

**References** Version 3, Operative 01/10/2009

BSX Business Rules, Chapter 1

Guide to Becoming a BSX Broker

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### **Introduction**

This guidance note has been issued to assist organisations to apply to become BSX brokers.

### **Regulatory Objectives**

BSX regards the application process as an important part of satisfying some of the key principles upon which the BSX Business Rules are based.

First, it ensures that an applicant meets minimum standards in relation to integrity, competency, experience and financial capacity before being recognised as a BSX broker.

Secondly, it ensures applicants become well aware of their ongoing obligations to ensure they remain capable of properly carrying out their obligations to BSX, their clients and other BSX brokers.

### **Key Steps**

Becoming recognised as a BSX broker involves the following key steps:

- gaining an understanding of the initial and ongoing requirements of BSX brokers;
- carrying out any work required before applying to become a BSX broker;
- providing a completed BSX broker application form to BSX together

with any other documents required by BSX;

- providing a properly executed BSX broker contract to BSX;
- providing BSX broker application and other fees to BSX.

### **Understanding of BSX Broker Requirements**

Either an individual or a company may apply to become a BSX broker.

There are a range of initial and ongoing requirements that need to be satisfied to be recognised as a BSX broker. These are set out in the BSX Business Rules and in the Guidance Notes and Annexures to the BSX Business Rules. We also refer applicants to our 'Guide to Becoming a BSX Broker' which is available on the BSX web site, [www.bsx.com.au](http://www.bsx.com.au)

While these requirements will generally be well understood and familiar to brokers of other operational stock exchanges, we encourage all organisations to gain a good understanding of these requirements before applying to become recognised as a BSX broker. In particular we encourage organisations to consult with the BSX Brokers Office at an early stage.

### **Initial Requirements**

To be eligible to become recognised as a BSX broker an applicant needs to

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satisfy a range of initial requirements. These are set out in BSX Business Rules 1.2 and 1.3. These include requirements that:

- the applicant (or a certain number of directors of the applicant) to demonstrate they have certain skills and experience;
- the applicant (or the directors in the case of a corporate applicant) to demonstrate they are of good character and high business integrity;
- the applicant to display they have the required financial resources to meet their obligations as a BSX broker.

An applicant must also obtain a dealer's licence under the Corporations Act that entitles the applicant to engage in stockbroking.

While brokers of other operational stock exchanges are likely to be able to comply with these requirements without any substantive changes, other organisations may well need to make organisational, financial and human resource changes before applying to become recognised as a BSX broker.

### Ongoing Requirements

In assessing applications for recognition as a BSX broker, BSX will need to be satisfied that the applicant understands and will be in a position to comply with their ongoing requirements as a BSX broker.

The BSX Business Rules and the Guidance Notes and Annexures to the BSX Business Rules contain a range of ongoing requirements that need to be complied with by BSX brokers.

These may be summarised as follows:

- financial obligations (Chapter 2);

- capital liquidity requirements (Chapter 3);
- obligations to clients (Chapter 4);
- business obligations of BSX brokers (Chapter 5);
- dealing requirements (Chapter 6); and
- clearing and settlement obligations (Chapter 7).

These requirements are in addition to a BSX broker's obligations under the Corporations Act and their financial services licence.

While the ongoing requirements for BSX brokers will generally be well understood and familiar to brokers of other operational stock exchanges, we encourage all organisations to gain a good understanding of them before applying for recognition as a BSX broker. Further information can be obtained from the BSX web site, [www.bsx.com.au](http://www.bsx.com.au), or the BSX Broker Manager on 03 9001 0304.

### Application for Recognition as a BSX Broker

A person or organisation applying to be recognised as a BSX broker must provide a completed application to BSX in the form of Annexure 1A. The application must be properly executed by an organisation in accordance with its constitution.

Annexure 1A requires certain additional information to be provided to BSX. This should be provided to BSX with the completed application. BSX will also sometimes require additional information to be provided. Once again, this should be provided with the completed application.

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### **BSX Broker Application Procedures**

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In some cases it may not be possible to provide a fully completed application to BSX at the outset. In this case, the application should be completed as far as possible and the remaining details provided to BSX as soon as they are available. BSX will not approve the application until all relevant information is provided.

#### **BSX Broker Contract**

A person or organisation applying to be recognised as a BSX broker must provide a properly executed broker contract to BSX in the form of Annexure 1B.

#### **Fees**

A person or organisation applying to be recognised as a BSX broker needs to pay all relevant initial fees, charges and levies to BSX. These are set out in BSX's Broker Fees Guidance Note. The fees should be paid at the same time the completed application is provided to BSX.

#### **Assessment of Application**

Completed applications for recognition as a BSX broker are reviewed by staff of the BSX Brokers Office. It is then submitted to BSX's Broker Admissions Committee with a recommendation from the BSX Brokers Office for consideration.

BSX is committed to providing excellent service and makes every effort to process applications in a timely way. However, our ability to do so depends significantly on how well and efficiently applicants prepare their applications. In particular, it depends upon how efficiently applicants deal with requests and queries from the BSX Brokers Office in relation to their applications.

#### **Waivers**

In some circumstances, an applicant may wish to seek a waiver from complying with a particular BSX Business Rule. The circumstances in which BSX will consider a request for a waiver and the manner in which requests are dealt with is set out in BSX's Waivers Guidance Note.

#### **Appeals**

A person or organisation whose application for recognition as a BSX broker is rejected may appeal that decision to the BSX Review Committee. The manner in which appeals are dealt with is set out in BSX's Review Committee Guidance Note.

#### **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:

Email: [broker.manager@bsx.com.au](mailto:broker.manager@bsx.com.au)

Tel: 03 9001 0304

Fax: 03 9001 0311