

# Stockbrokers MONTHLY

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



**Stockbrokers**  
Association of Australia®

## 2015 Industry Lunches



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**SAA Industry Lunch, Hyatt Hotel Perth: Thursday 19th November 2015.**

L-R: Andrew Green, Senator The Hon Mathias Cormann, Andrew McKenzie (Executive Chairman, Euroz Securities Limited), Murray McGill (Executive Director, Patersons Securities Limited)



**Stockbrokers**  
Association of Australia.

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## Dear Colleague,

I am delighted to welcome Chi-X Australia as a new Affiliate Member of the Association and look forward to working with John Fildes and his team at Chi-X in growing the securities industry.

Australia is well positioned to play a bigger role in financial services across the Asian region. Our markets are well regulated, we have sophisticated market participants, and we have increasingly strong links into China. Think about the export revenue generated by our education sector over the last decade and imagine what the financial services industry could achieve over the next!

## Leaders Forum in Brisbane on 18th November

Our final *Leaders Forum* for the year was staged in Ashurst's Brisbane offices on 18th November. With commanding views of the Brisbane River, Ashurst's boardroom provided the ideal venue, and Ashurst's execu-

tive chef made sure that his gourmet lunch matched the occasion.

Delivered in conjunction with our Education Partners Vanguard Investments, the *Leaders Forums* have become very popular with members keen to stay abreast of current issues. Presenters in Brisbane included Matthew Lumsden from Vanguard Investments, Alan Bardwell from the ASX, and Corey McHattan from Ashurst. Also attending was Dr June Smith, Lead Ombudsman (Investments & Advice) for the Financial Ombudsman's Office.

Of particular interest to members at the Brisbane lunch was the wash-up of the BBY liquidation and the court proceedings now underway. Corey McHattan is the Ashurst partner acting for the liquidators and spoke about the issues the court is being asked to resolve. A key question is whether assets should be pooled or not. If the assets are pooled, it could mean that equities clients of BBY are left with a significant shortfall.



Andrew Green

## Industry Lunch in Perth on 19th November

Senator the Hon. Mathias Cormann, Minister for Finance, was guest speaker at the Association's *Industry Lunch* in Perth on November 19th. During his introduction of the Minister, Andrew McKenzie, Executive Chairman of Euroz Securities and a member of the Association's board, spoke about how the Minister had emigrated from Belgium to Australia and was now a dinky-di Aussie. Responding to the introduction, Senator Cormann agreed he was now a dinky-di Aussie "in everything except my accent!"

Senator Cormann then proceeded to deliver a master class on where the economy had come from, and where it was headed under the direction of his government. Speaking without a note for 30 minutes, the structure and substance of the Minister's speech left guests in awe, and contemplating how lucky we are to have someone of Senator Cormann's intellect managing the nation's finances.

We are indebted to the ASX for sponsoring the *Industry Lunch* series. They have been warmly received by members. ■

### Leaders Forum Brisbane 18th November 2015

L-R Alan Bardwell (Chief Risk Officer, ASX Limited), Karl Morris (Executive Chairman, Ord Minnett Limited & Chairman, SAA), Brian Sheahan (Managing Director, Morgans Financial Limited), Dr June Smith (Lead Ombudsman, Investments & Advice, Financial Ombudsman's Office), Corey McHattan, Partner, Ashurst), Andrew Green (SAA) & Matthew Lumsden (National Sales Manager, Vanguard Investments).





# Government Proposals for Increasing the Professional, Educational and Ethical standards for Retail Financial Advisers

**ON 20 OCTOBER 2015**, the Government released its much anticipated response to the Final Report of the Financial System Inquiry (FSI), chaired by David Murray.

The Government has largely agreed to the bulk of the FSI Recommendations.

Most of the discussion about the FSI and the Government's response focused on the financial system-wide aspects of the FSI Report. However, the FSI also made a number of recommendations relating to standards of financial advisers, which the Government has announced it will largely adopt.

A number of these recommendations cover the same territory as the proposals that were put forward by the Parliamentary Joint Committee (PJC) on Standards for Financial Advisers, on which the Government had also undertaken consultation.

The Government has decided that in order to be on the Financial Adviser Register and provide retail financial advice, an adviser will need to:

- have a university degree
- pass a national exam
- undertake a Professional Year
- undertake Continuing Professional Development (CPD)
- subscribe to a Code of Ethics.

