



## Dear Member

The SDIA has made a number of updates to the format of our bi monthly Members newsletter. In addition to our current features such as policy news, submissions and educational initiatives, the newsletter will now also include updates from SDIA Committees and introduce our new Practitioner (Individual) Members. This is just one way to keep our members as informed as possible regarding current SDIA initiatives.

Our aim is to represent you, practitioners within the securities and derivatives industry, and your feedback is always appreciated. If there are areas that you would like to see included in our newsletter, please don't hesitate to contact Vanessa Marando, [vmarando@sdia.org.au](mailto:vmarando@sdia.org.au) or phone (02) 9776 7934.

### New IT Working Group

The inaugural meeting of the SDIA IT Working Group was held on February 23rd, 2005. The group, who will be chaired by Joe Demian (Goldman Sachs JB Were Pty Ltd) aims to represent the industry on a range of prominent technology related issues and interface with regulators regarding these issues.

### Parliamentary Secretary to the Treasurer meets with some SDIA Principal Member Firms

At the invitation of the SDIA, the Hon. Chris Pearce MP, Parliamentary Secretary to the Treasurer, met with Citigroup Global Markets and SHAW Stockbroking in order to get a better understanding of the day to day operations of the industry. Further visits to other Principal Member firms are currently being organised.

### 2005 SDIA Conference

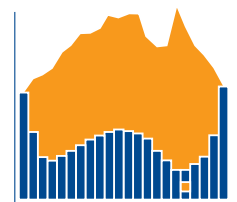
Just a reminder that the SDIA conference is rapidly approaching. The conference will be held in Sydney 2 – 5 June 2005 at the Sheraton on the Park. Delegates will earn 13 Structured CPD Hours, including 6 of Compliance and have the chance to catch up with colleagues from across the industry.

Excellent discounts apply for SDIA members and for groups of more than 5 people. Registrations received on or before **Friday 8 April 2005** will also qualify for the early bird discount. SDIA recommends the appointment of a conference coordinator within member firms to look after group registrations.

David W Horsfield, MSDIA  
Managing Director/CEO

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**SECURITIES &  
DERIVATIVES**  
INDUSTRY  
ASSOCIATION

# SDIA Board Visit to Canberra

16 & 17 March 2005

The SDIA Board held its latest meeting in Canberra last week, and took the opportunity to meet senior MP's from Government (The Hon Chris Pearce MP, Parliamentary Secretary to the Treasurer) and the Opposition (Mr Joel Fitzgibbon MP, Shadow Assistant Treasurer) and Treasury (Mr Jim Murphy, Executive Director, Corporations and Financial Services Division) to discuss issues of concern to the industry.

Key areas of discussion included:

- **FSR:** The problems faced by broking firms in complying with FSR were outlined. The Government foreshadowed its FSR 'Refinements' project, which – following several years' lobbying by SDIA on the compliance costs and uncertain consumer benefits of FSR – seems likely to address some key concerns, including the wholesale/retail client definition, disclosure and secondary services requirements.
- **Regulatory Structure:** The proper structure of regulation of our industry, including the duplication of regulation by ASX and ASIC was discussed. The dual model of regulation by ASX and ASIC is in need of re-examination to remove overlaps and duplication. The Board stressed that ASX should regulate the market and ASIC should regulate all the other areas including client relations and disclosure.
- **Reporting Periods:** The impact of the shorter reporting periods, particularly on the quality of broker research was discussed.
- **Placements:** Placements are attractive because of efficiency and lower costs compared to prospectus issues. The lack of opportunity for retail investors to participate in placements can lead to inequality of opportunity. Maximum levels of offers to shareholders without a prospectus (\$5,000) is seen as inadequate.
- **Sophisticated Investors:** SDIA strongly put the case that the 6 month accountant's certificate should be replaced by a 2 year certificate
- **Money Laundering:** The recent paper by the Justice Minister was discussed. The new measures in relation to continuing due diligence of client activities will be another costly burden on the industry still coming to grips with FSR.
- **New Zealand:** closer economic relations in markets regulation and tax matters.
- **Bad Apples:** the lack of a facility to protect firms and consumers from inappropriate hirings continues to be

an issue for the industry. A proper reporting mechanism along the lines of overseas examples is needed.

