

Stockbrokers MONTHLY

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



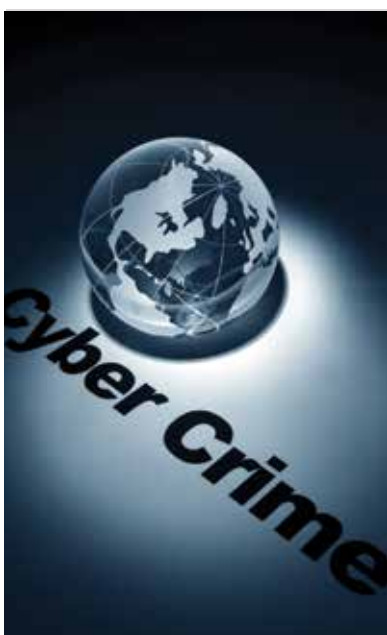
Stockbrokers
Association of Australia®

**Cyber resilience is a
business issue**



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Stockbrokers

Association of Australia.

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SAA 2016 Annual Conference June 1st & 2nd

Registrations are now open for our 2016 conference to be held in Melbourne at the Crown Promenade. Confirmed Plenary Speakers include:

- ✓ Karl Morris (Ord Minnett)
- ✓ Elmer Funke Kupper (ASX)
- ✓ David Neal (Future Fund)
- ✓ Richard Murray (JB Hi-Fi)
- ✓ David Whiteing (CBA)
- ✓ Christine Holgate (Blackmores)
- ✓ Geoff Lloyd (Perpetual)
- ✓ Paul Masi (Shaw and Partners)
- ✓ Heather Brilliant (Morningstar)
- ✓ Justin Greiner (JB Were)
- ✓ John O'Connell (Macquarie Bank)
- ✓ Rodney Comegys (Vanguard)
- ✓ Denis Orrock (GBST)
- ✓ Ashok Jacob (Ellerston Capital)
- ✓ Brian Sheahan (Morgans Financial)
- ✓ Senator the Hon. Mathias Cormann
- ✓ Todd Barlow (Washington H Soul Pattinson)
- ✓ Brian Phelps (CBA)
- ✓ Jane Irwin (Patersons)
- ✓ Scott Mellis (AFP)
- ✓ James Nunn-Price (Deloitte)

Draft legislation prescribing Professional Standards for Financial Advisers

We reviewed Draft Legislation prescribing Professional Standards for Financial Advisers and lodged comments with Treasury on 18 December 2015. We raised a number of important concerns, including the requirement that all advisers have a degree. We are of the view that SAA courses undertaken by members should count towards the degree requirement.

FATCA / CRS

We have attended countless meetings with Treasury, ATO, share registries and others in an attempt to devise a solution that will not be burdensome for brokers. Work is on-going.

ASIC Industry Funding Model

We will be monitoring closely the government's response to our submission on their proposed Industry Funding model for ASIC. Central to our argument is that the government should co-fund ASIC with industry on a 50:50 basis as the stockbroking industry has no leverage over the size of ASIC's budget.

ASX

We continue to monitor closely developments at ASX including T+2 and the recent announcement by the ASX of its investment in a US company developing blockchain.

The ultimate aim of the ASX is to move to real time clearing and settlement with significant consequences for the industry. Elmer Funke Kupper will talk more about ASX's plans for blockchain and their timing at the conference.

Education – Accreditation and Training

This year, the Association will be offering 12 accreditations (7 x AQF, 5 x RG146 accreditations, 2 x DTR accreditations and 3 x RE Examinations). All our accreditations are competitively priced, up-to-date and meet ASIC RG146 requirements in their respective product areas.

We are investigating other options should requirements change in the future eg. AQF changes from Level 5 (Diploma level) to AQF 7 (Degree level).

We have over 90 training courses and workshops planned for 2016. The Calendar is published electronically every quarter.

TASA

We are currently investigating whether the SAA should consider registration as an **approved association** under the *Tax Agent Services Act 2009 & Regulations (TASA)*. This involves researching TPB and TASA requirements together with Member preferences.



