

Stockbrokers MONTHLY

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



ASIC Celebrates 5th Anniversary of Market Supervision



Stockbrokers
Association of Australia.



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Stockbrokers
Association of Australia®

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Dear Colleague,

2016 Stockbrokers Conference

I am pleased to advise that our 2016 Conference will be held at the Crown Promenade in Melbourne on Wednesday June 1st and Thursday June 2nd. A Charity Golf Day will be held on Tuesday May 31st at Woodlands Golf Club, with tee off at 9.45am.

Fraud alert

Please be aware that broking firms are being targeted by fraudsters. We intend to have a panel on the topic at the 2016 Conference.

The following is a note from a member who was defrauded a few weeks ago.

"Earlier this week we had the unfortunate situation of a fraudster successfully stealing a client's identity via the hacking of their email account and transferring a sum of \$70K via their broker to a bank account at Westpac before it was eventually moved offshore. The scary thing in this instance was that not only was the client's email hacked, but the fraudster had obtained the client's signature and sent us a written request signed at the bottom.

"We have since instituted a call-back procedure for any client requests to move funds from their linked cash accounts."

Please contact us if you have been defrauded so that we can forewarn members.

Leaders Forum Melbourne July 22nd

We staged a valuable Leaders Forum in Melbourne on July 22nd. Presenters included Corey McHattan from Ashurst, Robin Bowerman from Vanguard and Stockbrokers' Doug Clark.

Corey McHattan gave a detailed chronology of the BBY collapse. Robin Bowerman showed how ETFs take us closer to the efficient frontier. And Doug Clark gave us a wrap up on current policy issues. The Leaders

Forum moves to Sydney on 15 September and Brisbane on 18 November.

We are indebted to Ashurst for hosting the event, and to Vanguard for their education sponsorship.

FATCA / CRS

We are pleased to report that ASX has indicated it will not be proceeding with the FATCA/CRS changes in November, 2015. Furthermore, ASX will only proceed with the FATCA/CRS related changes to CHESS if agreement can be reached on a "fee for service" style commercial model (involving issuers, participants and ASX) that delivers issuer compliance with FATCA in an efficient manner.

Members have indicated to us that the cost of developing and implementing systems to capture and report information required by FATCA/CRS will be considerable and in some cases over \$1 million. On top of that there is a question of liability that could arise if inaccurate information is reported.

FATCA and CRS involve reporting the identity of security holders to governments to enable them to track tax evaders by their residential addresses. The reporting obligation is triggered when a client of a broker purchases ASX listed securities that result in ownership of foreign securities, such as but not limited to an ETF. You can find an article about FATCA on page 6 of this edition.

Our Policy Executive, Peter Stepek, has done a great job arguing the case for Stockbrokers Association members, both with ASX and Treasury.

NEW... Portfolio Construction Program

A first for our Association will be the Portfolio Construction Program. This program will run in conjunction with Western Sydney University with input from Morningstar. It will run over a 10 week period at the offices of the Stockbrokers Association of Australia in Pitt Street, Sydney. Each



Andrew Green

session would be half day (3 hours) in duration.

The program would utilise content from the university's material currently used in their Master of Commerce (Financial Planning) and Master of Applied Finance course.

Candidates completing this program will, upon successful completion of an assessment, receive advanced standing (a complete unit of study) in one of the university's qualifications.

A Certificate of Completion would be provided to candidates upon completion and thirty (30) Continuing Professional Development (CPD) points will be allocated to candidates upon successful completion.

It should be a great program. Contact [Gillian Gilmore](#) for more information.

Industry Networking Lunch on 19th August

One of the consistent messages from members is that they want more engagement with the Association. In response to that, we are increasing our networking events. There is no substitute for meeting industry colleagues in person – not via email, Linked-In, Facebook or by any other electronic media. There is just no substitute for a hand shake, a warm smile, looking someone in the eye, sharing a joke, or expressing concern about an industry problem. So if you are not yet registered for our August 19th networking lunch in Sydney, then [register now](#). The lunch is sponsored by ASX, and we have James White from Colonial First State speaking on *Companies enabled by digital revolution*. It will be a stimulating event. ■



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Whilst borrowing to invest can multiply your investment returns, it may also multiply your losses if the value of your investment falls and this may result in the value of your security being insufficient to repay your margin loan. This information is directed to AFSL Advisers only and does not take into account the objectives, financial situation or needs of any investor. CommSec Adviser Services is a brand of Commonwealth Bank of Australia (CBA) ABN 48 123 123 124, AFSL and Australian credit licence 234945 who is the provider of the Accelerator Cash Account (ACA) and CommSec Margin Loan (CML). ACA investors should consider the General Information Statement and Terms & Conditions and CML investors should consider the Product Disclosure Statement and Terms & Conditions available from investing.commsecadviserservices.com.au/brokers before deciding if the products are appropriate for them. Fees and charges apply.



