



## **BUSINESS RULES**

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## Part 1. Definitions

### Definitions

**‘Acting as principal’** means dealing in securities on behalf of a prescribed person.

**‘Announcement’** means any announcement or other disclosure of information made by a listed company to SPX which may affect the value of their securities or influence investment decisions to buy or sell their securities.

**‘Benefit’** in relation to a security is a distribution by a listed company to shareholders, e.g. a dividend, an interest payment, a capitalisation or bonus issue, the initial distribution of a rights allotment.

**‘Bid’** means a price and quantity of securities to be purchased.

**‘Board’** means the board of directors of the SPX.

**‘Broker’** means a person who:

- a. carries on the business of buying and selling securities as an agent for investors in return for a commission; and
- b. in conjunction with such a business advises others concerning securities or issues or promulgates analyses or reports concerning securities, whether or not the person carries on any other business.

**‘Broker/dealer’** means a member who holds both a broker’s license and a dealer’s licence from the RBF.

**‘Business day’** means Monday through Friday excluding public holidays.

**‘Capital Markets regulations’** means The Capital Markets (Securities Exchanges and Licensing) Regulations, 1997 and any subsequent amendments as are in force from time to time.

**‘Capital Markets rules’** means The Capital Markets Rules, 1997 and any subsequent amendments as are in force from time to time.

**‘Chairperson’** is the chairperson of the board.

**‘Chinese wall’** means systems and procedures designed to ensure that information remains confidential within each line of business undertaken by a member and does not become available across lines of business.

**‘Companies act’** means the Companies Act 1985 as modified by any law for the time being in force.

**‘Dealer’** means a person who carries on the business of buying, selling, dealing, underwriting of securities as a principal, whether or not he carries on any other business.

**‘Debt security’** means an unsecured note, a debenture and any other security classified by SPX as a debt security.

**‘Designated Trading Representative’** means a licensed representative who has been permitted access to ETP pursuant to rule [4.4.6.] and rule [6.5.4.].

**‘ETP’** means the Electronic Trading Platform of the SPX.

**‘Enquiry phase’** means that at the expiration of the normal trading phase, ETP will be placed in the enquiry phase during which bids and offers may not be entered, amended, cancelled or matched. Enquiry phase remains until commencement of the pre-opening phase on the next trading day in accordance with rule [6.7.1.f.].

**‘Equity security’** means any interest in, or right to, shares in the share capital of a company or a corporation incorporated outside of the Fiji Islands and includes preference shares.

**‘Ex-benefit’** means that buyers of the security marked ex-benefit shall not be entitled to receive the benefit and sellers shall be entitled to retain the benefit. The ETP will display ‘XD’ for securities marked ex-dividend, ‘XI’ for securities marked ex-interest, ‘XR’ for securities marked ex-rights and ‘XB’ for securities marked ex-bonus.

**‘Immediate Family’** in relation to a person, means that person’s spouse and any non-adult children.

## Part 1 – Definitions

**‘Licensed Representative’** means a person who has a licence from the RBF to undertake the functions of a representative.

**‘Margin trading’** means the process whereby a member permits a customer to trade securities on credit. The investor has an account with the broker and is called upon to pay only a certain percentage of the market price of the securities; the rest of the funds are borrowed from the broker.

**‘Member’** means, in relation to a securities exchange, a person granted access to the trading, clearing or settlement facilities offered by that exchange.

**‘Negotiated deal’** means an agreement by two designated trading representatives to buy or sell a quantity of a listed security where the agreement is formally acknowledged by the entry of the deal by one party to the deal, and confirmed by the counter-party.

**‘Normal trading phase’** means the hours of trading designated by SPX during which bids and offers may be entered, amended or cancelled and which will be matched in accordance with rule [6.7.1.e.].

**‘Offer’** means a price and quantity of securities to be sold.

**‘Pre opening phase’** means a period of time designated by SPX when bids and offers can be entered, amended or cancelled but transactions cannot be effected on the ETP.

**‘RBF’** means the Reserve Bank of Fiji.

**‘Recognised overseas stock exchange’** means those exchanges designated as such by the SPX in Appendix H of the SPX Listing Rules.

**‘Responsible manager’** means the person identified by the member from time to time as the person with day to day responsibility for the member’s securities business.

**‘Rules’** means the rules of the SPX in force from time to time.

**‘SPX’** means the South Pacific Stock Exchange Limited.

**‘Securities’** means:

- a. equity securities;

- b debt securities;
- c interests in managed investment schemes;
- d. any other interests that are admitted to trading on the SPX.

**‘Settlement due date’** means the final date on which settlement between members is due.

**‘The Decree’** means the Capital Markets Decree 2009, any subsequent amendments and regulations and rules made under The Decree, which are in force from time to time.

**‘Trading halt’** means an interruption to trading that is not a suspension from quotation.



## **Part 2. Organisation of the SPX**

### **2.1. Constitution**

- 2.1.1 The management and control of the SPX shall be vested in the board of directors.
- 2.1.2 The Board shall consist of representatives of the owners, brokers, dealers, listed companies, investors and the general public.
- 2.1.3 The number of directors shall be not less than five and not more than ten.
- 2.1.4 The directors shall be persons who are acceptable to the RBF.
- 2.1.5 Every member of the Board ceasing to be a member of the SPX shall be deemed to have vacated office as a member of the Board.

### **2.2. Appointment of directors**

- 2.2.1. The directors shall have power at any time, and from time to time, to appoint any other qualified person as a director, either to fill a casual vacancy or as an addition to the board, but so that the total number of directors shall not at any time exceed the maximum number fixed. Any director so appointed shall hold office only until the next annual general meeting of the company, and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at that meeting.
- 2.2.2. The company at the general meeting at which a director retires shall fill the vacated position, unless it is determined at such meeting not to fill up such vacated office.

### **2.3. Retirement and removal of directors**

- 2.3.1. At each annual general meeting of the company, one third of the directors, or if their number is not a multiple of three, then the number nearest one-third, shall retire from office. The directors to retire each year shall be those who have been longest in office since their last election, but as between those persons who became directors on the same

day those to retire shall (unless they otherwise agree among themselves) be determined by ballot.

- 2.3.2. The company may by ordinary resolution remove any director before expiration of his period in office, and may by ordinary resolution appoint another person in his stead; the person so appointed shall be subject to retirement at the same time as if he had become a director on the day on which the director in whose place he is appointed to was last elected a director.
- 2.3.3. The office of director shall become vacant if the director:
- 2.3.3.a. ceases to be a director by virtue of the Companies Act;
  - 2.3.3.b. becomes bankrupt or makes any arrangement or composition with his creditors generally;
  - 2.3.3.c. becomes prohibited from being a director by reason of any order made under the Companies Act;
  - 2.3.3.d. becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental health;
  - 2.3.3.e. resigns his office by notice in writing to the company.

## **2.4. Remuneration**

- 2.4.1. The remuneration of directors shall from time to time be determined by the company in general meeting. The remuneration shall be deemed to accrue from day to day. The directors may also be paid travelling, hotel and other expenses properly incurred by them in attending and returning from meetings or the directors or any committee of the directors or general meetings of the company or in connection with the business of the company.

## **2.5. Declaration of Interest**

- 2.5.1. Every director, who holds any office or possesses any property whereby whether directly or indirectly duties or interests might be created in conflict with his duties or interests as a director, shall declare at a meeting of the directors the fact and the nature character and extent of the conflict. The declaration shall be made at the first meeting of the directors held after he becomes a director or (if already a director) after he commences to hold the office or to possess the property.

## **2.6. Meetings of the Board**

- 2.6.1. The directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings, as they think fit.
- 2.6.2. A director may at any time and the secretary shall on the requisition of a director summon a meeting of the directors. The quorum shall be four.
- 2.6.3. The board shall attempt, on all issues, to reach a consensus. However failing to do so, questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes the chairperson shall have a second or casting vote.
- 2.6.4. Any director with the approval of the directors may appoint a person to be alternate director in his place during such period as he thinks fit. Any person while he holds office as an alternate shall be entitled to notice of meetings of the directors and to attend and vote as a director when the appointee is not personally present. At any meeting at which an alternate is present he shall be deemed a director for the purpose of constituting a quorum and for all other purposes. He shall not be entitled to remuneration from the company but the company may reimburse him for all travelling and other expenses incurred by him in attending meetings of directors or otherwise on the company's business.
- 2.6.5. The continuing directors may act notwithstanding any vacancy in their body but while their number is reduced below the number necessary for a quorum they may only act to summon a general meeting or increase the number of directors.
- 2.6.6. The directors may elect a chairperson of their meetings and determine the period for which he/she is to hold office; but if no such chairperson is elected or is not present within ten minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be chairperson of the meeting.

## **2.7. Powers of directors**

- 2.7.1. Subject to The Decree, the board shall have powers to administer, manage, formulate policies and give directions in relation to the affairs of the SPX and add to, vary, repeal, enforce or waive any of the SPX rules.

