

**CIRCULAR TO:**                    **ALL FLOOR MEMBERS**  
**ALL LOCAL MEMBERS**

**No. 318/99**

**ORDER RECORDING IN A SCREEN TRADED MARKET**

For Members' information, the Exchange's Rules in relation to order recording have not changed with the move to screen trading. Attached as Annexure A are the Rules and the relevant section from the Corporations Law in relation to order recording.

However, there appears to be some confusion among Members as to how to satisfy the above requirements with SYCOM® IV. Following are details of the different methods Members may utilise to satisfy the above Rules.

**Floor Members**

The methods available are as follows:

**1. Maintain the printer log for every Member Firm Workstation (MFWS) utilised by the Member**

The Exchange recognises that maintaining the printer log for every MFWS will not suit every Member depending on the number of MFWS's the Member has and the volume of trading being conducted. Therefore, the following alternatives are available.

**2. Maintain manual order records**

The Exchange understands that a large number of Members are still maintaining manual order records such as deal tickets. If the Member ensures that the manual order records record the time of receipt of an order (either manually or time stamped) and that they satisfy the requirements set out in Annexure A, the Member is not required to print and retain the printer log for every MFWS.

**3. Print and maintain the Trading Activity Review Reports at the end of each session and maintain manual order records for each order that is amended**

The Trading Activity Review Report, if executed by a Risk Manager or Administration Manager, records all trades and orders for the firm. Please note that if a MFWS Trader or MFWS Operator print this report, it will only record the trades and orders for that individual. The user must select "Trades & Orders" in order to capture all details.

Members should note that it is possible to electronically save the above report on disk. If Members choose to do this, they will not be required to print the report for each session.

**It is very important that Members understand that this option will also require additional manual recording by Members. This is due to the fact that this Report will only record modifications to original orders and not the original order details. Therefore, if Members choose to utilise this option, they will be required to manually record the original order if they subsequently modify or amend an order.**

In addition, Members should be aware that the Exchange is reviewing a technical solution to electronically save printer logs on computer disk. This software is available for sale by the developer, Dr Barry Flower, Joint Managing Director of Crux Financial Engineering Pty Limited on Ph. No. 9004 0620. Alternatively, Members may wish to develop their own facility for Exchange approval.

### **Local Members**

Local Members trading solely on their own account will satisfy the order recording requirements by printing the Trade Detail Report at the end of each session. This report must be maintained for five (5) years. This report can also be saved electronically on disk.

Should you have any queries in relation to this matter, please do not hesitate to contact me on 9256 0580.

**MICHELLE WAGNER**  
**MANAGER - COMPLIANCE**

**19 NOVEMBER 1999**

**Annexure A****Floor Members**Article 3.6(j)(i)

To maintain internal records of instructions received from Clients and trades executed for Clients showing:

- (A) the time and date of receipt of instructions;
- (B) the nature of the instructions received;
- (C) the time and date of transmission of instructions;
- (D) the time and date of execution of instructions; and
- (E)\* the time and date of return of instructions, or in the case of a flashed transaction, when confirmed or cancelled,

for a period of not less than seven (7) years from the date of a trade.

- (ii) To maintain separate internal records of its own orders and trading, showing:

- (A) the time and date of receipt of instructions;
- (B) the nature of the instructions received;
- (C) the time and date of transmission of those instructions;
- (D) the time and date of execution of those instructions; and
- (E)\* the time and date of return of instructions or in the case of a flashed transaction when confirmed or cancelled,\*

for a period of not less than seven (7) years from the date of a trade.<sup>1</sup>

\* Please note that this section of the Article is no longer relevant as it referred to the time the trade was confirmed from the pit to the booth. This amendment to the Rules is currently being made.

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<sup>1</sup> Extracted from SFE Business Rules, SFE02200.

**Section 1266(7) (Records to be kept) of the Corporations Law**

A futures broker shall maintain, in accordance with the regulations, records that set out the prescribed particulars of:

- (a) instructions by a client to deal in futures contracts;
- (b) the date of time of receipt, transmission and execution of those instructions;
- (c) the person by whom those instructions are received, the person by whom they are transmitted and the person by whom they are executed;
- (d) the date and time of receipt, transmission and execution of instructions to deal in futures contracts on the broker's own account; and
- (e) the person by whom instructions of the kind referred to in paragraph (d) are received, the person by whom they are transmitted and the person by whom they are executed;

and shall retain those records for the prescribed period.

**Local Members**

Article 4A.7A(g) Maintain internal records showing the date and nature of instructions received from Floor Members and to maintain separate internal records showing the date and nature of its own trading and the source of funds used for that trading. Such records are to be maintained for a period of not less than five (5) years from the date of a trade.<sup>2</sup>

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<sup>2</sup> Extracted from SFE Business Rules, SFE02400.