Committee News

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

Profession Committee Meeting, Tuesday 28 July 2015

Chair: Murray McGill MSAA, Patersons Securities

New Individual Practitioner Master (MSAA) Membership applications approved:

- | | | |
|-------------------|----------------|-----------------|
| – Nicholas Avery | – Kathy Holmes | – Darren Wright |
| – Felicity Cooper | – Paul Le Roy | – Steven Wright |
| – George Deva | – Gareth Webb | |
| – John Erzetich | – Lynda Woods | |

New Individual Practitioner Member (MESAA) Membership applications approved:

- | | | |
|--------------------|-----------------|-----------------|
| – Benjamin Hatcher | – Igor Kolevski | – Adam Lawrance |
|--------------------|-----------------|-----------------|

New Individual Affiliate (AFSAA) Membership applications approved:

- | | | |
|-----------------------|-------------------|------------------------|
| – Michael Bracken | – Matthew Hayes | – Hector Mengana Feliu |
| – Margaret Dos Santos | – William Jones | – John Urbano |
| – Mladen Djuric | – Mitchell Knight | |
| – Anthony Griffin | – Donald Maloney | |



Policy & Regulatory Issues

FOFA Amendment Regulations passed

As foreshadowed by Assistant Treasurer Josh Frydenberg, Regulations were made on 25 June 2015, effective from 1 July 2015, correcting certain FOFA anomalies. This includes rectification of the anomaly relating to the wholesale client test. As a result of these Regulations, the pre-FOFA position, which enabled an AFS Licensee to include the assets of a client's related companies and trusts and those of related parties, to be included for the purposes of the meeting the financial thresholds in the wholesale client test, has been restored.

The Regulations were made following bipartisan support being achieved on the subject matter.

ATO – Broker Reporting of Client Data

On 10 July 2015, the Federal Government released draft legislation dealing with the proposed regime for stockbroker reporting of client data.

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.

In December 2014, the ATO met with the Stockbrokers Association and a number

of member firms, to discuss a modified approach under which stockbrokers would not be required to report all client trades, as was initially proposed. Instead, ATO was proposing to use trade data fed from ASIC's Enhanced Market Supervision system to capture all share transactions on the Australian market.

Under the revised proposal, stockbrokers would only be required 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.

There is very little detail in the draft legislation just released, the intent being that the detail will be in the subordinate Regulations. However, the ATO has indicated that the final requirements will be in line with the model previously foreshadowed.

Under the draft legislation, the due date for the reporting to ATO is 31 July each year.

The ATO is holding information sessions in various states on the draft legislation, starting in late July.

CHESS Release 9.0, FATCA and ETFs, REITs etc

Members will recall the report in last month's Stockbrokers Monthly that there is a renewed push by issuers of ETFs, REITs and LICs, through the Financial Services Council (FSC), for the burden of FATCA client identification obligations that fall on the issuers to be alleviated through a number of possible alternatives. One alternative is for the obligation to determine the FATCA status of an investor to be pushed onto stockbrokers, either by agreement or by legislation.

Members may have seen the ASTC Technical Notice 0554.15.05 issued by ASX on 25 May 2015 setting out proposed details of the CHESS Release 9.0.

ASX has proposed, in CHESS Release 9.0, that Clearing and Settlement Participants be obliged to obtain the following information from all clients and input this information into the HIN by way of CHESS Message:

- i. Account Type [Individual, Joint, Superannuation Fund, Other Entity]
- ii. Are you a US Citizen? [YES/NO]
- iii. Are you a Foreign Tax Resident? [YES/NO]
- iv. If 'YES' to ii or iii the Foreign Tax Resident Code, Date of Birth and Tax

Identification Number (TIN) for up to three parties.

- v. Are there any Additional Foreign Parties? [YES/NO].

Effectively, the ASX is proposing to use CHES Rules to implement an outcome identical to the one that the FSC is seeking to achieve for issuers.