Andrew Green

Education Partnerships

We have entered into a number of Education Partnerships with various organisations. These partnerships allow the partnering organisation to become a thought leader for an education topic which is marketed to our members. The partnerships also reduce the costs of delivering member education.

SAA Women in Stockbroking

The Association has formed *The SAA Women in Stockbroking Working Group*.

The Working Group will convene approximately four times a year. Its objectives will be to develop and promote industry standard gender equality guidelines. Working Group members will also benefit from the networking and sharing of information with peers/industry professionals and will have the opportunity to contribute to relevant industry issues.

It is envisaged that the Working Group will stage regular networking events and will support a charity to build bonds with peers in the industry.

Morana Hunter will be the inaugural Chairperson of the working group. Gillian Gilmore will be the Convenor.

Website & CRM upgrade

We have embarked on an upgrade of our CRM, website and electronic payment processing capability. When the upgrade is complete, inter alia, each member will be able to access a portal hosting details of their education courses undertaken through the SAA.

Thank you for your continuing support of the Association. Please call if you have any questions or would like us to address additional issues of concern. ■

FATCA/CRS and ETFs, REITs etc

THE SAGA OF THE resolution of the problem facing issuers of ETFs, REITs and LICs, as regards FATCA, continues.

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

Initially, there was a push to shift the FATCA obligations onto Stockbrokers. Amongst the concerns of stockbrokers with this were the fundamental unfairness in bringing stockbrokers under FATCA when they were outside its scope; the significant financial cost that would be required to implement a solution of pre-trade assessment of the FATCA status of clients; the cost of ongoing client due diligence about changes to the investor’s tax status; and questions of protection from potential liability to third parties for furnishing information about the tax status that may subsequently be found to have been wrong.



Much work has been done between the issuers, registries, stockbrokers and the ASX, to identify a number of practical ways to obtain the maximum level of compliance at the lowest compliance cost. These have been put forward to the Government to raise with the US Government.

The situation is still far from being satisfactorily resolved. Treasury has advised that the US has given promising indications that they might accept a post-trade solution, provided that there were strong penalties in place that would ensure “100% compliance”. This is also subject to formal confirmation by the US.

In addition, there remain concerns that Treasury has again strongly stated recently that its own preference remains a pre-trade solution under which stockbrokers conducted FATCA client assessment prior to an order in the relevant products

being transmitted to an exchange. Treasury’s preference is for this to be achieved without the need for any legislation, with issuers being required to enter into contractual agreements with brokers for the assessments to be collected by brokers on the issuers behalf (with appropriate compensation being paid by the issuers).

The Stockbrokers Association supports a post-trade solution, and industry appears to be unanimous in preferring this option. The Association is continuing to work with the issuers to articulate the benefits of this over the pre-trade approach, both in terms of cost and also minimisation of the impact on the market for exchange traded products.

The identical issue arises in respect of the OECD Common Reporting Standard (CRS), which is due to come into effect in 2017. ■

More on CRS...

THE AUSTRALIAN Taxation Office has advised that its Software Industry Partnership Office (SIPO) will be developing the detailed IT specifications for

domestic Common Reporting Standard (CRS) reporting. A Technical and Special Purpose Working Group will oversee the development of these specifications.

Members wanting to find out more about this can access the SIPO website at the following address:

softwaredevelopers.ato.gov.au/CRS

ATO – Broker Reporting of Client Data

ON 30 NOVEMBER 2015, legislation was passed enabling the regime for reporting client data to the ATO regarding transfers of a range of classes of property, including shares and units.

Members may recall that the Australian Taxation Office was mandated by the Federal Government to pursue enhanced reporting of data about transactions by Australian taxpayers across a range of asset classes, including shares and managed investments, in order to target under-reporting of capital gains.

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.

Stockbrokers will be required to provide this information to ATO initially on an annual basis prior to

31 July each year. ATO has indicated that it will look to obtain this information on a more frequent basis at a future time.

ATO will then conduct a data matching exercise with data about all share transactions on the Australian market obtained from ASIC's Enhanced Market Supervision system.