- 2.7.2. Without prejudice to rule [2.7.1.] above, the following powers shall be exercised by the board, on such terms and at such times as it shall see fit:
- 2.7.2.a. to admit, with or without conditions, or refuse to admit any person, whether an individual or a company, as a member;
  - 2.7.2.b. to reprimand, fine, suspend or expel any member;
  - 2.7.2.c. to reprimand or fine any licensed representative and to bar access to ETP of such representative;
  - 2.7.2.d. to exercise such other disciplinary measures as provided in The Decree or the SPX rules;
  - 2.7.2.e. to order an investigation into the affairs of any member suspected of having violated any of the provisions of The Decree or the SPX rules and for this purpose to inspect and demand production of all books, accounts, records and other documents, which it may deem necessary and to engage an accountant or any other person or persons to assist with the investigation;
  - 2.7.2.f. to interpret conclusively any provision in these rules in the event of any dispute or difference over such rules;
  - 2.7.2.g. to issue directions in the form of circulars to members from time to time for the purpose of enforcing or implementing The Decree or the SPX rules;
  - 2.7.2.h. to establish committees and to appoint any person to be a member of a committee formed for general or specific tasks for such duration as it sees fit, and to remove the person from the committee;
  - 2.7.2.i. to appoint or remove the chief executive;
  - 2.7.2.j. to delegate any of its powers to any person including the chief executive and any of the committees, to revoke such delegation and to give directions to the chief executive and the committees on such terms as it sees fit;
  - 2.7.2.k. to vary, supplement or discharge, whether wholly or in part, any decisions that may be reached by the chief executive or any of the committees on such terms as it sees fit;
  - 2.7.2.l. to enforce the directions given by the RBF or an authorised officer of the RBF and to release information as to any members financial position or otherwise to the RBF or an authorised officer of the RBF when so requested by either of them.
- 2.7.3. The board shall endeavour to operate in an open and transparent manner but shall not be required to give any reasons for the exercise of any of its powers and decisions and,

subject to the right of appeal of a member to the RBF, the decision shall be final and binding on all members and their representatives. Notwithstanding the power of the Board to take immediate action members may be afforded an opportunity to be heard either orally or by written submissions as may be practicable in the circumstances.

## **2.8. Committees**

2.8.1. Notwithstanding the generality of [2.7.2.h. and j.] above the SPX shall establish the following committees:

2.8.1.a. arbitration committee; to arbitrate in disputes between members, between members and their customers and between members and the SPX; the members of this committee shall be:

2.8.1.a.i. two members of the board;

2.8.1.a.ii. an independent third party

2.8.1.a.iii. such other persons as the board may determine.

2.8.1.b. disciplinary committee; to conduct hearings of disciplinary charges against members and licensed representative and to determine the penalty where appropriate; the members of this committee shall be:

2.8.1.b.i. two board members of which one shall be the chairperson; and

2.8.1.b.ii. at least one independent person; including a person with at least five years experience as a barrister or solicitor;

2.8.1.b.iii. such other persons as the board shall determine.

2.8.1.c. listing committee; to approve, with or without conditions or reject listing applications, to apply, interpret and enforce the listing rules and to decide on suspension or cancellation of a listing; the members of this committee shall be:

2.8.1.c.i. the chairperson;

2.8.1.c.ii. one other board member;

2.8.1.c.iii. such other persons as the board shall determine.

2.8.1.d. membership committee; to review applications for membership and approve, approve with conditions or reject; the members of this committee shall be;

2.8.1.d.i. the chairperson;

2.8.1.d.ii. two other board members;

2.8.1.d.iii. such other persons as the board shall determine.

- 2.8.2. The chief executive shall have the powers to enforce the rules on members and listed companies where the SPX rules clearly define the action to be taken. The matter will only be referred to the committees where the rules do not specify the action to be taken or where the chief executive thinks fit within reasonable grounds.
- 2.8.3. The board may appoint individual members or the directors or employees of corporate members or representatives of listed companies or other persons to any committee where, in the opinion of the SPX, it will be useful to do so.
- 2.8.4. Upon referral, the disciplinary committee shall:
- 2.8.4.a. review the case against the member prepared by SPX management;
  - 2.8.4.b. give the member an opportunity to be heard or make a written submission before imposing any penalty; and
  - 2.8.4.c. advise the member, in writing, of the findings of the Committee and any penalty imposed.
- 2.8.5. Nothing in the above shall prevent the chief executive from immediately suspending a member or preventing access to the ETP by a licensed representative in a listed company if it is in the best interests of the market to do so. Any such suspension shall immediately be referred to the disciplinary committee who shall consider the facts and either confirm or revoke the suspension as soon as practical.
- 2.8.6. When the disciplinary committee decides to suspend a member, it shall advise:
- 2.8.6.a. the chairperson of the SPX;
  - 2.8.6.b. the RBF;
  - 2.8.6.c. all members; and
  - 2.8.6.d. the press.
- 2.8.7. Members who are dissatisfied by the findings of the disciplinary committee or the penalties imposed have the right of appeal to the RBF under section 13 (2) of The Decree and Capital Markets regulation 11 (4).

2.8.8. In accordance with:

- 2.8.8.a. section 13 of The Decree, SPX shall, within seven days give notice to the RBF in writing of any disciplinary action taken against a member.
- 2.8.8.b. Capital Markets regulation 11(3), the SPX shall advise the RBF of all penalties imposed on members by the disciplinary committee.
- 2.8.8.c. Capital Markets regulation 11(6), the SPX shall report to the RBF on the compliance with any penalties ordered by SPX or directed by the RBF within 14 days of the order or direction.

**2.9. Appointment and powers of the chief executive**

- 2.9.1. The chief executive shall be appointed by the board for a period of three years. The chief executive may terminate his or her employment by giving three months formal notice to the board. The board may only terminate the appointment of the chief executive following a 75% majority decision.
- 2.9.2. The chief executive shall have the right to attend and speak at board meetings and will automatically be a member of any committee except the arbitration and disciplinary committees. The chief executive may be appointed a director of the SPX.
- 2.9.3. In the event that there is no chief executive in post the board may delegate the powers of the chief executive to directors or other staff of the SPX as it thinks fit.
- 2.9.4. The chief executive shall have the power to:
  - 2.9.4.a. be the spokesperson for the SPX to the public, press, regulator and other interested parties;
  - 2.9.4.b. recruit and manage the SPX staff and resources;
  - 2.9.4.c. execute the policy determinations of the board;
  - 2.9.4.d. ensure that the market is operated in an efficient manner;
  - 2.9.4.e. ensure that members and listed companies are properly supervised;
  - 2.9.4.f. ensure that the SPX staff can carry out their disciplinary functions in an independent manner, free from any concern that their career will be adversely affected by actions taken against owners or directors
  - 2.9.4.g. in accordance with Capital Markets regulation 14, enforce the rules and to administer penalties including suspension from trading.

- 2.9.5. If he or she considers it in the interests of the market to do so, the chief executive may:
- 2.9.5.a. cancel or suspend a market trading session;
  - 2.9.5.b. suspend a member, i.e. prevent any further trading by the licensed representatives of that member;
  - 2.9.5.c. suspend access to ETP by a licensed representative; in this case the member may send another representative to attend the trading session; the chief executive may, at his or her discretion, suspend the trading session to give time for this to happen;
  - 2.9.5.d. suspend trading in a security;
  - 2.9.5.e. declare all trading that has taken place during a trading session null and void, provided such action is taken before the end of the trading session in question.
- 2.9.6. The chief executive may delegate any of these responsibilities to staff on either a permanent or a temporary basis although the chief executive remains responsible to the board for the efficient operation of the SPX.

## **2.10. Staff**

- 2.10.1. No member of SPX staff (including the chief executive) or their spouse shall have a licence from the RBF to undertake any form of securities business nor shall they have a financial interest in any licensed entity.
- 2.10.2. The SPX shall require, as a condition of employment, that staff do not speculate on the market although this rule shall not preclude staff from making appropriate investment decisions. Unless conditions otherwise dictate, the SPX shall regard selling and purchasing the same security within one month as speculation.

## **2.11. Trading by SPX Staff and Directors**

- 2.11.1. Staff and Directors of the SPX shall be required to provide copies of contract notes issued in respect of trades executed on their behalf in securities that are eligible for trading on the SPX to the chief executive who shall monitor that such trading is not excessive and/or fraudulent.



2.11.2. The chief executive shall be required to provide copies of contract notes issued in respect of trades executed on his/her behalf in securities that are eligible for trading on the SPX to the chairperson who shall monitor that such trading is not excessive and/or fraudulent.

## **2.12. Books of account and documents**

2.12.1. The SPX shall maintain and preserve the following books of account and documents for a period of seven years:

2.12.1.a. minutes of the meetings of:

- 2.12.1.a.i. shareholders;
- 2.12.1.a.ii. the board of directors;
- 2.12.1.a.iii. all committees;

2.12.1.b. a register of directors showing their full names and addresses;

2.12.1.c. a register of shareholders showing:

- 2.12.1.c.i. in the case of corporate shareholder, the full names and addresses of all the directors of the shareholder; and
- 2.12.1.c.ii. in the case of an individual the full name and address of the shareholder;

2.12.1.d. a register of members showing:

- 2.12.1.d.i. in the case of corporate members, the name and address of the member and the name under which the securities business operates, if different, and the full name and address of all directors;
- 2.12.1.d.ii. in the case of individual members the full name and address of the members

2.12.1.e. a register of licensed representatives employed by members and whether or not they have been granted access to ETP;

2.12.1.f. a record of bank guarantees lodged by members showing:

- 2.12.1.f.i. the member that lodged the guarantee;
- 2.12.1.f.ii. the bank that issued the guarantee;
- 2.12.1.f.iii. the amount of each guarantee;

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- 2.12.1.f.iv. any drawings on the guarantee;
  - 2.12.1.f.v. the total amount of guarantee currently held by the SPX for each member;
  - 2.12.1.g. a cash book showing all disbursements and receipts;
  - 2.12.1.h. all bank reconciliation accounts;
  - 2.12.1.i. monthly balance sheets and trial balances;
  - 2.12.1.j. asset register and depreciation schedules;
  - 2.12.1.k. transaction register;
  - 2.12.1.l. the audit report and/or audit certificate relating to each years financial statements.
- 2.12.2. The SPX shall also retain all bank statements for seven years.

