



**SFE Bulletin No:** 121/02

**From:** SFE Corporation Limited ABN 74 000 299 392

**Date of Issue:** 21 Nov 2002

**Effective Date:** Immediately

## **OBLIGATIONS OF PARTICIPANTS IN RESPECT OF CLIENTS ACCESSING SYCOM® VIA THIRD PARTY ORDER SYSTEMS**

Compliance and Surveillance staff are receiving an increasing number of enquiries involving the actions of Participants' clients who are accessing SYCOM® via a Third Party Order System. Accordingly, this Bulletin is to reiterate to Participants their obligations in respect of Clients to whom they offer access via Third Party Order Systems.

As Participants are aware, the Compliance and Surveillance Department is authorised to request that information and records be supplied by Participants in relation to the fulfilment of that department's functions. This requirement also includes supplying information where it is determined that the actions being investigated are those of a Client who has accessed SYCOM® via a Third Party Order System, and that Client is not a Participant of the Exchange. In this regard, the Participant is under an obligation to make the request for information on the Exchange's behalf.

Participants are advised that the types of information likely to be requested are order records and telephone tapes, as well as other means of communication, for example, emails and Bloomberg messages.

The Business Rules relating to this matter are set out below:

- Trading Rule TR.27.2(a) (Responsibility of Participants - Order Entry via the SYCOM® Interface) states:

*"Any Full Participant, who has permitted any of its Clients to have a connection as described in TR27.1, shall be responsible for any orders entered through the SYCOM® Interface by that Client and shall take all reasonable steps to ensure that each order so placed, and any Order System complies with the Business Rules and the Law."*

Furthermore, the Board may prescribe guidelines as to how this obligation shall be complied with. In this regard, market guidelines are currently being developed and will be issued to Participants in the first quarter of 2003.

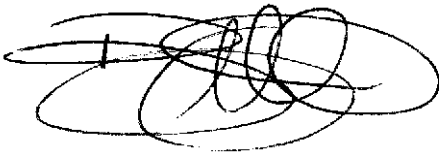
- Schedule L (Client Automated Order Entry Agreement) point 9 states that the Client will comply with all directions issued by the Exchange to the Participant and/or the Client relating to the Client access to any order entry facility giving access to Exchange Systems including a direction to terminate such access; and

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

- First Schedule Part B (Client Agreements) Prescribed Clause 1.1(b) states that the Client will take all reasonable steps to obtain and communicate to the Participant all information, and deliver or cause to be delivered to the Participant all documents with respect to Dealings In Futures or Option Contracts on the Exchange, a Futures Exchange, Recognised Futures Exchange or Exempt Futures Market which are requested by a person having a right to request such information or documents.

Consistent with the fact that, under SFE's Rules, Full Participants remain responsible for all trading activity transacted through their SYCOM® Workstations and Interfaces (i.e. all SYCOM trades to which they are a party), Participants should note, in the event that an investigation uncovers Rule breaches by a Client accessing SYCOM® via a Third Party Order System, the Participant who has provided access will be deemed to have breached the relevant Rules and accordingly, the matter may be referred to a disciplinary committee for its consideration.

Should you have any queries in regard to this Bulletin please contact Michelle Wagner, Manager, Compliance and Surveillance on 9256 0580 or [mwagner@sfe.com.au](mailto:mwagner@sfe.com.au) or the undersigned on 9256 0699 or [bhill@sfe.com.au](mailto:bhill@sfe.com.au).

A handwritten signature in black ink, appearing to be 'Bronwyn Hill', written over a horizontal line.

**BRONWYN HILL**  
**MANAGER, COMPLIANCE & SURVEILLANCE**