There are a number of documents setting out more detail on the reporting obligations, including specifications, on the ATO's Lets Talk website. The ATO is consulting on the draft specifications, with a closing date for comments of 15 February 2016. ■

Stockbrokers will be required to provide this information to ATO initially on an annual basis prior to 31 July each year.

Draft Changes to Retail Derivatives Client Money Legislation

ON 21 DECEMBER 2015, Treasury issued a Discussion Paper flagging changes to the Corporations Act relating to the protection of client money for retail derivatives clients.

The consultation period was extremely brief, closing on 21 January 2016.

Whilst the main target of the changes is the provision of greater protection of client monies in relation to OTC derivatives, including CFDs and futures, the changes are broad enough to apply to all derivatives, including ETOs.

Under the proposed changes:

- The Corporations Act is to be amended so that existing Section 981D will not operate with respect to retail client money except in certain circumstances, i.e. pursuant to market integrity rules or the operating rules of a licensed market or a CS facility. Retail clients are to include clients who would be retail but for satisfying the sophisticated investor definition in section 761GA.
- Retail client money would not be able to be used by a licensee as working capital, or in connection with proprietary trading, hedging

or to meet the obligations regarding any person other than the client

- General directions regarding the use of money by the AFS Licensee will only be able to be relied on by the Licensee in respect of liabilities directly arising from transactions on behalf of the client.
- The provisions in section 981A(2) (a) regarding payments of broker commissions from the account will not change.
- ASIC to be given the power to set reporting and reconciliation rules for derivatives client money. ■

Professional, Ethical and Educational Standards for Retail Financial Advisers

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

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

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

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

Key points from the Draft Legislation:

A. Educational standards

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

- Hold a Bachelors Degree or equivalent qualification
- Complete a Professional Development Year
- Pass a National Exam
- Undertake ongoing Continuing Professional Development

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

B. Code of Ethics

- A Licensee will be subject to an

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

- All Codes of Ethics will be in the one universal format, to be drafted by the Standard Setting Body. There will be no process of approving other Codes.
- Everyone, including Professional Associations will need to use the same Code. There is a prohibition on any amendment of the Code.
- A Licensee will have 2 options; either **Pathway 1**, which would involve adopting the Code and professional standards scheme of a Professional Association; or **Pathway 2**, involving the Licensee adopting their own professional standards scheme using the Standard Code of Ethics.
- There needs to be a mechanism for monitoring each Code of Conduct, including hearing complaints from investors, and applying soft sanctions for breaches of the Code.
- Under Pathway 1, the relevant Professional Association will monitor the Code and handle and adjudicate complaints. A Licensee that chooses Pathway 2 must appoint a 3rd Party to monitor the Scheme, but the Licensee will be responsible for enforcing the Code and applying any sanctions
- Pathway 1 can only cover an adviser if they are a member of the Professional Association
- A Licensee can adopt Pathway 1 by requiring its advisers to be a member of the Professional Association as a condition of their employment
- A Licensee can nominate that some of its advisers to be subject to Pathway 1 (or one or more dif-

ferent Pathway 1 Associations) and some of them to be subject to Pathway 2 (if the Licensee has its own scheme). This may be relevant if the Licensee has a mix of different professions working within its ranks, e.g. stockbrokers, chartered accountants, etc.

C. Obligations to Notify ASIC

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

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

D. Standard Setting Body (SSB)

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

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

- The need for a suitable alternative to a university degree for experienced advisers
- The lack of detail in the legislation generally
- The arrangements and governance

of the SSB unduly remove the existing Professional Associations from a meaningful say in how the SSB functions and the standards that it sets

- The risk that the legislation as currently framed, particularly the Pathway 2 for the Code of Ethics, could serve to undermine the existence of Professional Associations and the work that they do

- The lack of any benefit from a single national exam across all industry sectors.