## **Part 3. Introduction and Modification of Rules**

### **3.1. Rule making**

- 3.1.1. In the normal course of rule making, the SPX shall:
- 3.1.1.a. prepare draft revised rules;
  - 3.1.1.b. prepare a notice setting out:
    - 3.1.1.b.i. the reason for the change;
    - 3.1.1.b.ii. the date on which the change is proposed to come into effect; this will be subject to the SPX receiving no significant adverse comment on the rules, the RBF approval of the change and the issue, by the SPX, of a confirmatory notice;
    - 3.1.1.b.iii. the person to whom comments should be addressed;
    - 3.1.1.b.iv. the last date for comments to be received; this should be not less than fourteen and not more than thirty days from the date of the notice; this period may be extended by the SPX if requested to do so by any interested party;
  - 3.1.1.c. distribute the notice and draft changes to business rules to members, the RBF and any other persons the SPX considers will be interested in the rule change;
  - 3.1.1.d. distribute the notice and draft changes to listing rules to members, listed companies, the RBF and any other persons the SPX considers will be affected by the rule change;
  - 3.1.1.e. consider responses to the notice, draft changes if required and pass the proposed change to the RBF together with a commentary on any responses received.
- 3.1.2. On receipt of written notice from the RBF allowing or disallowing a proposed change, the SPX shall, as appropriate,
- 3.1.2.a. issue a notice to members and/or listed companies confirming the rule change; or
  - 3.1.2.b. issue a notice to members and/or listed companies confirming the change to the rule but identifying any amendments made to the draft rule; or
  - 3.1.2.c. issue a notice to members and/or listed companies withdrawing the proposed rule change; this notice should include a reason for the withdrawal.

**3.2. Significant changes**

- 3.2.1. The SPX may issue a discussion paper setting out the significant changes to the way in which the SPX functions prior to drafting new rules. In the event that such a paper is prepared it should be circulated to:
  - 3.2.1.a. all members;
  - 3.2.1.b. all listed companies;
  - 3.2.1.c. the RBF;
  - 3.2.1.d. any other parties who may be interested.
- 3.2.2. The existence of the paper should be posted on the SPX website with a note that copies may be obtained by application to the SPX. A copy shall be made available to any person that requests one.
- 3.2.3. The paper shall set out the reasons why the SPX is proposing the change and any alternatives that have been considered. Comments on the proposed change shall be solicited and a period of not less than fourteen and not more than thirty days should be allowed for comments to be received. The SPX may extend this period if requested to do so by any interested party.
- 3.2.4. Responses to the paper shall be considered and the SPX shall then issue to members and any commentators a paper setting out their decisions and the reasons for these decisions.
- 3.2.5. Rules to support these decisions may then be made as specified in rule [3.1] above.

**3.3. Rules with immediate effect**

- 3.3.1. In accordance with section 12 (4) of The Decree, a proposed rule change may take effect on filing with the RBF if, in the opinion of the SPX it is;
  - 3.3.1.a. a stated policy, practice or interpretation with respect to the meaning, administration or enforcement of an existing rule;
  - 3.3.1.b. a proposal establishing or changing a fee or other charge; or
  - 3.3.1.c. a proposal dealing solely with the administration of the SPX.

## Part 3 – Introduction and Modification of Rules

3.3.2. For this type of rule the SPX may circulate draft rules and a notice for comment.

3.3.3. The rules may be drafted and issued with a notice:

3.3.3.a. giving immediate effect to the rules; or

3.3.3.b. specifying a date on which the rules will come into effect.

### **3.4. Rules imposed by the RBF**

3.4.1. In the event that the RBF imposes a rule on the SPX under Capital Markets regulation 6 (2), the SPX shall immediately issue a notice to members and listed companies stating the rule and the day on which it comes into effect. The notice shall also state any reason given by the RBF for imposing such a rule.

## **Part 4. Membership**

### **4.1. Criteria for membership**

- 4.1.1. The SPX will admit individuals and corporations as members if the applicant:
  - 4.1.1.a. is a holder of a license from the RBF as a broker and/or dealer or manager of a managed investment scheme; and
  - 4.1.1.b. has adequate facilities to comply with the trading, clearing, delivery and settlement requirements of the SPX; and
  - 4.1.1.c. has lodged with the SPX one or a combination of the following:
    - 4.1.1.c.i. \$20,000 cash
    - 4.1.1.c.ii. a bank guarantee to the value of \$20,000;
    - 4.1.1.c.iii. government bonds with a face value or current market value of \$20,000 whichever is the lesser.
- 4.1.2. Admission to membership shall be at the SPX's absolute discretion.

### **4.2. Application**

- 4.2.1. Persons applying for membership shall:
  - 4.2.1.a. complete the appropriate Application for Membership in the form prescribed in Schedule [A]; and
  - 4.2.1.b. pay the membership application fees in accordance with Schedule [B].
- 4.2.2. The SPX shall refer the application to the membership committee and within 14 days of receipt of the application, write to the applicant requesting any additional information that may be required.
- 4.2.3. The SPX shall:
  - 4.2.3.a. accept an application; or
  - 4.2.3.b. refuse an application; or
  - 4.2.3.c. accept an application subject to such conditions as it considers appropriate.

## Part 4 - Membership

- 4.2.4. The membership committee shall refer to the board, all applications which it recommends are accepted with conditions or refused.
- 4.2.5. The board shall advise the applicant of the success or otherwise of the application within 30 days of the date on which all the information required by the SPX was made available.

### **4.3. Principles of natural justice**

- 4.3.1. The SPX shall give an applicant, at least 14 days written notice of a hearing date before it either rejects an application for membership or accepts an application for membership with conditions. The applicant may either appear in person or be represented before the board at the hearing, or lodge a written submission for consideration by the board.
- 4.3.2. The written notice shall state the grounds upon which it is proposed that the application will be refused or the conditions on which it is proposed that it will be accepted.
- 4.3.3. If the applicant intends to be represented by a legal counsel at the hearing, the applicant shall inform the SPX at least seven days prior to the hearing date.

### **4.4. Obligations of member**

- 4.4.1. Members shall make reasonable efforts to ensure that all directors who undertake day to day business for the member, all licensed representatives and all supervisory staff are qualified by experience or training to carry out their assigned responsibilities.
- 4.4.2. Corporate members shall endeavour to have, in their employ at all times:
  - 4.4.2.a. if they have a broker's or broker's and dealer's licence; at least two licensed representatives; or
  - 4.4.2.b. if they have only a dealer's licence; at least one licensed representative.
- 4.4.3. Members shall, within the day, advise the SPX in writing, of the suspension of a licensed representative.
- 4.4.4. Members shall, within the day, advise the SPX in writing, of the termination of employment or resignation of a licensed representative and shall, within five business

## Part 4 - Membership

days of such an advice, file with the SPX a Notice of Termination, in the form specified in Schedule [D].

- 4.4.5. Prior to supporting an employee's application for a representatives license from the RBF, members shall:
  - 4.4.5.a. obtain from the SPX a copy of any Notice of Termination, which has been filed with the SPX;
  - 4.4.5.b. ascertain, as far as possible, that the person is of good character and repute; and
  - 4.4.5.c. establish that the persons qualifications and experience and/or training are appropriate for their proposed responsibilities.
- 4.4.6. Members shall apply to the SPX for a username and password for each licensed representative, permitting access to the Electronic Trading Platform, in the form specified in Schedule [C]. The SPX shall issue the username and password if in the opinion of the SPX, the representative is suitably experienced and qualified to undertake trading.

### **4.5. Transfer of membership**

- 4.5.1. Membership is not transferable.
- 4.5.2. Members shall be prohibited from divesting their membership when the SPX wants to investigate their operations.

### **4.6. Suspension of membership**

- 4.6.1. The SPX shall have the right to suspend membership if it considers it to be in the best interest of the market and shall suspend membership if an individual member or a responsible manager of a corporate member is charged with financial fraud.
- 4.6.2. The SPX may also suspend membership in the event of any of the following:
  - 4.6.2.a. fines or fees payable to by the member to the SPX are overdue
  - 4.6.2.b. the SPX has received complaints from the public or other members concerning the member's conduct;
  - 4.6.2.c. the member has breached any of the rules of the SPX;



## Part 4 - Membership

- 4.6.2.d. the member has failed to pay for a purchase transaction on or before the settlement due date.
- 4.6.3. The SPX shall have the power to prevent an individual member or a member's representatives from gaining access to the ETP and shall, within two hours, inform the member in writing of the suspension, giving reasons for the suspension. The member shall have the right to appear before the disciplinary committee within one business day of the suspension taking effect.
- 4.6.4. If a member is suspended, the SPX may suspend the trading permission and the entitlement of that member to enter into transactions until such time as the suspension of the member is lifted.
- 4.6.5. Suspension does not remove the requirement from the member to settle all outstanding transactions.
- 4.6.6. The settlement rules, Part [7], shall continue to apply to the suspended member.
- 4.6.7. The membership will be reinstated once the SPX is satisfied that the breach has been remedied.

