



SFE NOTICE NO. 110/07

Date of Issue: 31/08/07
Effective Date: 31/08/07

Amendment to Self Reporting Requirements for Clients' Segregated Account (CSA) Breaches

The Exchange recently conducted a review of Clients' Segregated Account (CSA) breaches self reported in accordance with Operating Rule 2.2.10(b). This review was initiated at the request of the Business Conduct Committee (the Committee) after it identified an apparent increase in the number of minor CSA matters being brought before it in relation to bank charges inadvertently debited to the Participant's CSA instead of its House Bank Account.

Presently, Full Participants are required to self report all bank charges debited from the Participant's CSA not considered to be a "proper charge" under Operating Rule 2.2.26(d)(iii). Bank charges are only considered a "proper charge" if the Participant's clients have agreed to this beforehand in writing, for example by inclusion in its Client Agreement Form.

In light of this, the Exchange has undertaken to grant Full Participants a partial exemption from Operating Rule 2.2.26(d) with regard to the requirement to self report certain CSA breaches, these being bank charges for a total monetary amount up to and including AU\$200 or an equivalent foreign currency denominated amount. Participants should note that the partial exemption only applies for a maximum of five (5) CSA breaches in any thirty (30) day period. Any subsequent breaches deemed to fall outside the scope of the partial exemption are subject to the self-reporting requirements under Operating Rule 2.2.10(b).

Information to be maintained in the CSA register includes:

- CSA account name, number and details of the bank the Participant's CSA is held with;
- Monetary amount of the bank charge incurred on the Participants CSA;
- Date of the bank charge incurred;
- Details of action taken to ensure Client monies are fully reimbursed to the CSA by the Participant with the correct value date; and
- Details of any preventative action taken to ensure that future incidences do not occur.

The Exchange requires the above information to be appropriately maintained and made available at the time of an inspection or for review by Exchange staff upon request.

Participants are required to continue to investigate CSA breaches upon becoming aware of their occurrence and, pending the outcome of these enquiries, to self report any activity found to fall outside the exemption criteria. Where a Participant is unsure regarding the need to self report a potential CSA breach or any other potential breach of the Operating Rules, it should contact the Exchange's Futures Supervision & Prudential Risk Department for guidance.

For the purposes of Operating Rule 2.2.10(b), Participants are reminded that they may lodge a self report by the following means:

- via an e-mail to futures.compliance@asx.com.au; or
- in writing to the Exchange's Futures Supervision & Prudential Risk Department.



Should you have any queries in relation to this matter, please do not hesitate to contact Robert Coaldrake on 9227 0223 or robert.roaldrake@asx.com.au.

A handwritten signature in black ink, appearing to read 'R Coaldrake', written in a cursive style.

Robert Coaldrake
General Manager – Futures and Prudential Risk

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