Under the timeline presently proposed, the Government is intending to introduce draft legislation in the autumn sitting just commenced, with the legislation being in place and the Standard Setting Body established by 1 July 2016. ■

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:

Profession Committee Meeting, Wednesday 10 February 2016

Chair: Murray McGill MSAA, Patersons Securities Limited

Retail Broking Committee Meeting, Tuesday 16 February 2016

Chair: Dean Surkitt MESAA, Bell Potter Securities Limited

Derivatives Sub-Committee Meeting, Wednesday 17 February 2016

Chair: Peter Tardent MSAA, Commonwealth Securities Limited

Board Meeting, Tuesday 23 February 2016

Chair: Karl Morris MSAA, Ord Minnett Limited

New Individual Practitioner Master (MSAA) Membership application approved:

- Richard Hopsick

New Individual Practitioner Member (MESAA) Membership applications approved:

- Brianna Muddle
- Vivienne Skordas

New Individual Affiliate (AFSAA) Membership applications approved:

- Jack Dahan
- Roger Smith

VANGUARD INVESTMENTS AND THE STOCKBROKERS ASSOCIATION OF AUSTRALIA PRESENT

2016 Leaders Forums



REGISTER NOW!

The 2016 Leaders Forum in Melbourne, to be held on Wednesday 9 March, 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 Melbourne will commence at 12.30pm sharp (registration from 12.00pm) and concludes at 2.00pm.

FORUM TOPICS

- What to do when ASIC comes knocking
- Vanguard's view of investment markets

PRESENTERS

All presenters are industry experts in their field:

Angus Ross, Ashurst
 Jonathan Gordon, Ashurst
 Jeff Johnson, Vanguard Asia-Pacific
 Peter Stepek, Stockbrokers Association

CPD

Attendees will receive 1.5 hours of CPD (Compliance)

REGISTRATION FEE

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

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

ADDITIONAL FORUMS

Sydney Tuesday 5 April
 Brisbane Wednesday 24 August

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

Cyber resilience is a business issue



Rapidly expanding connectivity, technological innovation and sophisticated online criminal networks make cyber security a critical issue for the financial services industry and the economy at large.

LET'S BE CLEAR about this: Cyber resilience is not a tech problem - it's a business issue - your business issue. It starts with the acceptance that at some point your business will be attacked, and safeguarding your business, clients and our markets from considerable loss can only be achieved through a sustained focus on cyber resilience preparedness. The development of cyber resilience among our regulated population is a strategic priority for ASIC.

We encourage financial services organisations to consider, discuss, and implement resilience practices to help build a collective defence against cyber threats in Australia's financial markets.

We have recently undertaken an assessment of ASX/Chi-X and will shortly publish a report (Report 468).

In the report, we set out examples of emerging good practices identified as part of our assessment of ASX and Chi-X, and findings from wider engagement with financial organisations.

We highlight below three areas of good cyber resilience from in the report that should be of interest to the stockbroking community:

1. Governance

The good practices we observed in relation to cybersecurity strategy and governance were characterised by board ownership, and responsive and agile governance models.

Cybersecurity governance should be aligned to other organisation-wide governance processes and proce-



dures. This means that documented strategies, principles and procedures are in line with the overall governance framework.

In a rapidly changing cyber risk landscape, the policies and procedures of today are not necessarily valid tomorrow and effective cybersecurity governance must be agile. The governance of your cybersecurity should be informed by events and incidents, and respond to these in real time. This is not a policy to put on the annual review list.

2. Risk Management

Effective cyber risk management requires a clear understanding of the biggest threats and risks to your organisation. What assets are most critical to your business? What information are hackers most likely to target? What technologies, third party suppliers and processes present the most risk?

Cyber risk management is complex, and as a result is increasingly becoming intelligence-led. It is not unusual for cyber risk strategies today to incorporate models of automation, technology and information sharing with industry peers, law enforcement and government agencies. Intelligence sharing between

organisations within the financial services sector should also increase, and occur on a non-competitive basis.

We observed some organisations taking the step of establishing specialist functional groups called a 'fusion centre' to monitor and address risks in real time.

3. Cyber awareness and training

As cybercrime increases in frequency and sophistication, it is clear that IT defences alone are no longer sufficient to protect a business from attack.

Effective cyber resilience requires a strong culture of risk aversion and awareness. It must be driven from the board and reflected in organisation-wide programs for staff education that include continual development and random testing.

Through active vigilance and knowledge development, staff provide a critical line of defence against cyber-attacks by preventing incidents arising from forms of social engineering such as phishing attacks.