The Government proposes to establish an independent Standard Setting Entity ("SSE") to set the standards for the educational requirements.

The SSE will be a statutory corporation established under the Corporations Act. Another statutory corporation with which members will be familiar is the Securities Exchange Guarantee Corporation (SEGC).

The proposal is that the SSE will have a Board of seven directors.

*The SAA supports the government's proposals in principle but has a number of concerns about certain aspects of them.*

Three will be appointed by industry, three to represent consumers and one independent director as Chairman.

Existing advisers will not be required to undertake a Professional Year as they are already in the industry. They will however be required to sit the National exam.

There will be an *alternative recognised transition pathway* for existing advisers who do not hold a degree and who do not wish to sit for one. The SSE will have the task of establishing the alternative pathway.

The proposed timeline is:

1. Draft Legislation and Explanatory Memorandum issued on December 3rd
2. The SSE to be established by 1 July 2016
3. Educational requirements to come into force on 1 July 2017
4. Transitional period to end on 1 July 2019. Existing advisers will have between 1/1/2017 to 1/1/2019 to pass the National Exam and either complete a university degree or complete the alternative pathway
5. Code of Ethics requirement comes into effect on 1 July 2019.

As regards the Code of Ethics, the new obligation will be placed on the License Holder (as opposed to each adviser). The function of approving Codes of Ethics will be given to ASIC.

The License holder will have 2 alternative pathways open to it.

## Pathway 1

The Licensee must ensure that

its financial advisers subscribe to a Professional Association Code of Ethics. The Professional Association will have obligations to monitor and enforce the Code, apply sanctions for any breach, and report breaches to ASIC.

## Pathway 2

Licensee must ensure that its financial advisers subscribe to the Licensee's own ASIC approved Code (or more likely, an industry-wide Model Code) that is monitored and enforced by a 3rd party Code Monitoring entity.

## Conclusion

Given the amount of work that would be involved firstly in setting up the SSE; secondly, in the SSE setting educational standards, the alternative pathway and the national exam; and thirdly, in the time taken for someone to obtain a university degree, the timeline that has been put forward looks optimistic.

The SAA attended a roundtable meeting with the Minister and Treasury to provide initial comments on the proposals. The SAA supports the government's proposals in principle but has a number of concerns about certain aspects of them. The SAA has since made a written submission setting out its concerns and seeking further clarification. Apart from the constitution and governance of the SSE, the Association has voiced concerns about the cost and funding of the entity.

We will continue to monitor this issue and update Members on any developments. ■

# ASIC Releases Report 452 on HFT and Dark Pools – plus Facilitation trading

**I**N OCTOBER 2015, ASIC released its Report REP 452 dealing with the twin subjects of High Frequency Trading (HFT) and Dark Pools. This Report relates to the work of a task force, announced earlier this year, to update its previous analysis of these subjects, and to see how things may have changed, if at all, since then.

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ASIC's previous analysis is contained in Report REP 331 *Dark Liquidity and High Frequency Trading*. This Report, in March 2013, did much to inform debate about the impact of these emerging phenomena in the Australian market context, and assisted ASIC in formulating its regulatory response.

Key points to emerge from REP 452:

## **HFT**

- HFT in the equities market remains static (27% of turnover and 31% of number of transactions). However, the number of HFT accounts had fallen by 30%
- The 10 largest HFTs accounted for 78% of all HFT
- HFT turnover grew strongly outside Band 1 stocks (ASX1-50). Band 5 turnover (ASX 200-250) increased by 31%

- HFT trading was more aggressive than previously. There was a higher incidence of HFTs hitting existing resting orders in the market, as opposed to posting orders to rest in the market. There was a growing trend for HFTs to step in between buyers and sellers
- HFT earned \$110-180 million in the 12 months to March 2015.

The cost to market users was estimated at 0.7-1.1 basis points

- According to ASIC, the higher levels of HFT assists in lowering transaction costs for low turnover securities
- The order to trade ratio of HFT was 13:1
- For Short lived orders (i.e. <100 milliseconds) – the average resting time was 19 milliseconds. The Order size for short lived orders was not as small as it was in 2012
- Small fleeting orders (<\$500 and < 500 milliseconds) had fallen from 2.1% to 0.7% of all orders
- ASIC did not think predatory trading was a concern
- There was a significant growth (130%) of HFT in Futures Trading– SPI and Bond Futures.

