and the member may be able to arrange a wider range of features than in a group policy.

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

# Responsible Executive (RE) Series Workshops

#### ACCREDITATION & TRAINING October, November & December

#### RE REFRESHER - 4 CPD (COMPLIANCE)

This workshop provides a refresher on the requirements applicable to REs and reviews some of the main topics in The ASIC Market Integrity Rules (ASX Markets) 2010 and/or The ASX Clear Operating Rules (Clearing & Settlement) Responsible Executive Examination. Intended as a refresher course for existing REs who have already passed the Exam(s), this workshop could also be of interest to potential REs. Topics include RE Management & Supervision Requirements (& ASIC RM comparisons); Capital Adequacy, Records, Trust; Dealing & Client relations rules; Disciplinary Processes; Corporations Act requirements.

MELB: Wed 28 Oct | 9:30am - 1:30pm SYD: Fri 4 Dec | 9am - 1pm

#### 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: Mon 23 & Tues 24 Nov | 9:30am -12:30pm

#### RE EXAM PREPARATION 'SHORT COURSE' - 4 CPD (COMPLIANCE)

This 4-hour intensive workshop is a condensed version of the Stockbrokers Association 2-day RE Exam Preparation Workshop. It covers The ASIC Market Integrity Rules (ASX Markets) 2010 and/or The ASX Clear Operating Rules (Clearing & Settlement) Responsible Executive exam syllabuses in detail, with 7 subject areas and 2 assessments during class time.

MELB: Tues 13 Oct | 9:30am - 1:30pm SYD: Thurs 3 Dec | 9am - 1pm

#### 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: Tues 27 Oct | 9am - 12pm MELB: Thurs 10 Dec | 1:30pm - 4:30pm

#### INSIDER TRADING - 4 CPD (COMPLIANCE)

BIG DATA FOR STOCKBROKERS - 1 CPD

This workshop provides a thorough analysis of Insider Trading. Topics include: elements of insider trading; statutory defences; insider trading and continuous disclosure; front running; dealing with rumours; management of confidential information; how to protect yourself, including Chinese walls, internal processes; and consequences of insider trading breaches. The Workshop is designed for sales staff/client representatives; proprietary traders; research analysts; investment banking; compliance and legal; and regulatory staff.

MELB: Thurs 12 Nov | 1:30pm - 4:30pm SYD: Tues 1 Dec | 9am - 12pm

#### 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: Tues 10 Nov | 9am - 11:30am MELB: Tues 17 Nov | 2pm - 4:30pm

This 1 hour seminar focuses on how BIG Data and BIG Data technologies could be used to provide better insight into clients and the market. Being able to collect data from multiple sources, internal and external to organizations (e.g. CRM systems, social media), different types of data (log files, phone calls, emails, transactional data, market research, websites/ blogs) and being able to analyse the data fast opens up a lot of opportunities for firms. The power of BIG Data is being able to not only analyse traditional datasets, but import data from other sources and analyse your existing data in new and different ways to provide targeted or enriched answers to questions.

SYD: Tues 24 Nov | 12:30pm - 1:30pm MELB: Wed 25 Nov | 12:30pm — 1:30pm

**CGBST** 

#### 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. SYD: Thurs 15 Oct | 9am - 12pm THE BUSINESS OF STOCKBROKING IN AUSTRALIA - 2.5 CPD MELB: Thurs 19 Nov | 9:30am - 12:30pm 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. UNDERSTANDING OPTIONS: FEATURES, BENEFITS AND RISKS - 2 CPD MELB: Thurs 22 Oct | 9:30am - 11:30am SYD: Thurs 5 Nov | 9am - 11am 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. UNDERSTANDING WARRANTS: TYPES, DIFFERENCES AND RISKS - 2 CPD SYD: Fri 20 Nov | 9am - 11am 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. INTRODUCTION TO CONTRACTS FOR DIFFERENCE (CFD) - 3 CPD MELB: Tues 27 Oct | 9am - 12pm SYD: Tues 8 Dec | 9am - 12pm 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.

Professional Stockbrokers Program – Prepatory Workshops

Investments.

# CORE 1 (RG146) PREPARATORY WORKSHOP – 3 CPD (COMPLIANCE) Are you undertaking the Professional Stockbrokers Program Core 1 (RG146) Securities & Managed Investments Accreditation Assessment? Then this half-day workshop is ideal for you. Learn the syllabus in detail and key areas to focus on for your studies. Industry expert presenters and small class size for personal tuition. The Professional Stockbrokers Program Core 1 (RG146) Securities & Managed Investments Accreditation meets ASIC RG146 requirements in generic and specialist knowledge and skills in Securities and Managed

UNDERSTANDING DERIVATIVES: OPTIONS AND WARRANTS - 4 CPD

SYD: Tues 13 Oct | 9:30am – 1pm MELB: Wed 14 Oct | 9:30am – 1pm

MELB: Tues 1 Dec | 9am - 1:30pm

For further information visit www.stockbrokers.org.au

**Industry Lunch** 

22 October 2015 **SYDNEY** 





# The Freelancer Story

Come and hear Matt Barrie, CEO and Chairman of Freelancer.com present 'The Freelancer Story'.

Matt is an award winning entrepreneur, technologist and lecturer. He is also an Adjunct Associate Professor at the Department of Electrical and Information Engineering at the University of Sydney. In 2011, SmartCompany named him in the 11 most influential Australians in IT and he was also named inaugural BRW Entrepreneur of the Year. In 2012, he was named in the top 100 most influential engineers by Engineers Australia. Matt has first class honours degrees in Electrical Engineering and Computer Science from the University of Sydney, a Masters in Applied Finance from Macquarie University, and a Masters in Electrical Engineering from Stanford, California.



MATT BARRIE CEO & Chairman Freelancer.com

Triple Webby award-winning Freelancer.com is the world's largest freelancing and crowdsourcing marketplace by total number of users and projects posted. Freelancer connects over 16 million employers and freelancers globally from over 247 countries, regions and territories.

EVENT DETAILS	PRICES	
Thursday 22nd October	\$120.00	Members
Radisson Blu Hotel	\$1150.00	Member Table (10)
27 O'Connell Street, Sydney	\$140.00	Non Members
12pm for 12.30pm - 2.00pm	\$1350.00	Non Member Table (10)

#### **TO REGISTER**

Please visit the Stockbrokers Association website or click here. Seats are limited. Bookings accepted on a first come basis.