One good example of staff testing observed included the distribution of malware to a staff member or selected group via email to test their response. Any failure to respond to the test risk can then be supported by further training and education.

More detailed information about emerging cyber resilience practices and recognising and managing cyber risk at board level is available in ASIC Report 468 *Cyber resilience assessment report: ASX Group and Chi-X Australia Pty Ltd.* ■

Gearing Essentials PART II

In Gearing Essentials Part I, we focused on the role of diversification to manage the risks of gearing (borrowing to invest). While important, diversification alone is not sufficient; the benefits tend to evaporate during significant market events. Portfolio adjustments are occasionally necessary. This can be the hardest lesson for novice and professional investors alike.



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The professional's choice

1. Only Change is Constant

Take \$100 invested, \$60 in shares and \$40 in cash. In this highly simplified example, this mix is expected to achieve a return that suits the investor's circumstances given the risks.

The shares rise in value to \$67 while the cash remains at \$40 (ignoring interest for simplicity). With the portfolio now worth \$107, 63% is invested in shares and 37% in cash. This mix no longer matches the desired diversification, potentially changing the expected returns and risks, possibly in a way that is no longer suitable.

2. Decision to Revert

Many investors faced with the above scenario maintain the investments as is. Markets tend to favour steadfastness over the long term and fewer transactions means lower costs. Some investors may be aware of the "buy-on-the-dip" mantra. Take the initial \$100 invested as above. This time the shares fall in value to \$54 while the cash remains at \$40 again for simplicity (a 57%/43% mix).

The investor might use some cash to buy shares bringing the portfolio back to the desired 60/40 mix.

Conversely, the investor should sell if the shares rise in value, but this adjustment is often resisted because of ingrained behavioural biases.

Another way to manage the investment mix over time is to set a minimum threshold for the portfolio's value. Generally, as shares rise in value the distance (or cushion) between threshold and portfolio value widens meaning the investor can buy more shares. As the distance narrows (the shares fall in value) the investor sells some shares moving into the relative safety of cash.

No strategy is best in all circumstances. Buy-and-hold is usually best if investments rise slow and steady. Aiming for a constant mix (buy on a fall, sell on a rise) tends to do best when markets are choppy but relatively flat. Maintaining a cushion above a threshold (sell on a fall, buy on a rise) seems counter-intuitive but tends to be best when markets are trending up without too many dramatic reversals.

3. Cushions and Gearing

Before an investor even considers gearing they must expect reasonably strong upward trending markets with relatively moderate interest rates. Generally, if markets perform as

expected, the strategy of maintaining a cushion will tend to give better results over the long term.

More importantly, maintaining a cushion is somewhat akin to self-insuring a desired minimum of investor capital; remember markets can move faster than investors can react so it is not a guarantee. Given the risks of gearing (it magnifies losses as well as gains) investors should at least consider any strategy that aims to mitigate the downside.

Adopting any rebalancing strategy can be as much art as science. Buying or selling too often can result in excessive costs which can quickly erode the benefits. Too little reaction can mean additional risks or lost opportunities.

4. Essential Tools for Gearing

The minimum essential tools for successful gearing are:

- Diversification;
- Setting and monitoring an appropriate gearing ratio (amount borrowed relative to portfolio value); and
- Rules for responding to changes.

Each investor will adopt a different approach to diversification. Only a margin loan gives investors

Chi-X Australia launches a new market for warrants

Chi-X is a Stock Exchange that competes with the ASX and accounts for about 18% of all equities traded in Australia each day. Chi-X has been instrumental in reducing trading costs and bringing innovation to the Australian stock market since it was launched in 2011.

CHI-X LAUNCHED a new Warrants market in competition to the ASX in November 2015. Brokers and investors can now trade warrants on the Chi-X market with reduced trading fees while financial institutions can issue new warrants on Chi-X. Fees for the issuance of new financial instruments had risen unchecked at the ASX as no other option was available. With the launch of the Chi-X warrants market, issuance fees were significantly reduced. In response to the competition provided by Chi-X, the ASX also reduced its issuance fees in January 2016.

