



SFE Bulletin No: 53/03

From: SFE Corporation Limited ABN 74 000 299 392

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INTERPRETATION OF "CLIENT"

As a result of a self reported matter referred to the Market Practices Committee (MPC), a Participant submitted that General By-Law G.26(b) (Post Allocation) was not applicable in relation to the 'post allocation' of trades to another division of the Participant (separate to the futures division). The Participant submitted that its internal division was technically not a 'client'.

The MPC is of the view generally that all persons or entities on whose behalf a Participant deals ie. House or Client, domestic or offshore, must be treated in the same way and at all times in accordance with SFE Business Rules. The MPC determined in relation to the issue outlined above, that in future for the purposes of General By-Law G.26(b) (Post Allocation) 'Client' will be interpreted to include a related body corporate as defined in the Corporations Act (Cth) 2001, or a separate division of the Participant.

Rule references for the information of Participants in respect of this matter are as follows:

General By-Law G.26(b) states that the offering and/or allocation to a Client of any contract or contracts (including straddle or arbitrage business) already obtained in any Market other than pursuant to instructions previously obtained from that Client is prohibited.

General By-Law G.1.1 states that a 'Client' is, in relation to a Participant, any person, firm or corporation on behalf of whom the Participant trades, or on whose behalf the Participant proposes to trade or from whom the Participant accepts instructions to trade, in Futures Contracts or Option Contracts.

Should you have any queries in relation to this matter, please contact the undersigned on 9256-0699 or at bhill@sfe.com.au.

A handwritten signature in black ink, appearing to be 'B Hill', written over a series of horizontal lines.

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