- **Free Trade Agreement:** Treasury has taken on board our suggestions for further talks with the US on mutual recognition of qualifications and registration, and market access.
- **FICS:** problems with the current structure were outlined, including the lack of a proper appeal mechanism.

A number of points are being followed up with the relevant parties to continue the dialogue with the key decision makers in our industry.

## Policy News

- **ASX Developments**
  - a. **New Market Rule Exposure Draft released:** ASX has released a batch of proposed rule amendments covering technical and procedural amendments, but with some more substantive amendments including:
    - i. ACOP Authorised person requirements – removal of accreditation requirements
    - ii. 'Procedures' definition – removal of reference to Guidance Notes, etc
    - iii. ASX ability to intervene in legal proceedings – removal of right in rules
    - iv. Reconciliation of Trust accounts – SDIA has already commented (4 Feb) on these changes
    - v. Adjustments to DTP contracts – expanding power
    - vi. Manipulative trading – changing treatment of transactions involving no change in beneficial ownership
    - vii. Cancellation of Crossings - clarification
    - viii. Dealing in Financial Products not yet granted official quotation – introducing a new exception for new issues where stock is already quoted and market informed
    - ix. Aggregation of Special Crossings of DTP products - clarification
    - x. Suspension of Participant in Wholesale Loan Securities – clarification.Comments are due 5 April. We will hold information meetings to discuss and obtain members' views regarding these developments.
  - b. **CHESSE Enhancements:** ASX conducted a nationwide information meeting for members on 25 February 2005, outlining the Clearing & Settlement Enhancement program. Consultation is continuing on the program, which includes enhancements to Corporate Actions, with planned changes due to 'go live' May 2006.

- **ASIC Managed Discretionary Accounts policy:** The new ASIC policy and licensing obligations commenced 11 December 2004. A meeting to discuss ASIC's interim 'no-action' position on the subject of staff family accounts was held on 13 January 2005, and work is proceeding to provide further information in support of a continuation of the Commission's no-action position.
- **US-Australia Free Trade Agreement:** SDIA is represented on an advisory committee to the Treasurer regarding benefits to be achieved for financial services from the FTA. The group met in December 2004, and over the next 6 months will be exploring ways of achieving benefits by the removal of regulatory barriers for Australian financial services and market participants doing business in the US. An information meeting for members was held in January 2005 and on 4 March 2005 we followed-up with a written submission with suggestions including joint recognition of industry qualifications.
- **FMRA Guide:** The Guide to members on Further Market-Related Advice has been sent to ASIC for comment prior to its release.
- **ACC/Austrac Terrorist Vulnerability Survey:** Austrac and the Australian Crime Commission have contacted SDIA to assist with their scoping survey of the financial markets regarding areas of vulnerability to terrorist or organized crime. After further meetings with ACC and Austrac, a brief survey will be circulated to members. Please contribute to this important survey, which will be used to compile a high level briefing paper for Federal & State securities and law enforcement bodies.
- **IT Working Group (23/2 – Chair: Joe Demian, Goldman Sachs JBWere Pty Ltd):** the inaugural meeting of this working group was held in February. The main issue discussed was the introduction by ASX of the CLICK XT trading system.
- **Compliance Sub-Committee (24/2 – Chair: Lisa Gay, Goldman Sachs JBWere Pty Ltd):** ACC/Austrac survey; conflicts management.

SDIA Submissions are available to members on our website: [www.sdia.org.au](http://www.sdia.org.au)

## Committee News

- **Institutional Broking Committee (28/2 - Chair: Malcolm Sinclair Citigroup Global Markets Australia Pty Limited.):** Tony D'Aloisio, ASX CEO discussed current matters of interest, including Equities Market Reform and the move to CLICK.
- **Profession Committee (2/2 – Chair: Ronald Hay, E.L. & C. Baillieu Stockbroking Ltd):** Education and training update; 28 new individual members admitted.
- **Direct Broking Sub-Committee (7/2 – Chair: Craig Keary, HSBC Stockbroking (Australia) Pty Limited):** ASX issues, compliance, retail/wholesale definition
- **Margin Lending Advisory Panel (15/2 – Chair: Kay Hocking, Merrill Lynch (Australia) Pty Limited):** CHESS enhancements, etc were discussed.