## **Dark Liquidity**

- Use of dark liquidity has shifted towards block trades. There has been a 22% decrease in turnover of dark trades below block size
- Exchange dark venues have grown (e.g. ASX CentrePoint and Chi-X mid-point) and crossing systems have declined
- There has been a growth in proportion of HFT messages in dark venues – from 16% in 2012 to 41-52%. HFT turnover in dark venues has risen from 10% to 12% of turnover.

## **Client Facilitation**

ASIC included in REP 452 its findings of its separate review of principal trading and client facilitation. Key conclusions were as follows:

- The main concern is management of conflicts of interest and confidentiality of client information, principally the potential for misuse of information about client orders
- ASIC considers that where a market participant trades against a client, the facilitation traders should not have access to client information
- Firms should remove facilitation traders' access to client order information in internal systems, internal meetings etc, and consider their appropriate physical separation from the dealing desk
- The inherent conflict in facilitation traders having dual roles e.g. facilitation and DTR or sales, are too great to manage using existing measures. ■

# Capability Review of ASIC

**M**EMBERS WILL recall from last Month's edition that Treasury 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 participated in initial discussions with the Capability Review team, and put forward a number of issues that we believed should come within the scope of the review.

On 12 October, the SAA participated in an industry round table meeting with the Capability Review panel involving a broad range of market representative bodies. There were the usual range of views expressed about how ASIC needs to perform better at the range of functions in its mandate.

It will be interesting to see what concrete suggestions emerge from this process. The SAA has concerns that the Review could lead to a push for an even bigger ASIC budget and even more ASIC powers, which in the context of the move to place the obligation to fund ASIC's entire budget onto industry, will only generate more costs.

The SAA has expressed the view that ASIC already has a very broad range of powers and enough funding. The focus should be on working better, including improving responses to areas of risk. ■

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## FATCA and CRS – search for a solution goes on

**A**S PREVIOUSLY reported, discussions have been taking place between some LIE issuers, some stockbroking firms, and the SAA, with a view to identifying a solution to the problem facing the issuers in complying with their obligations under FATCA and, soon, under the OECD Common Reporting Stan-

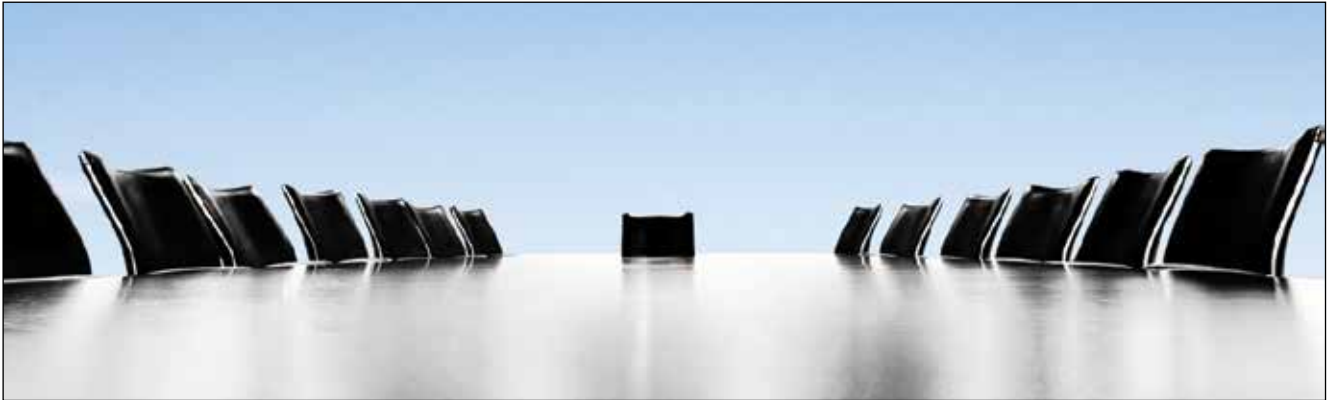
dards (CRS) to obtain certification of tax residency from investors pre-trade for listed products such as ETFs and REITS.

