

References Version 1, Operative 12/7/2001

BSX Business Rules, Chapter 5

Introduction

This guidance note has been provided to assist BSX brokers understand and meet their responsibilities under the BSX Business Rules in relation to their approved representatives.

Regulatory Objectives

Under BSX Business Rule 5.2. a BSX broker is responsible to BSX for the conduct of each of their approved representatives. In particular, the BSX broker is responsible to BSX for:

- (a) compliance by the approved representative with the provisions of the Rules; and
- (b) all debts, liabilities and actions incurred or undertaken by the approved representative,

in their capacity as an approved representative of the BSX broker or in any way arising out of their connection with the BSX broker.

Approved Representatives

Approved representatives must have a proper authority from the BSX broker and may not place orders on BSX markets unless they are also authorized trading representatives.

It must be an approved representative that supervises and directly controls any place at which a BSX broker carries on a business other than that place under the direct control of the BSX broker.

Key Trading Responsibilities

BSX brokers have a range of responsibilities while trading on the BSX market.

As a BSX broker is responsible for ensuring that their approved representatives comply with the BSX Business Rules, approved representatives should be familiar with the key responsibilities of BSX brokers, which may be summarised as follows:

- ensure the conduct of an orderly market;
- not make bids and/ or offers with the intention of creating a false market;
- not engage in transactions that involve no change in beneficial ownership;
- not trade off market in securities quoted on BSX;
- not short sell other than in accordance with the Corporations Law; and
- not trade in securities that are subject to a trading halt.

These responsibilities are in addition to a BSX broker's obligations under the Corporations Law and the common law.

Insurance

As BSX brokers are responsible to BSX for any debts, liabilities and actions incurred or undertaken by their

approved representatives, insurance coverage should extend to approved representatives.

BSX Business Rule 5.3. (a) provides that BSX brokers must take out and maintain insurance policies indemnifying BSX brokers against liability for any potential claims.

This insurance should be of a type and amount that would be considered adequate having regard to the amount and type of business carried out by the BSX broker.

Scope of Guidance Note

This guidance note is intended to assist BSX brokers comply with their obligations under the BSX Business Rules. It is not exhaustive, does not in any way act as a substitute for any BSX Business Rules and is not binding on BSX in its application of the Rules in any particular case.

This guidance note does not constitute legal advice by BSX. Where appropriate, BSX Brokers should obtain their own professional advice about compliance with their obligations under the BSX Business Rules.

Queries

If you have queries about this guidance note please contact the BSX Brokers office on:

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