## Education & Professional Development

### SDIA offers Diploma in Securities & Derivatives

The SDIA is continually reviewing and updating its Accreditation Program. As part of a recent review of the Program, it has been proposed that it be overhauled and updated. This update will include upgrading the Program to a Diploma level. This will involve a name change with the proposed program becoming the Diploma in Securities & Derivatives.

### Super Choice Seminars

Melbourne: Monday 18 April 2005, 4:30pm - 6:30pm  
 Sydney: Wednesday 20 April 2005, 4:30pm - 6:30pm  
 Brisbane: Wednesday 27 April 2005, 4:30pm - 6:30pm

'Super Choice' becomes available from 1 July 2005 and it is anticipated that many members of superannuation funds will exercise their new right to choose where and how to invest their superannuation. It is important for advisers to be across this, as some of their retail clients might enquire about setting up a self managed super fund and investing directly into the stock market.

The SDIA has organised a seminar for advisers covering the changes to the law surrounding superannuation, including the obligations that advisers and trustees will have, as well as the obligations of employers. Advisers should ensure that they are up to date with what they can and can't do with respect to giving advice, particularly in the area of SMSFs.

This is also an opportunity to find out how to incorporate ASX listed products into SMSFs, taking into account legal, licensing and taxation requirements.

For further information visit [www.sdia.org.au](http://www.sdia.org.au)

### Superannuation Program

Did you know that the SDIA also has an Accredited Superannuation Program. Advisers are going to be asked questions and they need to be accredited. The SDIA's Superannuation Program meets PS 146 and is available NOW. SDIA is offering a 10% discount on group registrations for groups of 10 or more people from the same organisation. Registrations must be submitted at the same time in order for group discounts to apply. For group registrations email [accreditation@sdia.org.au](mailto:accreditation@sdia.org.au)

## Professional Development Calendar

Have you visited the SDIA's Calendar of Events on the SDIA website? Go to [www.sdia.org.au](http://www.sdia.org.au) and follow the Professional Development link for a fully comprehensive listing (including Super Choice seminar) of what's on for March through to June 2005. Register on-line or use the Calendar as useful planning tool for your CPD.

## New Individual Members

SDIA welcomes the following new members, joining over 1000 members committed to grow the industry:

- Garry Brazell, Commonwealth Securities Limited, Associate Stockbroking
- Lachlan Clampett, Goldman Sachs JBWere Pty Ltd, Member Stockbroking
- Gabrielle Connell, Commonwealth Securities Limited, Associate Stockbroking
- Arya Darmaputra, Commonwealth Securities Limited, Associate Stockbroking
- Dilek Dursun, Commonwealth Securities Limited, Member Stockbroking
- Tania Elisha, Commonwealth Securities Limited, Associate Stockbroking
- Robert Ey, Goldman Sachs JBWere Pty Ltd, Associate Stockbroking
- Mathew Freeman, Commonwealth Securities Limited, Associate Stockbroking
- Brett Grant, HSBC Stockbroking (Australia) Pty Ltd, Master Stockbroking
- Laurie Hallion, Baker Young Stockbrokers Limited, Member Stockbroking
- Gwendoline Henniker, Independent, Affiliated
- Anthony Jones, Goldman Sachs JBWere Pty Ltd, Associate Stockbroking
- Cem Karadayi, Commonwealth Securities Limited, Associate Stockbroking
- Anthony Konstantinidis, Commonwealth Securities Limited, Associate Stockbroking
- Ty Laird, Goldman Sachs JBWere Pty Ltd, Associate Stockbroking
- William Lam, Commonwealth Securities Limited, Associate Stockbroking
- Peter Leodaritsis, Aegis Equities Research, Master Stockbroking
- Angela Marsden, Commonwealth Securities Limited, Associate Stockbroking
- Lilly Mutardzic, Hartleys Limited, Associate Stockbroking
- Catherine Peden, Commonwealth Securities Limited, Associate Stockbroking
- Justine Quinlan, Commonwealth Securities Limited, Associate Stockbroking
- David Rickards, Macquarie Securities (Australia), Master Stockbroking
- Martin Said, Commonwealth Securities Limited, Associate Stockbroking
- Diana Sayes, Commonwealth Securities Limited, Associate Stockbroking
- Jonathan Shack, Goldman Sachs JBWere Pty Ltd, Master Stockbroking
- Paul Shinkfield, Baker Young Stockbrokers Limited, Master Stockbroking
- Nicholas Small, Commonwealth Securities Limited, Associate Stockbroking
- Svetlana Vasilevska, Commonwealth Securities Limited, Associate Stockbroking