Since the Chi-X warrants market was launched, more than 150 war-

rants have been issued on the new market, including 10 Index Warrants. Chi-X's introduction has brought innovation back to the warrants market. The approval process has been streamlined so that in most cases, it only takes 24-hours to issue new warrants.

Warrants trade on the Chi-X platform alongside equities and they use the same 6-character coding convention that currently applies to warrants. Chi-X quoted warrants settle through CHESS and holders receive CHESS statements just like they do when they buy a BHP share. Unlike trading in other securities, warrants quoted on Chi-X cannot be



traded on ASX and vice versa. This doesn't cause any problems because each warrant has a unique symbol. When a code for a warrant is entered, the order is automatically directed to the appropriate market.

Advisors who are giving advice to retail clients must still be ADA1 accredited. Advisors who already have ADA1 accreditation are eligible to give advice relating to Chi-X quoted warrants.

The Chi-X website has a wealth of information about the warrants market. The list of warrants quoted, warrant prices, Issuer announcements, exchange circulars, a range of educational resources and further information is available at <http://au.chi-x.com/> ■

Since the Chi-X warrants market was launched, more than 150 warrants have been issued on the new market, including 10 Index Warrants. Chi-X's introduction has brought innovation back to the warrants market.

...continued from p.10

a consolidated view for monitoring their loan and investments. Also, the links between a margin loan and brokers make it easier to execute the transactions needed to maintain the desired investment mix.

This can be only a brief introduction to some possible strategies for managing changes in portfolio mix

when gearing. When used appropriately and with the right tools, gearing can be an effective way to build financial strength. ■

IMPORTANT INFORMATION

Leveraged Equities Limited ABN 26 051 629 282 AFSL 360118 is a subsidiary of Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL 237879. Examples are for illustration only. Past performance is not an indication of future performance. This information is general advice only. This information

must not be relied upon as a substitute for financial planning, legal, tax or other professional advice. You should consider whether or not a margin loan is appropriate for you, read the relevant PDS and Product Guide, available to download from www.leveraged.com.au or by calling 1300 307 807.



**INVESTMENT STRATEGIES
IN A LOW GROWTH WORLD**

Outperformance in a low growth environment

Julia Lee is an Equities Strategist with Bell Direct. She is also the Head Media Presenter providing financial commentary to SKY News, SKY Business Channel, Bloomberg, ABC radio and on the internet.

Julia has over 15 years of experience in financial markets. You can see Julia hosting the Tuesday shares session of 'Your Money, Your Call' on the SKY Business Channel every Tuesday from 8pm-9pm where she takes live calls from traders and investors. She is also a regular contributor to industry publications and is a frequent speaker at industry conferences.



JULIA LEE
Equities Strategist – Bell Direct

EVENT DETAILS

Thursday 17 March 2016
Radisson Blu Hotel
27 O'Connell Street Sydney
12pm for 12.30pm – 2.00pm

PRICES

\$120.00	Members
\$1150.00	Member Table (10)
\$140.00	Non Members
\$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.

What's hot in 2016?

By Peter Grace

Super never seems far from the headlines and there are often reports of rumours, opinions and predictions. In some cases the statements are even factual!

Here are some facts that will impact on superannuation in the coming year.

Non arm's length loans

The detailed operation of Limited Recourse Borrowing Arrangements (LRBA) has been a regular area of discussion. The ATO has recently stated that loans arranged through related parties with an interest rate of zero or less than market rates is not an arm's length loan. This means the income from the assets purchased by the loan will be 'special income' and taxed at the highest marginal tax rate.

As annual returns for 2014-15 are lodged the ATO is expected to contact affected SMSF trustees.

Ownership of personal use assets

The rules for investing in 'collectables' (or personal use assets) was amended on 1 July 2011. SMSFs that already held collectibles had until 1 July 2016 to dispose of the assets or put arrangements in place to comply with the new rules.

A personal use asset is one that can provide a present day benefit to a member of a SMSF or any other super fund. Examples are artwork (including paintings, sculptures and photographs), jewellery, antiques, artefacts, coins and banknotes (where their value exceeds their face value), postage stamps, rare books, wine and spirits, motor vehicles and motorcycles, recreational boats and membership of sports or social clubs.