Third party Clearing Participants will presumably request this information from the executing broker.

A Stockbrokers Association meeting was held to hear members' views on the question. Members unanimously expressed the view that:

- The regulatory function should be carried out by the entities who were liable for it under FATCA, namely, the issuers. It was unfair to seek to transfer this onto stockbrokers
- The cost of stockbrokers taking on the obligation of carrying out due

diligence of client tax status would be considerable

- There were potential issues of liability that could arise if brokers were to provide information to issuers that proved to be inaccurate for some reason
- If the Government agrees to support the issuers, then it will need to legislate to impose obligations on brokers. The Government would need to compensate by reducing other regulation, if it is to honour its commitment that there be no new net regulatory burden on industry.

Following the Members meeting, the Association met with Treasury to communicate these views.

The Association also lodged a written submission with ASX indicating the Association's opposition to the use of CHES Rules to effectively legislate on

a matter that was the subject of current discussion with Government.

In the latest development on this issue, the ASX on 23 July announced that it would not be proceeding with this aspect of CHES 9.0, and will await an Industry resolution being reached on this issue which would address the questions of the costs of implementation.

The Stockbrokers Association is appreciative of the responsiveness of the ASX to the various considerations at play in what is a very complex issue. ■

SUBMISSIONS

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

POLICY ENQUIRIES

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



'Learning to Leverage' Workshop

Designed for people who want to potentially boost returns from investing in domestic equity markets, this 1 hour workshop is a short course on using leverage to invest.

Presented by Julie McKay of Bendigo and Adelaide Bank, attendees will gain knowledge in:

- Designing an appropriate leverage strategy
- Essential techniques for managing risk
- And what to do if the chosen strategy does not perform as planned.

WORKSHOP DETAILS

Date: **Wednesday 16 September**
12:30pm – 1:30pm
Venue: Stockbrokers Association
Level 6, 56 Pitt Street, Sydney
Cost: \$49.00

To register, please visit the [STOCKBROKERS ASSOCIATION WEBSITE](http://www.stockbrokers.org.au)

5th Anniversary of ASIC market supervision



On 1 August 2010, ASIC assumed responsibility for the supervision of real-time trading on Australia's domestic licenced equities and futures markets from the ASX. This meant that for the first time in Australia, responsibility for market supervision and market enforcement lay within the same agency. This month marks the fifth anniversary of this milestone.



ASIC

Australian Securities & Investments Commission

Over the past five years the nature of the markets ASIC supervises has changed dramatically and the scope of its responsibilities increased. ASIC has not only kept pace with the speed of this transformation, it has implemented world leading technologies and achieved significant efficiencies during this period. Throughout all of this, our priority has remained the same – to promote investor trust and confidence through fair, orderly and efficient markets.

Market structure

The transfer of market supervision enabled the introduction of competition in equity trading in Australia. Chi-X commenced operating its financial market on 31 October 2011. This was followed by the introduction of a range of new trading platforms, products

and order types on both the ASX and Chi-X markets.

ASIC quickly adapted to the multi-market environment. This included acquiring the tools and developing the processes to collect and consolidate market data from multiple sources to create a single view. Today, ASIC supervises 125 market participants (participants), trading across seven equities and futures markets, on which securities of more than 2,000 listed entities are traded, and more than 960,000 trades made per day (compared with 520,000 in 2010)¹.

Markets analysis

The past five years have seen a fundamental change in the way ASIC approaches markets analysis. We have moved away from a legalistic and

process-based approach towards work that is increasingly based on thematic analysis. In addition, there has been a shift from desktop reviews to on-site reviews and risk-based oversight. A key feature of our revised approach is the use of data analytics to assist with policy formulation. The use of data analytics ensures that policy decisions are based on identifiable and measurable market outcomes. Our approach to markets analysis enables us to more specifically target our surveillance activity.

Surveillance

In 2013, ASIC replaced the SMARTS surveillance system with the Markets Analysis and Intelligence (MAI) surveillance system. Using MAI, the time taken to conduct searches of trading activity has been reduced from months or weeks to minutes (in some instances). MAI's enhanced functionality means that trade monitoring and post-trade analysis can now be conducted by three less staff than before.