The SAA is continuing to workshop a solution with issuers and the government. ■



**SUBMISSIONS** | Members can view submissions at [www.stockbrokers.org.au](http://www.stockbrokers.org.au)

**POLICY ENQUIRIES** | Peter Stepek MESAA, Policy Executive, [pstepek@stockbrokers.org.au](mailto:pstepek@stockbrokers.org.au)



# Committee News

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

## **Retail Broking Committee Meeting, Tuesday 10 November 2015**

Chair: Dean Surkitt MESAA, Bell Potter Securities Ltd

- NGF Proposals
- Govt Proposals for Advisor Professional Standards
- ASIC Training Register & Qualifications
- ASIC Report 452 HFT and Dark Liquidity

## **Annual General Meeting, Thursday 26 November 2015**

Chair: Karl Morris MSAA, Ord Minnett Ltd

## **Board of Directors Meeting, Thursday 26 November 2015**

Chair: Karl Morris MSAA, Ord Minnett Ltd

### **Newly elected Directors:**

- Andrew Fleming MSAA, Morgans Financial Ltd
- Scott Webster MSAA, UBS Australia

### **New Principal Member**

- Evans & Partners Pty Ltd

### **New Affiliate Member**

- Chi-X Australia Pty Ltd

# Unbundling and Research Execution Workshop

Increasing technology and regulatory requirements continue to impact traditional sell side business models in an environment where lower volume and decreasing margins are struggling to keep pace with higher fixed costs.

Senior management globally are now seeking unique solutions to position their businesses in a market undergoing significant structural change.

**The Stockbrokers Association has partnered with Instinet and developed the 'Unbundling and Research Execution Workshops'. These workshops will focus on the impact of technology in the execution process and the potential impacts to revenue.**

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

## Workshop Details

### Sydney

Tuesday 1 March 2016

12.30pm - 1.30pm

Stockbrokers Association of  
Australia

Level 6, 56 Pitt Street, Sydney

**Cost:** \$49.00

**CPD:** 1 hour

[www.stockbrokers.org.au](http://www.stockbrokers.org.au)



# SAA 2015 Industry Lunches

**D**URING THE YEAR, the Association rolled out a new series of events - Industry Lunches.

Sponsored by the ASX, the lunches have brought together members and industry professionals to hear from inspiring speakers including Matt Barrie, founder of

Freelancer.com, Senator the Hon Mathias Cormann, Minister for Finance, and James White, Senior Analyst with Colonial First State Global Asset Management.

The feedback received has been most favourable and as such, dates are being scheduled for 2016. ■

If you would like to suggest speakers, please email [andrew.green@stockbrokers.org.au](mailto:andrew.green@stockbrokers.org.au) or call 02 8080 3208.



# Market integrity matters – you can play an important role in keeping our markets clean



ASIC

Australian Securities &amp; Investments Commission

- You must notify ASIC if you suspect market misconduct
- In the lead up to Christmas, be on the lookout for ‘window dressing’
- Lodging a suspicious activity report is quick and easy – check out the poster!

**A**SX, CHI-X OR APX market participants and crossing system operators must notify ASIC if they suspect market misconduct. To simplify this process, we have created a new form on the market entity compliance system (MECS) and an educational poster.

Suspicious activity reports (SARS) are an important source of information about market misconduct for ASIC. To date, we have received 254 SARS, and the rate at which these are being lodged is increasing.

We conduct inquiries into every SAR we receive. In the first instance, this may involve running reports using specialised surveillance tools. This may be followed by requests for information and interviews in some cases. We keep a record of intelligence gathered during this process for future reference.

Approximately 15% of SARS submitted to ASIC are referred to our market integrity enforcement team for investigation. Most other matters are closed after we determine there is no case to answer or an alternative outcome is appropriate.

## EXAMPLE 1: SUSPECTED INSIDER TRADING

The client of a participant traded shares in a listed company just prior to the issue of price sensitive announcement by that company. The participant deemed the trading suspicious after learning that the client was an employee of the company. The participant submitted a SAR to ASIC.

We conducted enquiries into the matter. As well as conducting our own analysis, we issued notices to a number of participants and requests to the company in question and an international regulator.

After examining this information, we determined that there was a high chance the client had traded using inside information. The matter was referred to our market integrity enforcement team for further investigation with a view to possible prosecution.

