

References Issued 12/12/2002

BSX Business Rules, Chapter 11

Guidance Note – Accuracy of Returns

Corporations Act, Chapter 7

Introduction

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

Maintenance of Documents

BSX Business Rule 11.13 states that:

Any documents or information that a BSX broker is required to prepare under the rules must be maintained in the manner and for the period of time prescribed by BSX from time to time.

Record Keeping

A BSX broker must maintain proper records of business activities. These records include:

- Records required to be maintained under the Corporations Act;
- Trust Account details;
- Monthly trial balances; and
- Annual accounts.

Trust Account

BSX brokers need to maintain a running ledger of client balances capable of being reconciled to the banking records

of the BSX broker. This system is necessary to meet the ongoing reporting provisions contained in the Corporations Act.

Trial Balances and Annual Accounts

BSX brokers need to be able to perform a trial balance on a monthly basis and provide to BSX not later than 2 months following year end, a set of audited accounts that give a true and fair view of the state of affairs of the BSX broker's business.

Audit Arrangements

A BSX broker must appoint an accountant or a firm of accountants to act as their auditors.

An auditor's report must be lodged with BSX for each financial year.

BSX brokers should note that the Corporations Act contains provisions regarding notification to BSX, the auditor and to the Australian Securities and Investments Commission.

Other Records*Investments schedule*

BSX brokers are required to keep and return annually a record of investments held. This return is in the format specified in Annexure 2A.

Complaints log

A register of complaints both written and verbal received from clients and the BSX broker's response must be kept for at least five years. This register must be accessible to BSX.

Underwriting register

If a BSX broker underwrites a securities issue then the information specified in Business Rules 2.23 to 2.25 must be kept in relation to each underwriting agreement:

Insurance

A BSX broker must provide a certificate of currency for insurance policies required under Business Rule 5.3 (a), (b) and (c) within 14 business days of the end of each financial year.

Discretionary Accounts

A BSX broker must maintain details of any discretionary account held on behalf of clients. Every quarter a report on the account must be forwarded to the client concerned.

*Approved Representatives and
Authorised Trading Representatives*

A register of persons who are approved representatives and a register of authorized trading representatives must be maintained by a BSX broker. BSX must be notified immediately if a BSX broker cancels the appointment of an approved representative or authorised trading representative.

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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