

ALL DEALERS

New Zealand Futures & Options
Exchange Limited
Level 12 – Telstra Business Centre
191 Queen Street, Auckland 1036
Telephone +64-9-309 8308
Fax +64-9-309 8817
Email: info@nzfoe.co.nz
Web site: http://www.nzfoe.co.nz

A REVIEW OF INVESTIGATIONS BY THE BUSINESS CONDUCT COMMITTEE

Dealers are advised, pursuant to Rule 49.11(b), of the review of investigations by the Business Conduct Committee (the Committee).

DEALER 1

It was identified that a Dealer had failed to comply with:

Rule 19.1(b)

[A Dealer shall comply with all laws and regulations for the time being in force relating to dealing in Contracts.]

Regulation 4(1)

[No Dealer shall pay any client money into a client bank account unless the dealer has obtained a written statement in form 1 signed by the person with whom the account is to be maintained.]

The Dealer did not execute form 1 with respect to its client bank account.

The Committee noted that the Dealer was not acting in accordance with Rule 19.1(b) by virtue of Regulation 4(1) and resolved pursuant to Rule 49.5(b) to issue a private warning.

Regulation 9(2)(b)

[Every client funds account shall include in its title description “client funds account”.]

The Dealer incorrectly titled its client funds account held with SFECH.

The Committee noted that the Dealer was not acting in accordance with Rule 19.1(b) by virtue of Regulation 9(2)(b) and resolved pursuant to Rule 49.5(b) to issue a private warning.

Regulation 10(1)

[No dealer shall pay any client money to any clearing house for a futures exchange or to another dealer or futures broker for crediting to a client funds account unless the dealer has obtained a written statement in form 3 signed by the person with whom the account is to be maintained.]

The Dealer did not execute form 3 with respect to its client funds account.

The Committee noted that the Dealer was not acting in accordance with Rule 19.1(b) by virtue of Regulation 10(1) and resolved pursuant to Rule 49.5(b) to issue a private warning.

DEALER 2

It was identified that a Dealer had failed to comply with:

Rule 19.1(b)

[A Dealer shall comply with all laws and regulations for the time being in force relating to dealing in Contracts.]

Regulation 9(2)(b)

[Every client funds account shall include in its title description “client funds account”.]

The Dealer incorrectly titled its client funds account held with SFECH.

The Committee noted that the Dealer was not acting in accordance with Rule 19.1(b) by virtue of Regulation 9(2)(b).

Regulation 10(1)

[No dealer shall pay any client money to any clearing house for a futures exchange or to another dealer or futures broker for crediting to a client funds account unless the dealer has obtained a written statement in form 3 signed by the person with whom the account is to be maintained.]

The Dealer did not execute form 3 with respect to its client funds account.

The Committee noted that the Dealer was not acting in accordance with Rule 19.1(b) by virtue of Regulation 10(1) and resolved pursuant to Rule 49.5(b) to issue a private warning.

Rule 35.1

[An Exchange Broker shall maintain for a period of not less than two years internal records showing such particulars in respect of instructions received from clients and of trades executed on its own account or for clients as are prescribed by the Business Conduct Committee from time to time.]

Prescription 35.1

[Trading Permit Holders must keep the SYCOM® Workstation printer on-line during trading to ensure that the printer prints the “Live Trading Log” and, print daily the “Trade Detail Report” for each SYCOM® Workstation and these printed records must be retained for a period of not less than two years.]

The Dealer did not retain the appropriate trading records for the prescribed period.

The Committee noted that the Dealer was not acting in accordance with Rule 35.1 by virtue of Prescription 35.1 and resolved pursuant to Rule 49.5(b) to issue a private warning.

DEALER 3

It was identified that a Dealer had failed to comply with:

Rule 20.2

[A Dealer shall provide the Business Conduct Committee, at the cost of the Dealer, with a copy of its signed audited financial accounts, within three months after the Dealer’s annual balance date.]

The annual financial accounts were not lodged by the due date of 30 September 2000. The return was lodged on 3 October 2000.

The Committee noted that the Dealer was not acting in accordance with Rule 20.2.

DEALER 4

It was identified that a Dealer had failed to comply with:

Rule 20.2

[A Dealer shall provide the Business Conduct Committee, at the cost of the Dealer, with a copy of its signed audited financial accounts, within three months after the Dealer’s annual balance date.]

The annual financial accounts were not lodged by the due date of 30 September 2000. The return was lodged on 4 October 2000.

The Committee noted that the Dealer was not acting in accordance with Rule 20.2.

DEALER 5

It was identified that a Dealer had failed to comply with:

Rule 19.1(b)

[A Dealer shall comply with all laws and regulations for the time being in force relating to dealing in Contracts]

Regulation 9(2)(b)

[Every client funds account shall include in its title description “client funds account”.]

The Dealer incorrectly titled its client funds accounts held with other brokers.

The Committee noted that the Dealer was not acting in accordance with Rule 19.1(b) by virtue of Regulation 9(2)(b) and resolved pursuant to Rule 49.5(b) to issue a private warning.

Regulation 10(1)

[No dealer shall pay any client money to any clearing house for a futures exchange or to another dealer or futures broker for crediting to a client funds account unless the dealer has obtained a written statement in form 3 signed by the person with whom the account is to be maintained.]

The Dealer did not execute form 3 with respect to its client funds accounts.

The Committee noted that the Dealer was not acting in accordance with Rule 19.1(b) by virtue of Regulation 10(1) and resolved pursuant to Rule 49.5(b) to issue a private warning.

DEAN CROWLE
COMPLIANCE OFFICER

13 FEBRUARY 2001