The end of the year can be associated with an increase in unusual trading activity. During this period, we sometimes see orders placed at or near the close of trading which disproportionately impact share prices. This is known as ‘window dressing’. It is a form of market manipulation and

can impact share price valuations and end of financial year performance figures. It is generally conducted by individuals who have an incentive to manipulate prices in or near reporting periods, such as those who periodically report to clients about investment performance.

## EXAMPLE 2: SUSPECTED MARKET MANIPULATION

The client of a participant traded in a security shortly before the end of the financial year, significantly increasing the share price late in the day. The participant was alerted to this activity after conducting a review of trading across the market on the final day of the financial year. The participant submitted a SAR to ASIC.

What particularly piqued our interest was the fact that the consideration involved represented only a small fraction of the value of the client's overall holding. We conducted enquiries into the matter, including creating a profile of the client's trading behaviour and issuing notices, but were still unable to establish a sound commercial motive for the trading.

We decided to seek an explanation from the client and to explain our concerns about possible market manipulation. The client has since been warned and we are monitoring their trading.

Participants and crossing system operators should take active steps to identify possible misconduct, through system controls and filters and reviews of anomalous trading by designated trading representatives and compliance staff.

If you see or suspect market misconduct you must report it as soon as practicable. Remember, timing is important. SARs must be submitted when you become aware of the conduct, not after you have investigated it.

Lodging a SAR is quick and easy. We recently created Form M57 Suspicious Activity Report on MECS for this purpose. This form guides you through the sorts of information to provide and can be submitted online. Participants who wish to can still submit SARs by emailing [markets@asic.gov.au](mailto:markets@asic.gov.au)

To further assist businesses and their staff to comply with this obligation, we have designed an educational poster. We encourage you to print and display it in high visibility locations around your business, such as on trading desks, above the office photocopier and in your lunch room.

ASIC will review suspicious activities that come to our attention in other ways, that we consider should have been submitted as a SAR. Where appropriate, we will consider remedial or disciplinary action in these instances.

Further information about SAR obligations is provided in ASIC Regulatory Guide 238 Suspicious activity reporting (RG 238). ■

## ADA1 and ADA2 with the Stockbrokers Association of Australia

If you are considering becoming ADA1 or ADA2 accredited, the Stockbrokers Association and the ASX are helping advisers expand their knowledge and understanding of derivative products by paying for their ADA1 and/or ADA2 accreditation fees\*. This offer is available for a limited time to advisers that meet eligibility requirements, or to 31 March 2016.

**For further information on this FREE offer visit our website, or call us on 02 8080 3200.**

\* Conditions apply, please see the enrolment form on our website for further details.





# YOU MUST NOTIFY ASIC IF YOU **SUSPECT MARKET MISCONDUCT**

## REPORTABLE MATTERS MAY INCLUDE:

- Unusual or unexpected trading activity
- Instructions to place an order immediately or urgently
- Transactions that make no economic sense
- Trading ahead of a price-sensitive announcement
- Orders inconsistent with previous behaviour or profile



**REPORT  
SUSPICIOUS  
TRADING  
ACTIVITY**

## MARKET INTEGRITY MATTERS

LODGING A SUSPICIOUS ACTIVITY REPORT IS  
QUICK AND EASY

GO TO [WWW.ASIC.GOV.AU/MECS](http://WWW.ASIC.GOV.AU/MECS)

OR EMAIL [MARKETS@ASIC.GOV.AU](mailto:MARKETS@ASIC.GOV.AU)



ASIC

Australian Securities & Investments Commission



# New changes to the Stockbrokers Association's accreditation programs...



**IF YOU ARE** currently enrolled in a Stockbrokers Association accreditation program you may have noticed some new and exciting changes to the Student Portal.

The Stockbrokers Association partner with DeakinPrime to administer our accreditation programs and the Student Portal is the hub of all information relating to accreditation programs.

The new Student Portal is delivered via state-of-the-art cloud based technology and is designed to streamline and improve learning experiences. It allows candidates to quickly access the information and functionality:

Benefits using the new cloud based system are:

- It's a simplified navigation system which is more visual and easy to use;
- It works on modern browsers, with greater stability for today's technology;
- It works on multiple devices, so you can take your learning with you on your tablet; and
- There is clear access to online help.