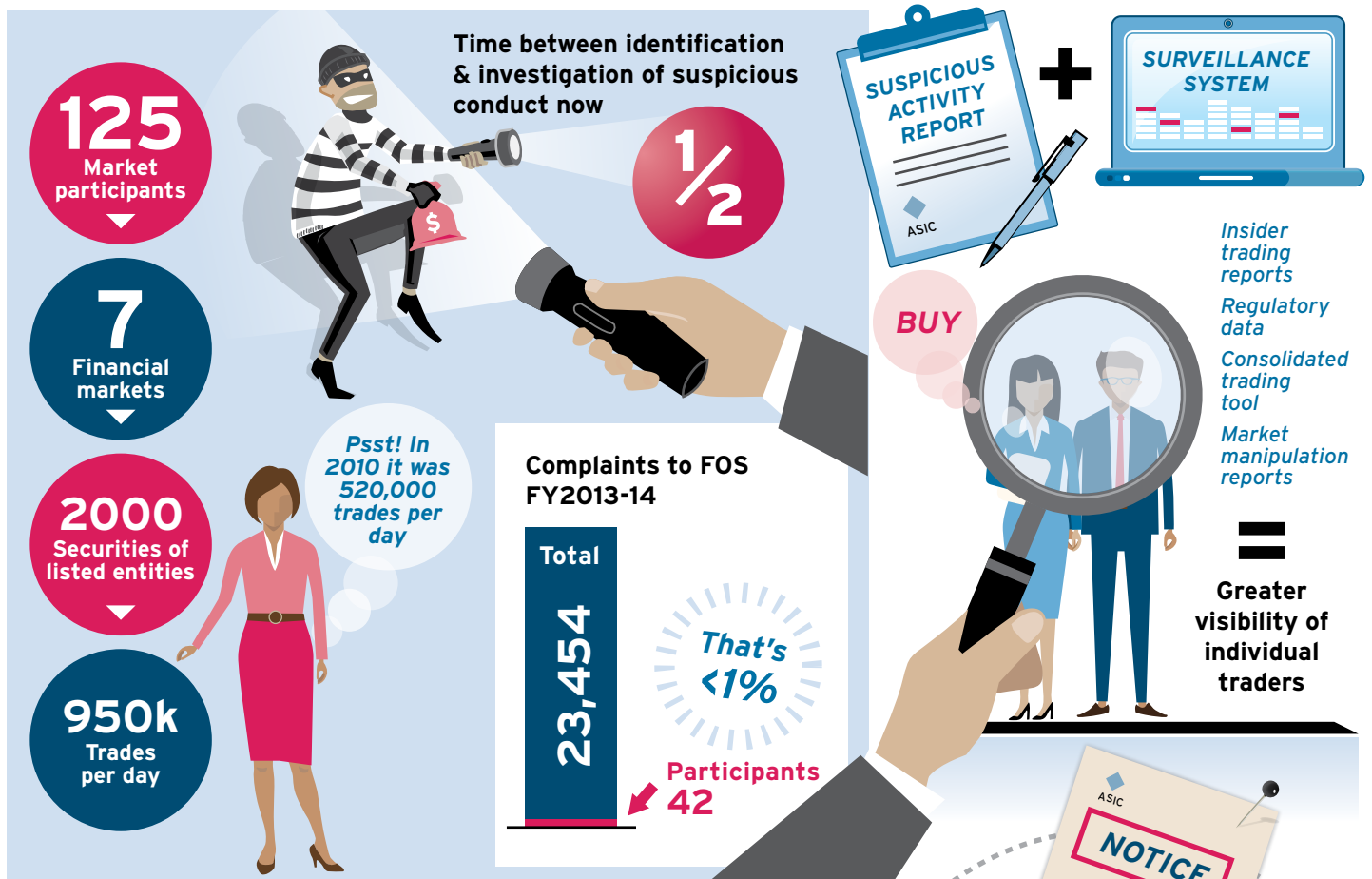
ASIC has introduced several new features to MAI since its implementation, including the incorporation of enhanced