### **4.7. Termination of membership**

- 4.7.1. A member can, by giving no less than one month's written notice to the SPX, apply for termination of its membership.
- 4.7.2. The SPX shall immediately terminate membership if:
  - 4.7.2.a. an individual member has been made bankrupt;
  - 4.7.2.b. a corporate member has gone into receivership.
- 4.7.3. The SPX may terminate membership:
  - 4.7.3.a. if the member has been suspended for three consecutive months although the member may apply and the SPX may grant an extension;
  - 4.7.3.b. the SPX has reason to believe that an individual member or a responsible manager is not of good character or does not have high business integrity;

## Part 4 - Membership

- 4.7.3.c. the member has consistently failed to abide by The Decree or the rules;
  - 4.7.3.d. the member's license is revoked by the RBF.
- 4.7.4. If the SPX intends to terminate membership pursuant to rule [4.7.3.], the SPX shall give the member, at least 14 days written notice of a hearing date before it terminates membership. The member may either appear in person or be represented before the board at the hearing, or lodge a written submission for consideration by the board.
- 4.7.5. The written notice shall state the grounds upon which it is proposed that the membership will be terminated.
- 4.7.6. If the member intends to be represented by a legal counsel at the hearing, the applicant shall inform the SPX at least seven days prior to the hearing date.
- 4.7.7. The SPX shall not terminate membership if an investigation, which may lead to disciplinary action, is in progress.

## **Part 5. Code of Conduct - Member Obligations to SPX and RBF**

### **5.1. Compliance with the rules**

- 5.1.1. The member shall at all times comply with all its obligations under The Decree and the rules.
- 5.1.2. The suspension of membership shall not release the member concerned from any obligations it has under the rules.
- 5.1.3. In accordance with section 28 of the Capital Markets regulation, every member shall exercise diligent supervision over the activities of its representatives relating to the securities business. Members shall establish and maintain a system that is designed to achieve, as far as reasonably possible, compliance by directors, managers and staff with The Decree, the rules and internal codes of conduct.
- 5.1.4. Members shall establish chinese walls between different lines of business if they are undertaken within the same organisation or the same group.
- 5.1.5. Corporate members shall appoint a compliance officer to be responsible for:
  - 5.1.5.a. developing internal written operating procedures:
  - 5.1.5.b. for monitoring compliance with The Decree, the rules, those procedures on a day to day basis;
  - 5.1.5.c. for reviewing recommendations made to customers in accordance with rule [5.16.2.d]
- 5.1.6. Compliance officers shall advise the SPX of any significant breaches of compliance within 5 business days of discovery of such a breach.
- 5.1.7. Members shall immediately advise the SPX of the resignation or dismissal of the compliance officer and take all reasonable steps to appoint a new compliance officer as soon as practicable. In the absence of a compliance officer, the responsible manager will be deemed to have personally assumed these responsibilities.

- 5.1.8. Individual members are directly responsible for compliance, by their staff with all relevant laws, The Decree, the rules and internal codes of conduct.
- 5.1.9. Members shall monitor trading by staff to ensure that there is no conflict of interest. Members shall keep a record of all trading by staff employed in its securities business and require, as a condition of employment, that all trading in securities that are eligible for trading on the SPX either:
  - 5.1.9.a. be executed through that member; or
  - 5.1.9.b. be executed through another member who has agreed to provide a copy of the contract note to the employing member.

## 5.2. Ongoing Requirements

### 5.2.1. Internal record keeping and inspection by SPX

Members shall keep the following records that relate to their securities business, in a safe place, for a minimum of seven years:

- 5.2.1.a. the journal of prime entry maintained in accordance with rule[5.20.];
- 5.2.1.b. contract notes;
- 5.2.1.c. settlement records including:
  - 5.2.1.c.i. identification numbers of certificate(s) received from or delivered to customers in respect of each transaction; where the certificates were held in safe custody the certificate numbers used for settlement;
  - 5.2.1.c.ii. date certificates delivered to SPX;
  - 5.2.1.c.iii. date payment received from or made to customer, form of payment and, where payment was made by cheque, the cheque number;
  - 5.2.1.c.iv. date payment was received from or delivered to the counterparty member;
  - 5.2.1.c.v. date new certificate received from the SPX (for purchases or balances), certificate numbers and the date on which certificates were despatched to the customer;
- 5.2.1.d. ledgers (or other records) reflecting all assets and liabilities, income, expense and capital accounts;

- 5.2.1.e. all cheque books, bank statements, cancelled cheques and bank reconciliation accounts;
  - 5.2.1.f. customer records, including;
    - 5.2.1.f.i. order forms; these must be filed in chronological order and be annotated to show the history of the order, for all customers with whom an agreement has not been signed;
    - 5.2.1.f.ii. customer agreements;
    - 5.2.1.f.iii. investment advice records;
    - 5.2.1.f.iv. customer history prepared in accordance with rule [5.16.4];
  - 5.2.1.g. personnel records of all employees;
  - 5.2.1.h. all correspondence.
- 5.2.2. The SPX has the powers to inspect, or appoint an agent to inspect, the records of the member. If the SPX appoints an agent to carry out inspections, the member shall be responsible for all expenses incidental to the inspection.
- 5.2.3. The SPX shall have unrestricted access, with or without notice, to members premises and records:
- 5.2.3.a. to review compliance with The Decree and the rules; and
  - 5.2.3.b. to investigate suspected breaches of The Decree and the rules.

### **5.3. Disclosure Requirements**

- 5.3.1. A member shall promptly inform the SPX of:
- 5.3.1.a. any changes in the details provided in the application form;
  - 5.3.1.b. the presentation of a petition for winding up of or bankruptcy of the member;
  - 5.3.1.c. the imposition of disciplinary measures or sanctions on the member or an employee of the member who is either a licensed representative, compliance officer, responsible manager or any other person with a managerial or supervisory role, by any statutory, professional or other body exercising a regulatory or disciplinary function.

- 5.3.2. Members shall:
- 5.3.2.a. report to the SPX if trust accounts are not fully reconciled as required in rule [5.13.4];
  - 5.3.2.b. provide the SPX, within five business days after 31 March, 30 June, 30 September and 31 December, with a **schedule of the cash and securities** in the form specified in Schedule [K] held in trust accounts as at those dates, together with the names of the customers in respect of each amount.
  - 5.3.2.c. provide SPX with copies of the **audited trust accounts** within three months following closure of the member's financial year.
- 5.3.3. Members shall advise the SPX on a weekly basis of any **trading undertaken** on behalf of directors or staff of the SPX, to the extent that the member is aware that this is happening, unless such trading takes place on a wholly discretionary basis. Nil returns are required.
- 5.3.4. Members shall promptly respond to any queries from the SPX and provide any requested documentation as soon as possible.
- 5.3.5. Unless exempted by the RBF, members shall, by the 10th of the following month submit a **financial return** to the RBF and SPX and if 10th of the following month falls during the weekends or public holidays then members shall submit the financial return on the next business day in the form specified by RBF.
- 5.3.6. Members shall be required at all times to maintain the net capital position prescribed by the RBF.
- 5.3.7. The SPX shall not exempt a member from rule [5.3.5.] unless it is satisfied that the member is:
- 5.3.7.a. a corporation which is subject to prudential supervision under a written law and that the securities business does not form a significant part of the members business;
  - 5.3.7.b. solely the manager of a managed investment scheme.

5.3.8. In accordance with section 25 of the Capital Markets regulations, members shall submit **audited annual accounts** to the RBF and the SPX within three months following closure of the member's financial year in Form 13 attached to those regulations.

**5.4. Bank guarantee**

5.4.1. In accordance with Capital Markets regulation 17 (3), the member shall at all times have lodged with the SPX security, as specified in rule [5.4.2] below or a bank guarantee as required by the SPX in accordance with these rules.

5.4.2. Security may be in the form of cash or government bonds with a face or market value of the specified sum, whichever is the lesser.

5.4.3. At the end of each six month period during the membership year, i.e. immediately following 30<sup>th</sup> June and 31<sup>st</sup> December, SPX will calculate the amount of guarantee due from each firm. The calculation will be as follows:

5.4.3.a. \$20,000;

5.4.3.b. plus the net of 20% of the average of unsettled purchases or sales over the previous six month period.

5.4.4. The SPX shall confirm this amount to each member within two business weeks of the end of each six month period.

5.4.5. The SPX shall draw down in the security or bank guarantee as specified in rule [7.7] and rule [7.8]. The SPX may, at any time that it considers warranted by the member's current trading volumes or outstanding trades, issue a special call notice that requires the member to deposit more security or increase the amount of the bank guarantee.

5.4.6. The member shall re-instate the value of the bank guarantee within five business days of the draw down.

5.4.7. Members are required to lodge any additional guarantee required, with the SPX within:

5.4.7.a. two weeks of receipt of the bi-annual notice;

5.4.7.b. two business days of receipt of a special call notice.

**5.5. Operational restrictions**

- 5.5.1. When it considers it necessary in the best interests of the market, the SPX may, after allowing a member an opportunity to be heard, impose on a member one or more requirements with regards to the member's level of staff training, internal procedures and controls or any other matter relevant to the continuing suitability of the member to be a member of the SPX; or restrictions on the volume or class of securities business, that the member may undertake.

**5.6. Legal Proceedings**

- 5.6.1. Members shall not take any proceedings of any kind against the SPX, any officer or employee of the SPX or such person authorised by the SPX for anything such person may do or say or fail to do or fail to say in the course of exercising any of his or her duties or powers under The Decree and the rules, unless it is shown that any such person acted in bad faith.

**5.7. Indemnity**

- 5.7.1. Each member shall indemnify the SPX, its employees, contractors and agents from loss (including legal costs) or liability arising from any proceedings against them where such loss or liability arose from any:
- 5.7.1.a. breach by the member of its obligations under the rules; or
  - 5.7.1.b. wilful, unlawful or negligent act or omission by a member.

**5.8. Fees**

- 5.8.1. Membership year runs from 1<sup>st</sup> January to 31<sup>st</sup> December of each year. The member shall pay the annual membership fees to the SPX as prescribed in Schedule [B]. The fees are payable within one month of the commencement of each membership year.



