

**CIRCULAR TO:**                    **FULL MEMBERS**  
   **ASSOCIATE MEMBERS**  
   **LOCAL MEMBERS**

**No. 164/00**

**DISCIPLINARY ACTION IMPOSED**  
**BY THE BUSINESS CONDUCT COMMITTEE**

Members are advised, pursuant to Article 38.13, of the Disciplinary Action taken by the Business Conduct Committee (the Committee).

**MEMBER 1**

In accordance with Article 38.9.1(b) the Business Conduct Committee (the Committee), acting under the said Article, resolved that an Associate Member had failed to comply with the following:

- General By-Law G.8A(a)(i)  
[Failure to record telephone lines where order records are received or likely to be received]

The Compliance department received a complaint against the Member from a client regarding trading on the Client's account. As the relevant audio tapes were not available, the Member failed to comply with General By-Law G.8A.

In accordance with Article 38.9.1(b), the Committee imposed a fine of \$2,500 upon the Member in respect of the identified breach.

**MEMBER 2**

In accordance with Article 38.9.1(b) the Business Conduct Committee, acting under the said Article, resolved that an Associate Member had failed to comply with the following:

- General By-Law G.8A  
[Failure to record telephone lines where orders are received or likely to be received]

Compliance staff received a complaint from a client of the Member alleging that the Member had misallocated orders to his account. The Member was requested to provide copies of audiotapes containing conversations between the client and the Member during the relevant period. The Member was unable to provide copies of all the audiotapes requested.

As a consequence of the failure of the Member to comply with General By-Law G.8A, it was not possible for the Compliance Department to determine whether the Client's orders were executed in accordance with the instructions that he gave the Member.

In accordance with Article 38.9.1(d), the Committee imposed a fine of \$2,500 on the Member in respect of the identified breach.

### **MEMBER 3**

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

- Condition 2 of the Dual Trading exemption granted from General By-Law G.10(b) [Not allocating in accordance with its allocation procedure]; and
- Condition 3 of the Dual Trading exemption granted from General By-Law G.10(b). [Not maintaining Order Records]

A review was conducted of the Associate Member's trading in relation to the conditions imposed on the Member to allow a representative of the Member to operate a personal account. The review identified that the Member had failed to act in accordance with the conditions of the exemption granted in relation to allocation procedures and placing all orders as bulk orders. However, the review identified that no clients were disadvantaged.

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

### **MEMBER 4**

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

- Article 3.6(2)(a) [Failure of the Member to act in accordance with a Client's order instructions]; and
- Article 3.6(1)(aa) [Failure of the Member to deal in Futures or Options Contracts in a proper and efficient manner at all times]

The above breaches were identified after a client complained to the Exchange that the Member cancelled a confirmed order to sell a futures contract without her consent. This

order was placed to close a position opened earlier that day and consequently the client could not close out her position in a timely manner.

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

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

**25 AUGUST 2000**