

SFE Bulletin No: 98/01
From: SFE Corporation Limited ABN 74 000 299 392
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DISCIPLINARY ACTION IMPOSED BY THE BUSINESS CONDUCT COMMITTEE

Participants are advised, pursuant to General By-Law G.11.65, of disciplinary action taken by the Business Conduct Committee (BCC):

PARTICIPANT 1

It was identified that a Full Participant had failed to comply with the following:

- 1. BAB.11**
(Failure to provide details of tender within the specified time); and
- 2. BAB.15(c)**
(Failure to lodge bills within the specified time).

Following the expiry of the June 2001 90-Day Bank Accepted Bills futures contracts Compliance staff investigated the actions of the Participant. From the investigation it was apparent that the Participant had failed to provide details of the tender or lodge the required bills by 5.00 PM on the last day of trading.

In accordance with General By-Law G.34(d), the Committee imposed a \$1,000 fine upon the Participant for the identified breaches.

PARTICIPANT 2

It was identified that a Full Participant had failed to comply with the following:

- 1. General By-Law G.3.16(c)(ii)**
[Failure to lodge Monthly Return.]

As the Return was not received by the due date, Compliance staff contacted the Participant to request immediate lodgement of the Return. The Return was received on 2 August 2001 which was after the due date.

In accordance with General By-Law G.11.36(d), the Committee imposed a Reprimand upon the Participant as this was a repeat offence.

S F E B U L L E T I N C O N T I N U E D

PARTICIPANT 3

It was identified that an Associate Participant had failed to comply with the following:

- 1. General By-Law G.416(d)(ii)**
[Failure to lodge Monthly Return]

As the Return had not been lodged by the due date, Compliance staff contacted the Participant to request immediate lodgement of the Return. The Participant advised that the Return was waiting for sign off by its Director. The Return was received on 6 August 2001 which was after the due date.

In accordance with General By-Law G.11.36(d), the Committee imposed a Reprimand upon the Participant as this was a repeat offence.

PARTICIPANT 4

It was identified that an Associate Participant had failed to comply with the following:

- 1. General By-Law G.416(d)(ii)**
[Failure to lodge Monthly Return]

As the Return had not been lodged by the due date, Compliance staff contacted the Participant to request immediate lodgement of the Return. The Return was received on 1 August 2001 which was after the due date.

In accordance with General By-Law G.11.36(b), the Committee imposed a fine of \$250 upon the Participant as this was a repeat offence.

PARTICIPANT 5

It was identified that an Associate Participant had failed to comply with the following:

- 1. General By-Law G.416(d)(ii)**
[Failure to lodge Monthly Return]

As the Return had not been lodged by the due date, Compliance staff contacted the Participant to request immediate lodgement of the Return. The Participant advised that staff responsible for the Return were ill on the due date and the Return was waiting for sign off by its Director. The Return was received on 3 August 2001 which was after the due date. The Participant resigned its status with the SFE on 1 August 2001.

In accordance with General By-Law G.11.36(b), the Committee imposed a fine of \$1,500 upon the Participant as this was a repeat offence.

PARTICIPANT 6

It was identified that an Associate Participant had failed to comply with the following:

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1. General By-Laws G.416(b)(ii) and G.416(c)
[Failure to maintain minimum level of Net Tangible Assets]

The Participant's June Quarterly Return which was lodged on 31 July 2001 disclosed Net Tangible Assets (NTA) of \$50,078. When analysing the Participant's Return, Compliance staff noted that the Participant had classified its shares in unlisted companies as non-current investments contrary to SFE requirements of classifying the shares as an intangible asset. Upon reclassifying the shares in unlisted companies as an intangible asset, the Participant's NTA had decreased to \$49,248. The deficiency in NTA was rectified by the issue of additional share capital of \$24,999.

In accordance with General By-Law G.11.36(d), the Committee resolved to impose a Reprimand upon the Participant.

Should you have any queries please contact Michelle Wagner on 9256-0580 or mwagner@sfe.com.au



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