## **Part 5 Code of Conduct - Member Obligations to Other Members**

### **5.9. Prohibited Conduct**

#### 5.9.1. Dealer and broker/dealer members shall not:

- 5.9.1.a. enter orders into the market or conspire with another member to enter orders that:
  - 5.9.1.a.i. are intended to create or have the effect of creating a false impression of the price and supply of or demand for a security;
  - 5.9.1.a.ii. create a false market in a security;
  - 5.9.1.a.iii. are intended to or have the effect of manipulating the market price of any security;
- 5.9.1.b. report trades to the market that are not bona-fide trades;
  - 5.9.1.b.i. conspire with any other parties to create a situation where the price of the security can be dictated by those parties or trade in a security where such a situation would appear to have arisen.

#### 5.9.2. Broker and broker/dealer members shall not:

- 5.9.2.a. induce purchases or sales of any security by means of any manipulative, deceptive or other fraudulent device or contrivance;
- 5.9.2.b. report to the market trades that are not bona-fide trades;
- 5.9.2.c. enter orders into the market to purchase or sell securities or conspire with another member to enter orders that:
  - 5.9.2.c.i. are intended to create or have the effect of creating a false impression of the price and supply of or demand for a security;
  - 5.9.2.c.ii. create a false market in a security;
  - 5.9.2.c.iii. are intended to or have the effect of manipulating the market price of any security;
- 5.9.2.d. conspire with any other parties to create a situation where the price of the security can be dictated by those parties or trade in a security where such a situation would appear to have arisen.

- 5.9.3. In considering the circumstances of an order in relation to [5.9.2.] above, the broker or broker/dealer shall have regard to the following matters:
- 5.9.3.a. whether the order or execution of the order would be inconsistent with the history of or recent trading in that security;
  - 5.9.3.b. whether the order or execution of the order would materially alter the market for, or the price of, the securities;
  - 5.9.3.c. the time the order is entered or any instruction concerning the time of entry of the order;
  - 5.9.3.d. whether the person on whose behalf the order is entered or another person who the broker knows to be a related party to that person, may have an interest in creating a false or misleading appearance of active trading in any securities or with respect to the market for, or the price of, any securities;
  - 5.9.3.e. whether the order is accompanied by settlement or delivery instructions which are unusual;
  - 5.9.3.f. whether the order appears to be a part of a series of orders, whether when put together with other orders that appear to make up the series, the order or the series is unusual having regard to the matters referred to in this rule; and
  - 5.9.3.g. whether there appears to be a legitimate commercial reason for that person placing the order, unrelated to an intention to create a false or misleading appearance of active trading in or with respect to the market for, or price of, any securities.

#### **5.10. Disputes between members**

- 5.10.1. A member that has a complaint against another member shall first raise the complaint in writing with that member and forward a copy of that letter to the SPX simultaneously.
- 5.10.2. The member receiving the complaint shall endeavour to satisfy the complainant and resolve the dispute as soon as reasonably practical. The nature of the resolution shall be advised to the SPX. If the dispute has not been resolved within two weeks either member may refer the issue to the arbitration committee.
- 5.10.3. All referrals to the committee shall be made in writing and addressed to the secretary of the arbitration committee.

- 5.10.4. On receipt of a referral the committee shall as soon as practical initiate the undertaking of an investigation into the facts of the case. Members who are requested to provide information or documents to facilitate the work of the committee shall do so as quickly as is reasonably practical.
- 5.10.5. The arbitration committee will attempt to find a solution that is acceptable to both parties. Where this is not possible the arbitration committee shall, within one month of receipt of the referral or the provision of such documentation as the committee shall request which ever is the later, issue a preliminary finding. The finding may:
- 5.10.5.a. identify documentation that has been requested and is still outstanding and state that it cannot complete the investigation until the documentation has been produced; the failure to produce documentation is a disciplinary offence by a member and may result of suspension of membership or some other penalty as the disciplinary committee may determine; or
  - 5.10.5.b. find in favour of either party and recommend appropriate compensation; or
  - 5.10.5.c. state that there is insufficient evidence to establish the facts of the dispute on the balance of the probabilities.
- 5.10.6. The finding will be issued in writing to all parties to the dispute. In the event of b) or c) above the committee will establish a hearing date, not less than one calendar month from the issue of the preliminary finding. Either party may make a representation at the hearing or submit written documentation to the hearing. Following the hearing the committee shall make a final finding, which shall be provided in writing to all parties to the dispute.
- 5.10.7. Final findings of the arbitration committee shall be binding on members and not otherwise subject to appeal or legal action.

## **Part 5 Code of Conduct - Member Obligations to Clients**

### **5.11. Fair dealing**

- 5.11.1. Members are required to observe high standards of commercial honour and fair and just principles of trade, in the conduct of their securities business.
- 5.11.2. In any transaction, members shall diligently buy or sell so that the resultant price to the customer is as favourable as possible under prevailing market conditions.
- 5.11.3. Members shall exercise due diligence and care at all times so as not to misinform or misdirect customers.

### **5.12. Market practices**

#### 5.12.1. Members shall not:

- 5.12.1.a. guarantee a customer against loss resulting from a price movement in securities bought or sold by the member on behalf of that customer;
- 5.12.1.b. share in the profits or losses generated on a trade or generated in the customer's account or as a result of one or more trades.

5.12.2. Members who are dealers shall not deal as a principal in a security when the member is in possession of material non-public information concerning that security, which includes but is not limited to significant outstanding customer orders and the imminent issue of research reports. Nothing in this rule precludes a broker/dealer from transacting business as a principal when appropriate chinese walls are maintained within a members operations.

#### 5.12.3. A member must not:

- 5.12.3.a. enter into a transaction on behalf of a client or as Principal which; or
- 5.12.3.b. make a bid or offer for securities the execution of which, would involve no change of beneficial ownership, unless the member can show that:

- 5.12.3.b.i. the member had no reason to suspect that the transaction would involve no change in the beneficial ownership of the securities; or
- 5.12.3.b.ii. the purpose or purposes for which the transaction, or bid or offer was made was not, or did not include, creating a false or misleading appearance of active trading in any securities or with respect to the market for, or the price of, any securities.

### **5.13. Customers Assets**

- 5.13.1. Members who hold cash for customers, whether on a long or short term basis, shall deposit these funds, as soon as practical, into one or more bank accounts clearly identified as trust (customer) account(s) and separate from any accounts that hold funds belonging to the member.
- 5.13.2. Members who hold securities in safe custody for customers shall either hold the securities registered into the name of the individual customer or register the securities into a nominee name that is used solely for the purpose of holding customers securities.
- 5.13.3. Members shall reconcile the cash and/or securities balance held by the member in its trust accounts with the corresponding balance as recorded in the accounting records of the member. This reconciliation shall take place no later than the first business day of each week for balances held on the last business day of the immediately preceding week.
- 5.13.4. Members shall ensure that the trust (customer) accounts are audited at least annually.

### **5.14. Communications with the public**

- 5.14.1. Communications with the public include:
  - 5.14.1.a. advertisements; this means any material:
    - 5.14.1.a.i. published in a newspaper, magazine or other periodical; or
    - 5.14.1.a.ii. disseminated by radio, television, video-tape, signs, motion pictures, internet web page or other public media;
  - 5.14.1.b. sales literature; this means any written or electronic communication made generally available to the customers or the public, which does not meet the definition of advertisement, including circulars, research reports, market

letters, performance reports, seminar texts and reprints or excerpts of other advertisements, sales literature or articles.

5.14.2. All communications with the public must be based on principles of fair dealing and good faith and provide a sound basis for evaluating the facts regarding the security, type of security, industry discussed or service offered.

5.14.3. The communication may not contain

- 5.14.3.a. any exaggerated, unsupported or misleading statements or claims;
- 5.14.3.b. unwarranted forecasts or opinions with no reasonable basis;
- 5.14.3.c. any reference to the SPX, which implies endorsement or approval by the SPX of the communication or any recommendations contained therein;
- 5.14.3.d. any words or phrases that have a tendency to denigrate other members.

5.14.4. No fact or qualification may be omitted from the communication if the omission would cause the communication to be misleading.

5.14.5. In judging whether a communication may be misleading the SPX will, as a minimum, take into account:

- 5.14.5.a. the appropriateness of the communication, in terms of level of explanation and detail, for the audience to which it is directed;
- 5.14.5.b. the overall clarity of the text and the context in which statements are made;
- 5.14.5.c. the treatment of the balance between risk and potential return contained in the communication.

5.14.6. The member will immediately cease to distribute and take all reasonable steps to retrieve any publication that, in the opinion of the SPX Board, is in contravention of these rules.

## **5.15. Customer relationships**

5.15.1. Members are required to settle with their customers in accordance with rule [5.15.2] or in accordance with the timings specified in the customer agreement, regardless of whether other customers or other members have settled with the member concerned.

5.15.2. Members may deal for customers on a ‘one off, execution only’ basis, where the customer has indicated that they do not wish to disclose personal information or have an on-going relationship with the member. In these cases:

5.15.2.a. customers shall:

5.15.2.a.i. complete a written instruction for each order in the form specified in Schedule [F];

5.15.2.a.ii. provide certificates at the time each sell order is placed;

5.15.2.a.iii. provide total consideration plus transaction costs when buy orders are placed.;

5.15.2.b. members shall not give advice or provide custody services.

5.15.3. In dealing with this type of customer, members shall:

5.15.3.a. pay customers for sold transactions within one business day of settlement due date;

5.15.3.b. provide certificates or advise that they are available for collection within five business days of receipt of the certificate from the SPX:

5.15.3.c. return funds and securities to the customer in respect of unexecuted orders within two business days of the order being withdrawn, cancelled or expiring.