## Here's what it looks like:

1. Under 'Examination' in the student login, your supervisor will enter and verify their pin via the Supervisor Pin 'Launch' button.



2. Once the supervisor pin is successfully verified, the 'Launch' button for the online examination will now be activated. Please select 'Launch' to begin your exam.



3. Your examination will then be launched. In this window you will be able to:

- a. see the time you have left for the exam
- b. see the number of questions in the exam
- c. flag questions to return to later on
- d. answer the questions by selecting next



4. Once you complete the exam or submit the exam, you will be presented with the following summary screen. This will list how many questions have not been completed and any that have been flagged. At this stage you can either select 'Return to test' to complete the outstanding questions OR select 'Submit and exit the test now' to submit the exam.



5. On completion of the exam, you will be returned to the original learning page. You will also receive an email confirming the status of your exam.

If you have any questions or feedback about the Portal we'd love to hear from you.  
Please contact DeakinPrime at [saa@deakinprime.com](mailto:saa@deakinprime.com) or [education@stockbrokers.org.au](mailto:education@stockbrokers.org.au)

## The *Portfolio Construction Program* is something new from the Stockbrokers Association.

**R**UNNING OVER 10 weeks in a 1 x 3 hour class per week, it launched in October 2015.

Gillian Gilmore, Head of Education at SAA says that after much research and feedback “we felt there was a gap in the market for a thorough knowledge course in portfolio construction. We also recognised that traditional tools and approaches to portfolio construction to set investment strategies for clients aren’t up to the job any more”.

“We identified that as strategies evolve they demand new, innovative and flexible product solutions. Technology also continues to evolve to allow far more complex strategies to be developed and implemented.”

The Portfolio Construction Program is for anyone wishing to advance their portfolio construction knowledge and wisdom.

This includes experienced advisers and traders. 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.

Russell Price, Director of the Specialist Wealth Group is a pilot participant of the Professional Portfolio Construction Program “I would absolutely recommend the SAA’s Professional Portfolio Construction Program. I am in the 9th week (of the 10 week course) and I see what I’m learning being applied directly to what I’m doing in relation to management of portfolios. I think it is completely worthwhile. It is comprehensive as well as understandable.”

Developed in partnership with Western Sydney University, this program is especially suited to practitioners. Dr Laurel Jackson, Director of Postgraduate Education School of Business, Sydney Graduate School of Management says “the Portfolio Construction Program has been designed to encompass all of the information and tools in order for you to function in an evolving and increasingly sophisticated financial environment. There is a definite emphasis on the practical application of these techniques”.

All candidates who attend receive the Professional Certificate in Portfolio Construction upon successful completion of the 10 week program. And as the Portfolio Construction Program utilises content from the Western Sydney University’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.

Candidates will also receive thirty (30) Continuing Professional Development (CPD) points upon completion.

### Learning Outcomes

On successful completion 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.

### Learning Methodology

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

The 2016 ***Portfolio Construction Program*** starts on Wednesday 3 February 2016. It will run over a 10 week period at the offices of the Stockbrokers Association of Australia in Sydney. Each session runs from 9am to 12noon.