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5th

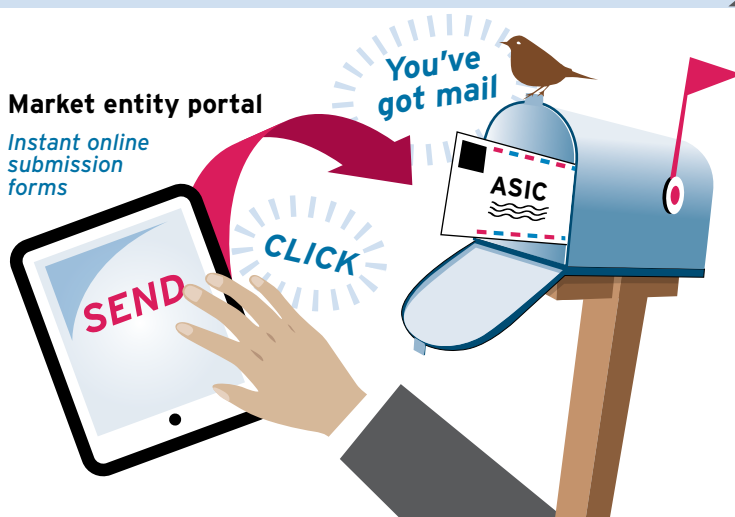
Anniversary

ASIC MARKET SUPERVISION



Market entity portal

Instant online submission forms



regulatory data². These features have enabled us to reduce the number of notices we issue to participants by almost half since 2011. Not only are the number of notices we issue lower (and continuing to fall), they are more specific and targeted. Participants have told us that they require approximately 30% less time to respond to.

Identification and investigation of suspicious conduct

In 2013, ASIC introduced the suspicious activity reporting (SAR) rule. This rule requires participants of the ASX and Chi-X to notify ASIC if they suspect that a person is engaging in manipulative trading behaviour. Since then, ASIC has received a total of 214 SARs, with the number of reports increasing each year. The importance of this initiative for the identification of suspicious conduct is reflected in the fact that approximately 15% of SARs submitted to us have been referred to our Enforcement team for investigation.

MAI has given us far greater visibility of individual traders and trading behaviour and significantly, immediacy of information. As a result, there has been a significant reduction in the time taken to commence investigations into suspicious conduct. MAI has also enabled us to reduce the time taken to assemble evidence by using tagging, market replay and enhanced reporting capabilities. In one case, this functionality reduced the time taken to compile evidence from an estimated 5 weeks to two weeks.

Prior to 2010, the period between identifying market misconduct and commencing a formal investigation in Australia was in excess of 3 months. Since the transfer of supervision this time has halved to 6 weeks, and in many serious cases investigations are

commenced within days of identifying market misconduct issues. This allows investigators to secure evidence prior to its possible destruction or accidental deletion and to commence questioning interested parties sooner. Overall, there has been a 23% reduction in the time between ASIC first becoming aware of misconduct to handing the matter over to the Commonwealth Director of Public Prosecutions.

Enforcement

ASIC's enhanced ability to prosecute market misconduct is evidenced by the number of successful markets enforcement outcomes we have achieved in the last five years when compared to the previous five year period. Moreover, ASIC has increased the number of enforceable outcomes achieved despite a 15% reduction in Market Integrity Enforcement staff.

One of the key reasons ASIC has been so successful in this respect is the structural and physical co-location of our surveillance and enforcement teams. In many overseas jurisdictions, market operators are still responsible for undertaking market surveillance, which requires them to identify suspected market misconduct and conduct initial enquiries, before referring matters to securities regulators.

Markets Disciplinary Panel (MDP)

The MDP was established by ASIC in 2010 in response to requests from participants for an independent peer review body to determine alleged breaches of the ASIC market integrity rules. The MDP consists of part-time members with relevant business or professional experience.

Since September 2011 (when the first MDP decision was published), the MDP has issued thirty-seven infringement notices, resulting in total pecuniary penalties of \$2,304,800. All of these notices have been complied with (including for contested matters)³. This is indicative of the high level of support among participants for the MDP.

Participant engagement

On 1 August 2010, ASIC also assumed responsibility for monitoring participant conduct. ASIC's interaction with participants is based on a relationship management model. Practically, this means that participants have more engagement with ASIC in their day-to-day operations than before. Over the past year, ASIC's market supervision team has conducted 251 industry meetings, including 99 compliance liaison meetings with participants, and a further 25 risk assessment meetings completed.

In July 2015, ASIC implemented the Market Entity Compliance System (MECS), part of ASIC's industry-funded Flexible Advanced Surveillance Technologies (FAST) program. MECS is an on-line communications portal which has been designed to provide market entities with tools and information to help them comply with their regulatory obligations.

It is an example of ASIC using technology to assist market entities to comply with the law.