5.15.4. In all other cases, members shall execute and maintain a customer agreement with each customer on whose behalf they accept orders. The customer agreement shall determine the type of customer as follows:

5.15.4.a. ‘execution only customer’ means a customer from whom the member takes buy and sell orders only on the basis that the customer gives specific instructions as to the security, quantity and maximum/minimum price; no investment advice may be given to this type of customer;

5.15.4.b. ‘general customer’ means a customer to whom the member may, on occasions, offer specific or general investment advice. If the member ever contacts the customer with trading suggestions or distributes research material to the customer, then the customer is a general customer.

5.15.4.c. ‘discretionary customer’ means a customer who has given authority to the member to make investment decisions concerning a portfolio of securities or specific securities. An instruction to deal ‘at best’ or the giving of discretion in terms of a specific order does not make the customer a ‘discretionary customer’.

- 5.15.5. Members trading on behalf of execution only customers shall faithfully observe the fair dealing rules set out in [5.11.] above. Members trading on behalf of general and discretionary customers shall observe the fair dealing rules set out in [5.11.] above and the rules relating to these customers as set out in [5.16.] below.
- 5.15.6. The customer agreement shall contain, as a minimum, the information set out in Schedule [E] to the extent that it is relevant to the services offered by the member. The customer agreement shall place a requirement on the customer to report any changes in circumstances to the member.
- 5.15.7. An agreement shall be signed with each new customer prior to an order being accepted.
- 5.15.8. Where a member has existing customers at the date these rules come into force the member shall obtain the customers signature within six months of that date or shall deal for that customer on the basis of rule [5.15.2.] above.

## **5.16. General and discretionary customers**

- 5.16.1. Members shall deal fairly with customers and sales efforts must be judged on whether they represent fair treatment, rather than whether the outcome was favourable or otherwise to the customer
- 5.16.2. In dealing with general customers, members:
- 5.16.2.a. shall have reasonable grounds for believing that a recommendation to buy or sell is suitable for the customer on the basis of facts disclosed by the customer on the customer agreement and any subsequent correspondence or conversation;
  - 5.16.2.b. shall not recommend excessive trading to general customers. Members shall not recommend the purchase of securities to general customers in amounts that are inconsistent with the customer's financial ability to meet such commitments.
  - 5.16.2.c. controlled by, controlling or under common control with, the issuer of any security, shall, before accepting an order in that security, disclose the existence of such a control relationship.



- 5.16.2.d. shall retain records of all recommendations made and the person who made the recommendation; the compliance officer shall regularly review these records to monitor compliance with The Decree and the rules.
  
- 5.16.3. In undertaking any discretionary trading on behalf of a customer, members:
  - 5.16.3.a. shall have reasonable grounds for believing that the transaction is suitable for the customer on the basis of facts disclosed by the customer on the customer agreement and any subsequent correspondence or conversations; and
  - 5.16.3.b. shall not undertake any transactions that are excessive in size or frequency in view of the financial resources and character of the account.
  
- 5.16.4. The member shall maintain a customer history for customers with whom an agreement has been signed. The history shall include:
  - 5.16.4.a. the date, time and details of all orders received from the customer with a note of the outcome, e.g. amended, cancelled, executed, expired;
  - 5.16.4.b. the date and details of all purchases and sales;
  - 5.16.4.c. all payments received from and made to customers with the form of payment and date;
  - 5.16.4.d. all stock received from and delivered to customers with the date and form of delivery/receipt;
  - 5.16.4.e. all advice given to a customer with the date the advice was given and the representative who gave the advice;
  - 5.16.4.f. any information concerning a change in the circumstances of the customer obtained during conversations.
  
- 5.16.5. Members shall endeavour to formally update the written information on the customer agreement concerning the investment objectives of general and discretionary customers at least once every five years.

## **5.17. Order Processing**

- 5.17.1. Members shall ensure that only licensed representatives take orders from customers.

5.17.2. Members are required to record details of all orders, amendments to orders and cancellations, received from customers on an order form. The following information must be recorded:

- 5.17.2.a. customer identity;
- 5.17.2.b. security;
- 5.17.2.c. quantity;
- 5.17.2.d. price (this may be limit price or deal at best);
- 5.17.2.e. duration of the order (good for the day/week/month/till specific date/till cancelled);
- 5.17.2.f. date and time of receipt;
- 5.17.2.g. method by which order received (counter/letter/fax/telephone/e-mail);
- 5.17.2.h. licensed representative who received order.

5.17.3. The order forms shall be filed in chronological order and shall be retained for seven years.

5.17.4. Members shall retain an audit trail that shows the outcome of each order. This may be:

- 5.17.4.a. order executed and confirmed to the customer under the specified transaction number;
- 5.17.4.b. order cancelled with the date and time of cancellation;
- 5.17.4.c. order amended with details of date and time of amendment;
- 5.17.4.d. order expired; where the order has not been capable of execution within the specified duration.

## **5.18. Issue of contract notes**

5.18.1. On the day of trading, members shall send a contract note to each customer on whose behalf a trade has been executed. The contract note shall contain:

- 5.18.1.a. the name of the member and the primary place at which the member carries on business;
- 5.18.1.b. whether the member holds only a broker's licence or a licence as both a broker and a dealer;

- 5.18.1.c. a statement that the member is a member of the South Pacific Stock Exchange and that the trade has been executed under the rules, customs and usages of the South Pacific Stock Exchange;
  - 5.18.1.d. whether the member, if a holder of both a broker's and a dealer's licence has traded as an agent or a principal;
  - 5.18.1.e. the trade number; this is a unique number, allocated by the SPX and reported to the member on the daily trading summary;
  - 5.18.1.f. the customers name and address and any customer reference number;
  - 5.18.1.g. the transferee details if different from [f] above;
  - 5.18.1.h. the date on which the trade took place and date on which settlement of the securities and cash is due to take place;
  - 5.18.1.i. the identity of the company and class of securities traded;
  - 5.18.1.j. whether the customer bought or sold the securities;
  - 5.18.1.k. the quantity bought or sold and the price;
  - 5.18.1.l. the market consideration (price times quantity);
  - 5.18.1.m. accrued interest (if the contract relates to a bond);
  - 5.18.1.n. the commission and any other charges;
  - 5.18.1.o. the total settlement amount due to or from the customer, i.e. the market consideration plus or minus charges as appropriate;
  - 5.18.1.p. any amount already paid by the customer or a note to the effect that funds will be deducted from the customers cash account on a specified day.
- 5.18.2. Members shall not send contract notes to execution only or general customers that do not relate to trades that have been previously authorised by the customer. Contract notes may not be sent in an attempt to cause customers to accept transactions that have not previously been authorised.

## **5.19. Transaction recording**

- 5.19.1. Members shall record all transactions in a journal of prime entry. This shall include:
  - 5.19.1.a. date of execution;
  - 5.19.1.b. whether the security was bought or sold;

- 5.19.1.c. client reference (where appropriate);
- 5.19.1.d. identity of counterparty;
- 5.19.1.e. whether the trade was executed as an agent or principal (only members with both a broker's and dealer's licence);
- 5.19.1.f. the identity of the security;
- 5.19.1.g. price;
- 5.19.1.h. quantity;
- 5.19.1.i. market consideration (price times quantity);
- 5.19.1.j. settlement due date of the transaction;
- 5.19.1.k. commission and other charges;
- 5.19.1.l. amount due to or from customer and the date amount is due.

## **5.20. Settlement with customers**

- 5.20.1. Members are responsible for ensuring that securities or cash, as appropriate, is available to settle the trade in the market and shall assure themselves, as far as reasonably possible, that their customers are able to meet their commitments.
- 5.20.2. Unless the customer is a resident of Fiji for exchange control purposes, the member shall ensure that the customer has the requisite exchange control permission before accepting an order.
- 5.20.3. Members are not permitted to offer margin trading to customers.
- 5.20.4. Members shall not knowingly permit their customers to short sell. Members are not permitted to lend, or arrange to lend or borrow or arrange to borrow securities for any purpose.
- 5.20.5. In the event of a member's customer dying or becoming otherwise incapable of receiving and paying for, or delivering or transferring shares which the customer has ordered to be bought or sold and, after reasonable inquiry, the member has no knowledge of anyone

legally authorised to complete such purchases or sales on the customer's behalf, the member shall resell or repurchase as the case may be, and the customer (or his estate) shall be liable for any deficiency and be entitled to any surplus which may result.

- 5.20.6. In the event of a member's customer failing or refusing to complete a contract or a number of contracts on demand the member shall resell or repurchase as the case may be, the securities the subject of the contract or contracts. This transaction is at the customer's risk and expense. Expenses including brokerage and any other relevant charges are payable by the customer.
- 5.20.7. Any deficiency arising from any such resale or repurchase shall constitute a debt owing by the customer to the member and in any case where there shall be a surplus arising from any such transaction the member shall account to his customer accordingly.
- 5.20.8. Should a customer fail to comply with the requirements of a company, whose securities are eligible for trading on the SPX, including those in relation to nationality declarations, powers of attorney, probate notations or the company's memorandum and articles of association then the customer shall be deemed to have failed to have completed the contract and the provisions of rule [5.20.6. and 5.20.7.] above shall apply.

#### **5.21. Disputes with clients**

- 5.21.1. Members shall advise the SPX of all disputes with their customers within five business days of the dispute arising. Members shall advise SPX of successful resolutions within five business days of resolution. Members shall refer all disputes with their customers to the arbitration committee if the dispute cannot be resolved within a reasonable period of time.
- 5.21.2. Unless there are reasonable grounds for taking an alternative view, the committee will consider that disputes that are not resolved within one calendar month should be referred to the committee. Even if the members are able to resolve the dispute, the member shall inform the SPX of the complaint within 5 working days of its receipt.