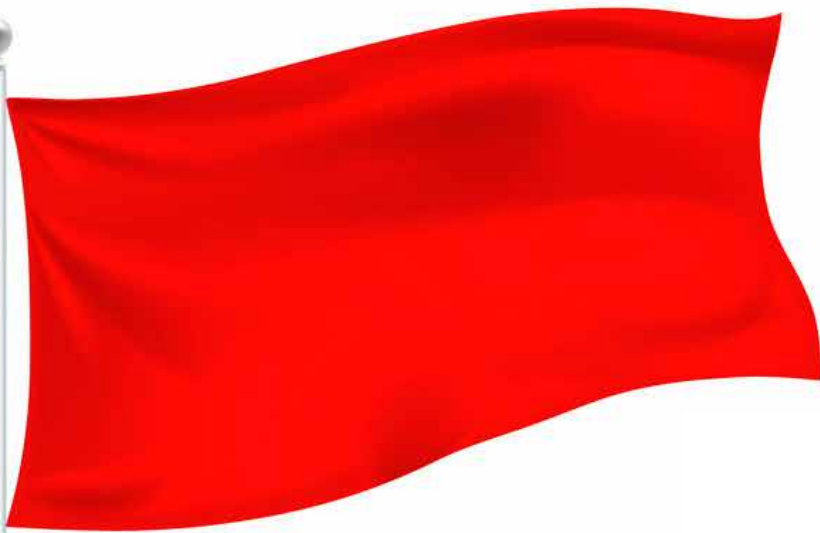
**Start Date: 3 February 2016**

**Finish Date: 6 April 2016**

**CONTACT** Gillian Gilmore  
ggilmore@stockbrokers.org.au  
for more information or to enrol.

# Red flags for the ATO

By Peter Grace



**A**T A RECENT presentation a senior ATO spokesman described how it analyses data from a wide variety of sources to identify SMSFs that may be running into problems.

Two SMSFs were used as examples – the Santa Super Fund with Mr and Mrs S Claus as members and the Red Nose Super fund with Rudolf R Deer as the sole member.

and all communications had been through him.

Whilst this is not an uncommon arrangement Mrs Claus (the other trustee) should be aware that all trustees are equally responsible for the operation of the fund. Any penalties that are imposed would apply to all the trustees. Ms Claus should have signed and retained a Trustee Declaration to confirm she knows

fund, the other member(s) would suffer.

The red flags for the Red Nose Super fund were quite different. From access to income tax returns the ATO recognised that the sole member had recently graduated from college and had a significant HECS debt. Mr Deer was on a low income and there was no evidence he had any investment experience. The transactions in the fund suggested that investments were being made to minimise tax liabilities rather than to accumulate money for retirement.

Of course much of this article is fiction but it does illustrate how the ATO uses metadata to identify SMSFs that may be heading for problems. The final piece of advice from the ATO is for trustees to 'own up' if they realise they have broken the rules. This is the best way to ensure that everyone has a Merry Christmas and a happy 2016. ■

The final piece of advice from the ATO is for trustees to 'own up' if they realise they have broken the rules. This is the best way to ensure that everyone has a Merry Christmas and a happy 2016.

The Santa Super fund had not lodged its 2013-14 audited annual return and the ATO spokesman explained this was the simplest way to attract the regulator's attention. Further investigation showed that Mr S Claus was the dominant member

and understands her obligations as a trustee.

The ATO experience is that many funds with a dominant member have no contingency or exit strategy. This could mean that if the member dies or is unable to continue running the

**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](mailto:wordsandtraining@bigpond.com)

## ACCREDITATION & TRAINING January, February & March 2016

### 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.

MELB: Tues 09 Feb | 9:30am – 1:30pm  
SYD: Tues 08 Mar | 9:00am – 1:00pm

#### RE EXAM PREPARATION COURSE – 10 CPD (COMPLIANCE)

This 2 x 3-hour intensive workshop (conducted over 2 days) covers the ASIC/ASX Markets & ASX Clear (Clearing & Settlement) RE exam syllabus in detail, ensuring that candidates are well prepared for the exam(s) and know what to expect on the day, with sample questions and a practice exam.

SYD: Mon 15 & Tues 16 Feb | 9:00am – 12:00pm  
MELB: Mon 21 & Tues 22 Mar | 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: Wed 10 Feb | 9:30am – 1:30pm  
SYD: Mon 07 Mar | 9:00am – 1:00pm

### Professional Development Workshops

#### MARKET MANIPULATION AND OTHER PROHIBITED CONDUCT – 4 CPD (COMPLIANCE)

This workshop covers an in-depth examination of what constitutes market manipulation and other prohibited market conduct. Involving a mix of presentation and scenario-based discussion, it is designed to suit market professionals, both front and back office, including: Sales staff/client representatives; Proprietary Traders; DTRs; Investment banking; Settlement staff; and Compliance & Legal.

SYD: Tues 23 Feb | 9:00am – 12:00pm  
MELB: Thurs 03 Mar | 1:30pm – 4:30pm

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

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

MELB: Thurs 04 Feb | 1:30pm – 4:30pm  
SYD: Thurs 10 Mar | 9:00am – 12:00pm

#### A DAY IN THE LIFE OF A TRADE – 2 CPD (COMPLIANCE)

This 2.5 hour short 'course in operations' focuses on the evolution of share and derivative trades from order placement through to execution to settlement (and later exercise/expiry where relevant) and reporting requirements. Designed for new or unfamiliar starters in the Industry or Markets, this workshop provides a comprehensive overview of the market and operational process. It provides an excellent foundation for retail desk assistants and would suit as a refresher for experienced staff as well as those staff in auxiliary and rotating roles: legal, IT, HR and other supporting roles associated with stockbroking. There is no assumed knowledge for participants of this workshop.

