

Introduction

OVERVIEW

The Exchange business rules set out the obligations of Exchange brokers who trade on the Exchange on behalf of their clients. In particular, they cover Exchange broker membership requirements, financial and liquid capital requirements, obligations to clients and other Exchange brokers, dealing, clearing and settlement and supervisory arrangements.

The Exchange business rules therefore play an important role in setting standards for the conduct of brokers who trade on the Exchange.

The Exchange business rules also play an important role in the overall legal and regulatory framework for the Exchange. In particular, they are additional and complementary to obligations of Exchange brokers under statutes, such as the Corporations Act, and under common law.

The Exchange business rules create a contract between the Exchange and the Exchange brokers and also between the Exchange brokers themselves. This contract is enforceable by the Exchange as well as a range of other people under the Corporations Act.

There are restrictions on how the Exchange can change its business rules. Any rule amendments need to be lodged by the Exchange with the Australian Securities and Investments Commission and can be disallowed by the Minister (for example, if the Minister regards the changes as inconsistent with good regulatory practice).

Key Principles

The Exchange business rules are based on the following key principles:

1. applicants for recognition as the Exchange brokers must meet minimum standards in relation to integrity, competency, experience and financial capacity;
2. Exchange brokers must carry out their obligations to their clients in a fair and professional manner and in the best interests of their clients at all times;
3. Exchange brokers must meet continuing requirements in relation to integrity, competency, experience and financial capacity to ensure they remain capable of properly carrying out their obligations to the Exchange, their clients and other Exchange brokers;
4. activities of the Exchange brokers and their clients must be carried out in a efficient and certain manner to reduce risk and promote confidence in the functioning of the Exchange.

Assistance

The Exchange welcomes enquires from organisations wishing to join the Exchange as an Exchange broker. Please contact the Exchange Broker's office.