## Part 6. Trading Rules

### 6.1. Securities Eligible for Trading

6.1.1. The SPX may make the following types of securities eligible for trading:

6.1.1.a. listed securities; these may be subdivided into:

6.1.1.a.i. securities with a primary listing on the SPX; these may be securities issued by companies incorporated in Fiji or elsewhere, which are not listed on a recognised overseas stock exchange;

6.1.1.a.ii. securities with a secondary listing on the SPX; these are companies incorporated overseas that have a primary listing on a recognised overseas stock exchange;

6.1.1.a.iii. interests in managed investment schemes;

6.1.1.a.iv. any other interest recognised by the SPX;

6.1.1.b. securities that are deemed to be listed; these comprise of bonds issued by or guaranteed by the Government; these may be subdivided into:

6.1.1.b.i. Government of Fiji (FDL) bonds and treasury bills;

6.1.1.b.ii. Reserve Bank of Fiji Notes

6.1.1.b.iii. Government guaranteed bonds;

6.1.1.b.iv. promissory notes issued by the Reserve Bank of Fiji or otherwise guaranteed by the government;

6.1.2. Securities shall be listed on the SPX if the company applies and meets the listing requirements as specified from time to time by the SPX.

6.1.3. All debt instruments and promissory notes guaranteed by the government shall be deemed to be listed. These shall be categorised by the SPX as follows:

6.1.3.a. short term; bonds with less than three years to maturity;

6.1.3.b. medium term; bonds with three years to seven years inclusive to maturity;

6.1.3.c. long term; bonds with more than seven years to maturity;

- 6.1.3.d. other; this includes;
  - 6.1.3.d.i. Reserve Bank of Fiji Notes;
  - 6.1.3.d.ii. treasury bills;
  - 6.1.3.d.iii. promissory notes;
  - 6.1.3.d.iv. tradable term deposits

## **6.2. Services provided by SPX**

- 6.2.1. SPX provides or makes available to members services and facilities, including, without limitation:
  - 6.2.1.a. To enter into transactions;
  - 6.2.1.b. To provide other services connected with the entry into transactions; and
  - 6.2.1.c. Other services and facilities as specified from time to time in accordance with these rules.

## **6.3. Ex-benefit**

- 6.3.1. The SPX shall mark securities ‘ex-benefit’ as follows:
  - 6.3.1.a. For equity securities: 6 business days before the books closing date announced by the listed company;
  - 6.3.1.b. For debt securities: 5 business days before the books close date announced by the listed company.

## **6.4. Entitlement to trade**

- 6.4.1. Only members may submit trading messages into ETP and may enter into transactions.
- 6.4.2. A contract is formed between members when a bid is made by one member that sets out the price and the volume of securities and this bid is matched with an offer for transfer of securities at the price and the volume specified in the matched bid and offer.

## **6.5. Trading obligations of members**

- 6.5.1. Responsibility of members

## Part 6 – Trading Rules

- 6.5.1.a. A member is responsible for the accuracy of details, the integrity, and bona fides of, all trading messages submitted into ETP by means of a gateway session, regardless of whether a designated trading representative of the member was involved in their submission.
- 6.5.1.b. For the avoidance of doubt, if a trading message is submitted into ETP by means of a gateway session of the member, the trading message is taken for all purposes under these rules to have been submitted into ETP by and with the knowledge of the member.
- 6.5.1.c. A member must at all times comply with the operational requirements which are specified in rules [6.5.1.e.] to [6.5.1.g.] below.
- 6.5.1.d. For the avoidance of doubt:
  - 6.5.1.d.i. the general requirement of rule [6.5.1.e.] (organisational and technical resources) applies in addition to the specific requirements of rules [6.5.1.f.] (trading management arrangements) and [6.5.1.g.] (security arrangements); and
  - 6.5.1.d.ii. the operational requirements apply to all orders.
- 6.5.1.e. A member must have and maintain the necessary organisational and technical resources to ensure that:
  - 6.5.1.e.i. trading messages submitted into ETP by the member do not interfere with the efficiency and integrity of the markets provided by the SPX or the proper functioning of ETP; and
  - 6.5.1.e.ii. the member at all times complies with the Rules.
- 6.5.1.f. A member must have arrangements in place so that the member can at all times determine the origin of all orders and trading messages, including:
  - 6.5.1.f.i. the different stages of processing each order (regardless of whether a trading message is generated) and the time at which each stage occurred;
  - 6.5.1.f.ii. the order that corresponds to a trading message;



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- 6.5.1.f.iii. the identity and capacity of the person placing the order that corresponds to the trading message;
  - 6.5.1.f.iv. the trader workstation through which the trading message was submitted into ETP;
  - 6.5.1.f.v. the designated trading representative with responsibility for that trader workstation; and
  - 6.5.1.f.vi. whether the trading message was submitted as Principal or for a client.
- 6.5.1.g. A member must maintain and enforce at all times appropriate security procedures which are designed to prevent unauthorised persons from having access to a gateway session or a trader workstation of the member.
- 6.5.1.h. A member must answer any request by the SPX for information regarding compliance by the member with the operational requirements.
- 6.5.1.i. The SPX or its agent may conduct an audit of compliance by the member with the operational requirements, and the member must assist any representative of the SPX appointed to conduct that audit.
- 6.5.2. Orderly Market
- 6.5.2.a. A member must ensure the conduct of an orderly market by, amongst other things:
    - 6.5.2.a.i. complying with instructions and directions issued in X-Stream Trade Workstation User Guide;
    - 6.5.2.a.ii. ensuring that a designated trading representative of the member is available to receive communications from other members or the SPX during normal trading; and
    - 6.5.2.a.iii. dealing with the best advantage of their customers subject to the fair dealing rules pursuant to rule [5.11.];
    - 6.5.2.a.iv. not intentionally taking advantage of a situation arising as a result of a breakdown or malfunction in the SPX's procedures or systems; or an error in entries made by the SPX within ETP.
- 6.5.3. Records and identification of order source

6.5.3.a. A member must fill the transaction origin identifier field for every trading message submitted into ETP with details of the unique identifier allocated pursuant to rule [6.6.3.a.] or rule [6.6.3.b.], as the case may require, to enable the identification of the originator of a trading message submitted into ETP by means of a gateway session of the member.

6.5.4. Designated trading representatives

6.5.4.a. The function of a designated trading representative is to submit trading messages into ETP using a trader workstation of a member.

6.5.4.b. Subject to rule [6.5.4.], upon receipt of an application in writing from a member in the form prescribed by the SPX, the SPX may register a person nominated by the member as a designated trading representative of that member.

6.5.4.c. To be eligible for registration as a designated trading representative, a person must:

6.5.4.c.i. hold a licence issued by RBF or be a representative of the member which allows the person to deal in securities under the licence issued by RBF to the member; and

6.5.4.c.ii. have demonstrated knowledge of the dealing rules and relevant practices and procedures of the SPX; and

6.5.4.c.iii. have demonstrated knowledge of the ETP using Trader Workstation.

6.5.4.d. The SPX may register a person as a designated trading representative subject to any conditions it considers appropriate in the interest of maintaining a fair and orderly market.

6.5.4.e. Upon registration under rule [6.5.4.b.] above, a designated trading representative must continue to meet the requirements of rule [6.5.4.c.] above at all times.

6.5.4.f. The SPX may refuse to register a person as a designated trading representative if the SPX considers that person will not be capable of effectively discharging

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the functions of a designated trading representative, or it is desirable to do so in order to protect the interests of the SPX, the markets conducted by the SPX or the proper functioning of ETP.

- 6.5.4.g. The SPX may suspend or withdraw a registration previously given to a person as a designated trading representative if the SPX considers:
  - 6.5.4.g.i. the person has caused the member to fail to comply with the rules;
  - 6.5.4.g.ii. the person is not effectively discharging the functions of a designated trading representative;
  - 6.5.4.g.iii. the person has failed to comply with any conditions imposed under rule [6.5.4.d.]; or
  - 6.5.4.g.iv. it is desirable to do so in order to protect the interest of the SPX, the markets conducted by the SPX or the proper functioning of ETP.
  
- 6.5.4.h. The SPX must notify the designated trading representative and the relevant member in writing of a refusal, suspension or withdrawal of registration under rule [6.5.4.f.] or [6.5.4.g.] and the reasons for such refusal, suspension or withdrawal.
  
- 6.5.4.i. If the SPX suspends or withdraws the registration of a person as a designated trading representative under rule [6.5.4.f.], it may direct the member to remove, with immediate effect or otherwise at a time specified by the SPX that designated trading representative's access to any trader workstation of the member.
  
- 6.5.4.j. Without abrogating the right of the SPX under rules [6.5.4.f.], [6.5.4.g.] and [6.5.4.i.], a member may make submissions to the SPX in relation to a decision by the SPX to refuse to register or to withdraw the registration of a designated trading representative of the member. For the avoidance of doubt, the SPX may suspend the registration of a person as a designated trading representative under rule [6.5.4.f.] and [6.5.4.g.] prior to the making of any submissions to the SPX under this rule.
  
- 6.5.4.k. If:

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- 6.5.4.k.i. a designated trading representative ceases to hold a licence issued by RBF or ceases to be a representative of the member;  
or
- 6.5.4.k.ii. a member wishes the registration of a designated trading representative to be withdrawn,  
the member must notify the SPX in writing of the name of the relevant designated trading representative; and the trading day upon which the withdrawal of the registration is to take effect.
- 6.5.4.l. A designated trading representative is not permitted to execute any order on ETP for or on account of:
  - 6.5.4.l.i. the designated trading representative; or
  - 6.5.4.l.ii. the immediate family/or Family Entity of the designated trading representative,  
without the prior written approval of the member.
- 6.5.4.m. A member must ensure that all its designated trading representatives comply with the continuing professional education requirements published from time to time by the SPX and the RBF.