SYD: Thurs 18 Feb | 9:00am – 11:30am  
MELB: Wed 02 Mar | 2:00pm – 4:30pm



#### EXCHANGE TRADED FUNDS – COMBINING ACTIVE WITH PASSIVE – 1 CPD

This seminar is aimed at making a broker's life easier and informing brokers on: how ETFs work, how to explain them to clients, and to highlight the business and investment benefits of using ETFs in clients' portfolios. Key topics covered are: ETFs – the mechanics and how they work; benefits of ETFs and how you can use ETFs in your business; and how ETFs can complement other strategies in your portfolio construction process.

MELB: Tues 16 Feb | 12:30pm – 1:30pm  
SYD: Thurs 25 Feb | 12:30pm – 1:30pm



Professional  
Development  
Workshops**UNBUNDLING OF RESEARCH AND EXECUTION – 1 CPD**

This 1 hour 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.

SYD: Tues 01 Mar | 12:30pm – 1:30pm

## Introductory Series Workshops

**UNDERSTANDING DERIVATIVES: OPTIONS AND WARRANTS – 4 CPD**

Derivatives are an established and essential component of global financial markets. Focusing on options and warrants, this workshop discusses how and why derivatives are used for leverage and/or manage risk. Key concepts are explained through worked examples, under the guidance of an experienced practitioner. This half day workshop is also ideal preparation for **Accredited Derivatives Adviser Level 1 - ADA1 candidates**.

SYD: Tues 02 Feb | 9:00am – 1:30pm  
MELB: Tues 15 Mar | 9:00am – 1:30pm

**THE BUSINESS OF STOCKBROKING IN AUSTRALIA – 2.5 CPD**

This workshop provides an overview of Australia's financial markets and the critical role that stockbrokers play in both retail and institutional markets. A short history of broking in Australia sets the scene for explanation of the current market structure, operations and regulation.

SYD: Thurs 11 Feb | 9:00am – 12:00pm  
MELB: Wed 09 Mar | 9:30am – 12:30pm

**UNDERSTANDING OPTIONS: FEATURES, BENEFITS AND RISKS – 2 CPD**

This workshop focuses on equity options traded on the Australian Securities Exchange (ASX). Equity options offer investors an efficient means of managing the risks of adverse price movements in the share market. In addition, they give traders a vehicle by which to gain leveraged exposure to individual shares and selected indices. This workshop covers options pricing, basic strategies and the mechanics of trading options on the ASX.

MELB: Wed 17 Feb | 9:30am – 11:30am  
SYD: Tues 01 Mar | 9:00am – 11:00am

**UNDERSTANDING WARRANTS: TYPES, DIFFERENCES AND RISKS – 2 CPD**

This 2 hour workshop covers the main types of warrants traded on the ASX with a particular focus on equity trading warrants and instalments. Basic warrant pricing will be discussed, and the role of the warrant issuer will be explained. Ideal for those who wish to acquire fundamental knowledge about the Australian warrants market.

MELB: Tues 23 Feb | 9:00am – 11:00am  
SYD: Fri 18 Mar | 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

For further information visit [www.stockbrokers.org.au](http://www.stockbrokers.org.au)

# Accreditation Training Workshops Online CPD

INCREASE YOUR KNOWLEDGE AND SKILLS IN THE STOCKBROKING INDUSTRY TODAY!

# SAA 2015 Leaders Forums

**THE STOCKBROKERS** Association Leaders Forums proved to be highly popular again in 2015. Held over a lunchtime session, these Forums provided an opportunity for senior executives and leaders in stockbroking to come together and discuss the current issues facing our industry.

Many thanks to our facilitators Corey McHattan (Ashurst), Alan Bardwell (ASX) and Matthew Lumsden (Vanguard Investments). Thank you also to Vanguard Investments for your partnership in these Forums and Ashurst for your continued support. ■



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WOODLANDS GOLF CLUB, MELBOURNE – 31 MAY 2016**



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