

CIRCULAR



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To: Associate Members
Full Members
Local Members
Market Representatives

No: 310/99

Disciplinary Action Imposed by the Business Conduct Committee

Members are advised that in accordance with Article 38.9.1(d) the Business Conduct Committee (the BCC), acting under the said Article, resolved that Members had failed to comply with the following:

MEMBER 1 - Introducing Broker Associate Member

A routine compliance inspection identified that the Member had failed to comply with:

- General By-Laws G.2, G.4, G.26, G.27 and G.28.
(Failure to ensure that payment of initial and variation margins or lodgement of cover is effected within the earliest reasonable time)

Compliance staff undertook an inspection of the records and procedures relating to the Introducing Broker Associate Member. From a review of the Member's records, five (5) instances were noted where initial and variation margins were not received within the earliest reasonable time.

In accordance with Article 38.9.1(d), the BCC imposed a Reprimand upon the Member for the identified breaches.

MEMBER 2 - Floor Member

It was identified that the Member had failed to comply with:

- General By-Laws G.2(a)(vi), G.2(b)(iv), G.2(c), G.4(a), G.26, G.27 and G.28.
(Failure to ensure that payment of initial and variation margins or lodgement of cover is effected within the earliest reasonable time)

Compliance staff undertook an inspection of the records and procedures relating to an Introducing Broker Associate Member. As clients are clients of both the Principal Broker and the Introducing Broker Associate Member, both Members have obligations to comply with the Exchange's Rules in relation to margins. Five (5) instances were noted where initial and variation margins were not received within the earliest reasonable time.

In accordance with Article 38.9.1(d), the BCC imposed a Reprimand upon the Member for the identified

breaches.

Deborah Horne
GM; Compliance & Surveillance

09/11/99

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