The success of this model of participant engagement in achieving regulatory compliance is reflected in the fact that complaints against participants represent less than 1% of the more than 20,000 disputes accepted by the Financial Ombudsman Service each year⁴. ■

¹ This figure is based on equity market data for the March 2015 quarter, see <http://asic.gov.au/regulatory-resources/markets/market-structure/equity-market-data/>. The total number of trades per day in the September quarter of 2010 was 520,370.

² From 28 July 2014, participants are required to provide specific data on orders to market operators, who must record and provide to ASIC all regulatory data they receive.

³ Compliance with an infringement notice is not an admission of liability, nor does it represent a finding that the market integrity rules have been contravened: see ASIC Regulatory Guide 216.65 Markets Disciplinary Panel.

⁴ In FY2013/2014, the Financial Ombudsman Service accepted 23,454 disputes, of which only 42 related to participants.

Keys to Building Financial Strength

By Julie McKay, Senior Manager Technical Research, Leveraged

Lasting success in most things is achieved by having realistic goals, monitoring progress and resisting quick fixes. Building long term financial strength is no different. It takes a little time to understand how to use the equipment; but it's worth taking the time if it can reduce the risk of injury.

1. It is about investing

Generally, there are three ways to get your savings working. Owning property can be a challenging ambition. Money in the bank is safest, but at current rates is barely growing. That leaves the share market.

There are many ways to invest in shares. You need to understand the investment choices, recognise that the market goes up and down and develop a view about its prospects over your savings horizon.

2. Muscle up

Sometimes we can't trim today's spending further or our goal keeps getting more costly. In this case, you may need to pump up the return potential by borrowing to invest.

Borrowing to invest (called gearing) gives you a larger investment. If the market performs well, all the gains on that larger investment belong to you. If the market does not do well, you take the larger losses.

Beyond your investment, the ongoing costs are interest, fees and brokerage.

There is no set timetable to repay the loan. For a typical Australian resident taxpayer, the interest is potentially an income tax deduction.

You should never borrow more than you can afford in interest and you must expect the market to grow enough to at least offset the costs (after tax).

3. Mind the gap

You can typically borrow up to 80% to buy a house. This is called the loan-to-value ratio (LVR). A typical LVR for a number of shares is 75%; for shares worth \$100 you can borrow up to \$75. Most investors leave a gap between the amount they borrow and the LVR. They may borrow only \$50 for that \$100 portfolio; a gearing ratio of 50%.

If the shares fall in value, the gearing ratio increases. If your gearing ratio exceeds the LVR, the bank will demand an immediate fix. This is called a margin call. Usually it means reducing the loan by selling some investments. A larger gap means more breathing space should the market fall.

4. Grandma knew

Some investors may have the skills and experience to gear a portfolio containing only a few different shares. For everyone else, old advice is still good advice; don't put all your eggs in one basket. Diversification is the art of mixing your investments so one capricious event does not wipe out everything. Some investments may perform well, others not so much. By gearing a mixed basket of



shares you can reduce the prospect of a margin call.

5. Watched pot never boils

Watching the share market continuously can induce motion sickness. On the other hand, you should not ignore a geared investment until it boils over into a margin call. The ideal frequency for monitoring your investment depends on many factors such as the gap between gearing ratio and LVR, your degree of diversification and reports about the economy.

Monitoring alone is not sufficient. Markets favour fortitude and perseverance but an occasional adjustment may be necessary to keep your savings plans on track.

This can be only a brief introduction to borrowing to invest. When used appropriately, gearing can be an effective way to build financial strength. ■

Issued by Leveraged Equities Limited (ABN 26 051 629 282 AFSL 360118) as Lender and as a subsidiary of Bendigo and Adelaide Bank Limited (ABN 11 068 049 178 AFSL 237879). This information is correct as at 8 July 2015. This contains general advice only and doesn't take into account your personal objectives, financial situation or needs. Please consider your personal circumstances, consult a professional investment provider and read the PDS and Product Guide, available to download from www.leveraged.com.au before making an investment decision.



PORTFOLIO CONSTRUCTION:

Companies enabled by digital revolution

James White argues that big shifts in productivity, such as the one the global economy is now experiencing, dramatically raise living standards. But they also occur by stealth; traditional means of measurement aren't counting the right things, and old ways are quickly disrupted by new technologies. Consequently, investment becomes more difficult. Value disappears rapidly and opportunities emerge in new places.