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# 2005 SDIA Conference

2 – 5 June 2005 ■ Sheraton on the Park ■ Sydney



## Registrations are now open!

2005 SDIA Conference is being held in Sydney in June at the Sheraton on the Park.

The Conference commences with Welcome Drinks at the conference venue on the evening of Thursday 2 June, with speaker presentations on Friday 3 and Saturday 4 June. Member's breakfasts are again being organised for the morning of Saturday 4 June.

The 2nd Annual SDIA Cup Charity Golf Day follows on Sunday 5 June at the Camden Lakeside Golf & Country club.

The Conference Working Group has put together an excellent program, with some very interesting speakers including:

- Company directors **Charles Macek** and **Colin Carter OAM**
- **The Hon. Chris Pearce MP**, Parliamentary Secretary to the Treasurer
- **Joel Fitzgibbon MP**, Shadow Assistant Treasurer and Shadow Minister for Revenue, Financial Services and Banking
- **Tony D'Aloisio**, Managing Director & CEO, ASX
- **Jeffrey Lucy AM**, Chairman, Australian Securities & Investments Commission
- **Rick Ball**, Managing Director & Head of Investment Banking Australia, Morgan Stanley
- **Nicholas Moore**, Executive Director & Head of the Investment Banking Group, Macquarie Bank
- **Tim Moe**, Chief Asia-Pacific Regional Equity Strategist, Goldman Sachs
- **John Pearce**, Chief Executive Officer, Colonial First State

Registrations for the 2005 SDIA Conference have commenced. At least half of the registrations are expected to come in by Friday 8 April, when the early bird discount expires. Discounts are offered to members and to groups of more than 5 people.

Group registrations were especially popular in 2004 and it is hoped that more firms will take advantage of this offer this year. Member firms are encouraged to appoint a conference coordinator for this purpose.

Discounted airfares and accommodation can be booked online via dedicated websites that have been set up for the event by Qantas and Starwood. Please refer to the SDIA website to access these links.

For further information visit the SDIA website or contact Edwina evine@sdia.org.au

## SDIA Cup Charity Golf Day

The 2nd Annual SDIA Cup Charity Golf Day is on Sunday 5 June 2005 at Camden Lakeside Golf & Country Club.

Our thanks to Citigroup for sponsoring this event for the second year.

This Charity Golf Day supports the Heartwell Fitness Scholarship Program, a sports rehabilitation program for non-compensable children with serious illnesses, injuries and disabilities. The SDIA sponsors two children with the proceeds of last year's event.



Entry is \$150 (ex-GST) per person and all firms are invited to enter a team (4 players) in this 4-ball Ambrose tournament. The SDIA Cup will be awarded to the winning team. The current title holder is Austock Limited.

Prizes will also be awarded to individuals for novelty events.

For further information visit [www.sdia.org.au](http://www.sdia.org.au) or contact Edwina evine@sdia.org.au

## SDIA Cup Charity Golf Day

5 June 2005

Camden Lakeside Golf  
& Country Club

Sponsored by:

**citigroup**