An SMSF can still invest in collectibles but must comply with the new rules on how the asset is stored, displayed, insured and valued. If the



asset is sold the transaction must be at an independently valued market value.

Accountants giving advice on super

Practicing accountants are currently allowed to give advice on establishing a SMSF without having to hold an Australian Financial Services Licence (AFSL). This exemption will end on 1 July 2016.

Accountants who wish to keep advising on superannuation will be able to apply for a limited or full AFSL or establish a relationship with an adviser who is suitably licensed.

Whilst the above changes will happen, there is conjecture about the taxing of superannuation to limit the

advantages available to the wealthy or those on higher incomes. Watch out for a year of change (again) for superannuation. ■

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

ACCREDITATION & TRAINING March, April & May

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 08 Mar | 9:00am – 1:00pm
MELB: Fri 20 May | 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: Mon 21 & Tues 22 Mar | 9:30am – 12:30pm
SYD: Mon 16 & Tues 17 May | 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 07 Mar | 9:00am – 1:00pm
MELB: Thurs 19 May | 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.

MELB: Thurs 03 Mar | 1:30pm – 4:30pm
SYD: Thurs 12 May | 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.

SYD: Thurs 10 Mar | 9:00am – 12:00pm
MELB: Thurs 05 May | 1:30pm – 4:30pm

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 02 Mar | 2:00pm – 4:30pm
SYD: Wed 4 May | 9:00am – 11:30am



EXCHANGE TRADED FUNDS – 1 CPD

This workshop provides access to a portfolio modelling tool that will allow candidates to measure the level of risk in a client's current portfolio and compare the result against a proposed portfolio. In addition, the agenda covers: the robust ETF structure and the benefits it brings to the advice process; solutions to diversify client portfolios across asset classes to complement their Australian equity value proposition; and 14 trading ideas in 14 minutes.

SYD: Wed 23 Mar | 12:30pm – 1:30pm
MELB: Thurs 24 Mar | 12:30pm – 1:30pm

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: Tues 15 Mar 9:00am – 1:30pm SYD: Thurs 07 Apr 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 09 Mar 9:30am – 12:30pm SYD: Thurs 27 Apr 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.	SYD: Tues 01 Mar 9:00am – 11:00am MELB: Wed 25 May 9:30am – 11:30am
UNDERSTANDING WARRANTS: TYPES, DIFFERENCES AND RISKS – 2 CPD This 2 hour workshop covers the main types of warrants traded on the ASX with a particular focus on equity trading warrants and instalments. Basic warrant pricing will be discussed, and the role of the warrant issuer will be explained. Ideal for those who wish to acquire fundamental knowledge about the Australian warrants market.	SYD: Fri 18 Mar 9:00am – 11:00am MELB: Wed 18 May 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: Thurs 03 Mar 9:00am – 12:00pm SYD: Wed 18 May 9:00am – 12:00pm

For further information visit www.stockbrokers.org.au

NEWLY UPDATED



"A Day in the Life of a Trade" workshop

There's more to running a training workshop than just providing information. It's important to us that our training workshops provide guidance and expertise to attendees. Our facilitators are specialised professionals drawn from the financial sector. They are a highly experienced team that between them boast hundreds of cumulative years of financial and education experience.

CHRIS HARRIS is our facilitator for the (newly updated) A Day in the Life of a Trade workshop. Essentially a "course in operations" that 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.

This 2.5 hour workshop provides a comprehensive overview of the market and operational processes and participants will, at the end of

the workshop, walk away with a solid understanding of the following:

- The process of the evolution of share and derivative trades from order placement through to execution to settlement;
- Short ASTC rules: sponsorship/HINs deceased estates;
- Selling and Prime Stockbroking;
- CHES messages;
- Paper Transfers;
- Registries;
- Reporting requirements.

Chris also covers the obligations

of Licence holders. Market manipulation and other prohibited conduct, as well as insider trading is also discussed. ■

FURTHER DETAILS:

Email: education@stockbrokers.org.au for more information

Next course:
Melbourne: Wed 2 March
Sydney: Wed 4 May

www.stockbrokers.org.au



SAA 2016

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