James White is a Senior Investment Analyst at Colonial First State Global Asset Management. James focuses on the changing nature of the global economy; the rise of China, the impact of technological change and the need for a different perspective on economic policy in the developed economies. He is a regular contributor to business television. He has 15 years experience as an economist and degrees in Economics from the Universities of Sydney and Edinburgh.



JAMES WHITE

*Senior Investment
Analyst, Colonial First
State Asset Management*

EVENT DETAILS

Wednesday 19th August

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](http://www.stockbrokers.org.au) or [click here](#). Seats are limited. Bookings accepted on a first come basis.

ACCREDITATION & TRAINING August, September & October

Responsible Executive (RE) Series Workshops	RE REFRESHER – 4 CPD (COMPLIANCE) <p>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.</p>	SYD: Mon 7 Sep 9am – 1pm MELB: Wed 28 Oct 9:30am – 1:30pm
	RE EXAM PREPARATION COURSE – 10 CPD (COMPLIANCE) <p>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.</p>	MELB: Wed 2 & Thurs 3 Sep 9:30am – 12:30pm SYD: Mon 19 & Tues 20 Oct 9am – 12pm
	RE EXAM PREPARATION 'SHORT COURSE' – 4 CPD (COMPLIANCE) <p>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.</p>	SYD: Tues 8 Sep 9am – 1pm MELB: Tues 13 Oct 9:30am – 1:30pm
Professional Development Workshops	MARKET MANIPULATION AND OTHER PROHIBITED CONDUCT – 4 CPD (COMPLIANCE) <p>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.</p>	SYD: Thurs 6 Aug 9am – 12pm MELB: Tues 1 Sep 1:30pm – 4:30pm SYD: Tues 27 Oct 9am – 12pm
	INSIDER TRADING – 4 CPD (COMPLIANCE) <p>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.</p>	MELB: Thurs 13 Aug 1:30pm – 4:30pm SYD: Thurs 3 Sep 9am – 12pm
	A DAY IN THE LIFE OF A TRADE – 2 CPD (COMPLIANCE) <p>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.</p>	SYD: Tues 11 Aug 9am – 11:30am MELB: Wed 19 Aug 2pm – 4:30pm 
	BIG DATA FOR STOCKBROKERS – 1 CPD <p>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.</p>	SYD: Tues 1 Sep 12:30pm – 1:30pm BRIS: Wed 9 Sep 12:30pm – 1:30pm

Introductory Series Workshops	LEARNING TO LEVERAGE – 1 CPD <p>This 1 hour workshop explores using leverage to invest in equity markets. It will focus on the how, when and why to implement and run a strategy of borrowing to invest. Designed for people who want to potentially boost returns from investing in domestic equity markets and who are prepared to manage the risks. Leverage can be suitable for a wide range of people: younger people locked out of the property market, people who want to boost savings ahead of retirement and in some circumstances retirees looking to maintain a lifestyle. It can be suitable for frequent traders or those who prefer a long-term buy and hold approach. This workshop is ideal for stockbrokers and advisers who may want to recommend leverage to their clients.</p>	SYD: Wed 16 Sep 12:30pm – 1:30pm
	UNDERSTANDING DERIVATIVES: OPTIONS AND WARRANTS – 4 CPD <p>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.</p>	MELB: Wed 9 Sep 9am – 1:30pm SYD: Thurs 8 Oct 9am – 1:30pm
	THE BUSINESS OF STOCKBROKING IN AUSTRALIA – 2.5 CPD <p>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.</p>	MELB: Tues 25 Aug 9:30am – 12:30pm SYD: Thurs 15 Oct 9am – 12pm
	UNDERSTANDING OPTIONS: FEATURES, BENEFITS AND RISKS – 2 CPD <p>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.</p>	SYD: Tues 18 Aug 9am – 11am MELB: Thurs 22 Oct 9:30am – 11:30pm
	UNDERSTANDING WARRANTS: TYPES, DIFFERENCES AND RISKS – 2 CPD <p>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.</p>	SYD: Wed 26 Aug 9am – 11am MELB: Wed 7 Sep 9am – 11am
	INTRODUCTION TO CONTRACTS FOR DIFFERENCE (CFD) – 3 CPD <p>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.</p>	SYD: Tues 25 Aug 9am – 12pm MELB: Tues 27 Oct 9am – 12pm
Professional Stockbrokers Program – Preparatory Workshops	CORE 1 (RG146) PREPARATORY WORKSHOP – 3 CPD (COMPLIANCE) <p>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 Investments.</p>	SYD: Tues 13 Oct 9:30am – 1pm MELB: Wed 14 Oct 9:30am – 1pm

For further information visit www.stockbrokers.org.au



2015 Leaders Forums

The Stockbrokers Association's Leaders Forum was held in Melbourne on Wednesday 22 July 2015.

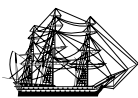
This sell out event saw stockbroking leaders come together to hear and discuss the latest issues affecting our industry including a comprehensive session on BBY, the exploration of the risks and implications in relation to SMSFs from Robin Bowerman. Also covered were industry updates on PJC and current policy issues.

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, Robin Bowerman from Vanguard Investments and Doug Clark (Consultant).

Make sure you book in to our next Leaders Forum which is being held in Sydney on Tuesday 15 September. To register simply [click here](#).

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FRI 20TH
NOVEMBER
2015

LOCATION

Middle Harbour Yacht Club Mosman

COST OF ENTRY

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

Price per Guest: \$170 (plus GST)

VIP Spectator Guest: \$320 (plus GST)

FREE WITH ENTRY

All competitors will receive:

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

VIP BOAT

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

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

Current cup holder: National Australia Bank
Yacht name: Wild Oats X

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SUPER SNIPPETS

Dealing with Death

By Peter Grace

There may be a time when the trustees of a superannuation fund will be faced with the death of a member. This is the only condition of release where the SIS Act requires a payment to be made out of the fund.

The trustees of APRA regulated funds and SMSFs are bound by the same regulatory and tax rules but will handle the process differently. SIS requires death benefits to be paid to the member's dependents – broadly the deceased's spouse and children and anyone who was financially dependent or in an interdependent relationship with the deceased at the time of death. Alternatively the trustee's can pay the deceased's estate and the proceeds will be distributed according to the will.

Death benefits are tax free if paid to dependents as defined by the Tax Act (ITAA97). The definition of a dependent is similar but slightly different. Significantly, most adult children are not dependents for tax purposes.

For large funds the trustees are at arm's length from the member and will follow a structured process. Many trustees use a 'claims staking' process to ensure all potential beneficiaries are identified and accept the trustee's decision. This may delay the payment but can avoid family members of the deceased disputing the trustee's decision with the Superannuation Complaints Tribunal (SCT).

For SMSFs the deceased's Legal Personal Representative and the surviving trustees are responsible for deciding who

will receive the benefit and in what form. Aggrieved beneficiaries do not have access to the SCT but can take legal action.

The process for SMSFs trustees will be as follows:

- Confirm evidence of death – for a 'family' fund this will be obvious but evidence will be required for the fund records and if the fund had arranged life insurance for the deceased.
- Claim on the life insurance policy and make payment into the member's account.
- Identify the deceased's dependents (as defined by SIS)
- Consider the deceased's wishes or nominations – for valid binding nominations the trustees must follow the deceased's instructions.
- Decide on the amount and form of payment (pension or lump sum). The payment must be made within six months of the death or three months from the granting of probate.
- It may be necessary to sell fund assets to make the payment or a lump sum could be made as an 'in-specie' payment. In either case capital gains tax will be a consideration.
- Withhold tax if benefit is paid to a non-tax dependent



For a small fund the trustees would need to consider the future of the fund. Is it still of a viable size? Do the surviving members have the capabilities to continue running the fund? Should new members be invited to join the fund? Is the trustee structure appropriate? Is the investment strategy still appropriate?

In fact paying the death benefit is just the first of many decisions to be taken by the trustees after the death of a member. ■

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

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Key elements of the collaboration are as follows.

- *AJG will provide tailored solutions to members' insurance needs, which provide market leading coverage. Between them Stuart Davies and Andrew Quartermaine have nearly 60 years successful experience in financial lines insurance and proven track records in arranging programmes for stockbrokers and for the broader finance industry.*
- *By canvassing all key players in the insurance market AJG also guarantee competitive rates.*
- *AJG will be supporting your industry by donating 15% of their earnings from this collaboration to the SAA.*

AJG is one of the world's largest insurance broking and risk advisory firms. Founded in 1928 in Chicago it employs in excess of 18,000 people and has been listed on the NYSE since 1987.

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