### **6.6. Proper Functioning of ETP**

#### 6.6.1. Orderly Market

- 6.6.1.a. If the SPX reasonably considers that it is necessary for:
  - 6.6.1.a.i. the efficiency and integrity of the markets provided by the SPX;  
or
  - 6.6.1.a.ii. the proper functioning of ETP,

the SPX may suspend the trading permission of a member whose actions have, in the opinion of the SPX, adversely impacted on that efficiency or integrity or the proper functioning; or generally suspend access to ETP, until a satisfactory resolution, in the opinion of the SPX, of the act, omission or circumstance which gave rise to the suspension has been implemented.
- 6.6.1.b. If the SPX takes action under rule [6.6.1.a.] in relation to:
  - 6.6.1.b.i. a member referred to in rule [6.6.1.a.i.]; or

6.6.1.b.ii. members generally,  
the SPX will immediately notify the member concerned or members generally, as the case may require.

6.6.1.c. The SPX will give the member an opportunity to either, at the option of the member:

6.6.1.c.i. appear in person or be represented before the SPX; or

6.6.1.c.ii. lodge a written submission for consideration by the SPX as to why the member's actions do not or will no longer adversely impact on the efficiency and integrity of the markets conducted by the SPX or the proper functioning of ETP.

The SPX will determine the matter without bias and give the member a fair hearing and otherwise observe the rules of natural justice. For the avoidance of doubt, a member dissatisfied with a decision of the SPX may appeal to the RBF.

6.6.1.d. In the event that access to ETP should be generally restricted for whatever reason, the SPX may suspend trading on ETP and place the system in the enquiry phase. When the SPX forms the opinion that ETP can re-commence, the SPX will notify members of the time at which a new pre-opening phase will commence.

6.6.1.e. If in the opinion of the SPX it is appropriate for the maintenance of an orderly, fair and informed market, that the market, or any particular security, be placed in pre-opening phase, the SPX may declare that the market, or any particular security, is in pre-opening phase for a specified period not exceeding 30 minutes.

6.6.1.f. A member must notify the SPX as soon as practicable if it is unable to submit trading messages into ETP in circumstances where access to ETP has not been suspended under this rule [6.6.1.].

## 6.6.2. Communications with ETP

6.6.2.a. If the SPX reasonably believes there is some fact or matter which may impair the ability of a member's trader workstation to communicate trading messages

reliably with ETP, or to correctly process those trading messages, the SPX may, on reasonable notice, require a member to undertake testing of its trader workstation as specified by the SPX.

6.6.2.b. If:

6.6.2.b.i. after the member has undertaken the testing referred to in rule [6.6.2.a.], the SPX reasonably believes that the ability of the member's trader workstation to communicate trading messages reliably with ETP or to correctly process those trading messages is or will be impaired; or

6.6.2.b.ii. the member has not within the time specified by the SPX complied with the SPX's requirement to undertake the testing referred to in rule [6.6.2.a.],

then notwithstanding rule [6.6.2.e.] below, the SPX may immediately take such steps as it considers necessary or desirable for the efficiency and integrity of the market provided by the SPX or the proper functioning or orderly operation of ETP, including:

6.6.2.b.iii. giving instructions or directions to the member to prevent or minimise impairment to those communications of trading messages with ETP or the correct processing of those trading messages;

6.6.2.b.iv. suspending the trading permission of the member until such time as the SPX is satisfied that the ability of the member's trader workstation to communicate trading messages reliably with ETP or to correctly process those trading messages is or will no longer be impaired; and

6.6.2.b.v. suspending the connection to ETP of any trader workstations of the member until such time as the SPX is satisfied that the ability of the member's trader workstation to communicate trading messages reliably with ETP, or to correctly process those trading messages is or will no longer be impaired.

6.6.2.c. A member must observe and give effect to any instructions or directions given under rule [6.6.2.b.iii.] above.

6.6.2.d. If the SPX takes steps under rule [6.6.2.b.] above, the SPX will notify the member concerned.

- 6.6.2.e. The SPX will give the member an opportunity to either, at the option of the member:
  - 6.6.2.e.i. appear in person or be represented before the SPX; or
  - 6.6.2.e.ii. lodge a written submission for consideration by the SPX as to why the ability of the member's trader workstation to communicate trading messages reliably with ETP or to correctly process those trading messages is, or will not, or will no longer be impaired; and the member should not be required to undertake the testing referred to in rule [6.6.2.b.] above.
  
- 6.6.2.f. The SPX will determine the matter without bias and give the member a fair hearing and otherwise observe the rules of natural justice. For the avoidance of doubt, a member dissatisfied with a decision of the SPX may appeal to the RBF.

### 6.6.3. Allocation of Unique Identifiers

- 6.6.3.a. The SPX will allocate a unique identifier to each:
  - 6.6.3.a.i. member;
  - 6.6.3.a.ii. designated trading representative; and
  - 6.6.3.a.iii. trader workstation.
  
- 6.6.3.b. A member must allocate a unique identifier to each:
  - 6.6.3.b.i. computer or other device which can connect to a trader workstation of a member; and
  - 6.6.3.b.ii. designated trading representative of that member.

## 6.7. Dealings in securities granted official quotation

### 6.7.1. Dealings on ETP

- 6.7.1.a. Transactions in securities granted official quotation must be made on ETP in accordance with these rules.
  
- 6.7.1.b. Trading on ETP

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6.7.1.b.i. Bids and offers entered into ETP are ranked in price/times/priority basis. Each bid or offer price for securities entered into ETP is placed in priority according to the highest priced bid and the lowest priced offer. An earlier entered bid price has priority over a bid at the same price entered at a later time. An earlier entered offer price has priority over an offer at the same price entered at a later time.

6.7.1.b.ii. Bids and offers must only be entered on ETP in multiples of 1 cent (\$0.01).

6.7.1.c. Market Phase hours

6.7.1.c.i. The market phase hours is as per this table:

Status	Time	Access Level
Start of day enquiry (enq)	4.30am to 5am	Market is available for viewing access only. Enquiry Mode
Pre-Open (pre)	5am to 10.30am	Orders can be entered, amended or withdrawn but no matching takes place
Normal (nml)	10.30am to 11.30am	Trading Commences. Orders can be entered, amended or withdrawn and matching takes place upon entry
Pre-Open (pre)	11.30am to 2.30pm	Orders can be entered, amended or withdrawn but no matching takes place
Normal (nml)	2.30pm to 3.30pm	Trading Commences. Orders can be entered, amended or withdrawn and matching takes place upon entry
End of day enquiry (enq)	3.30pm to 1am	Market is available for viewing access only
Shutdown	1am to 4.30am	System is not accessible and goes under maintenance.



- 6.7.1.d. Pre-opening phase
  - 6.7.1.d.i. During the pre-opening phase, bids and offers may be entered, amended or cancelled in ETP (bids and/or offers remaining in ETP from a previous trading day may be amended or cancelled).
  - 6.7.1.d.ii. Unless a bid or offer is amended or cancelled, the bids and offers which were in ETP at the close of normal trading on the previous trading day, retain the priority determined in accordance with the trading priority procedures of rule [6.7.1.e.] below.
  - 6.7.1.d.iii. During the pre-opening phase no bids or offers will be matched.
- 6.7.1.e. Normal trading
  - 6.7.1.e.i. Subject to these rules, during normal trading, bids and offers may be entered, amended or cancelled in ETP and matched in accordance with rule [6.7.1.b.] above.
  - 6.7.1.e.ii. During normal trading all bids and offers will, subject to rule [6.7.1.e.iii] below, be matched automatically by ETP in accordance with the following procedures:
    - a. the priority bid is matched with the priority offer so that either the bid or the offer is fully satisfied;
    - b. a new priority of bids and offers is established after deducting the quantity of securities paired;
    - c. the pairing and re-establishment of priority set out in rule [6.7.1.e.ii.a.] and [6.7.1.e.ii.b.] is repeated until the priority bid price is below the priority offer price; and
  - 6.7.1.e.iii. Where the highest bid and lowest offer prices respectively do not match or overlap such bids and offers will not participate in the procedures outlined in rule [6.7.1.e.ii.] above.
  - 6.7.1.e.iv. Any bids or offers which have not been matched at the completion of the procedures described in rule [6.7.1.e.ii.] above will be carried through to enquiry phase.
  - 6.7.1.e.v. A member may withdraw bids or offers after the close of normal trading and re-enter the bids or offers so withdrawn on the following trading day. However, the bids and offers withdrawn will lose, at the time of that withdrawal, the priority then held for the purposes of rule [6.7.1.b.] above.

- 6.7.1.f. The enquiry phase
  - 6.7.1.f.i. At the expiration of the normal trading phase, ETP will be placed in the enquiry phase until commencement of the pre-opening phase on the next trading day.
  - 6.7.1.f.ii. During the enquiry phase, the market is available for viewing access only and bids and offers may not be entered, amended, cancelled or matched.

## **6.8. Crossings<sup>1</sup>**

- 6.8.1. Crossings are permitted during normal trading
  - 6.8.1.a. crossings during normal trading must be effected in accordance with this rule [6.8.1.b.] to [6.8.1.f.].
  - 6.8.1.b. The member must enter either a bid or an offer at the price at which the member wishes to cross.
  - 6.8.1.c. Where a bid is entered, the bid shall be matched with offers in order of priority from the lowest offer price, up to but not including offers at the price at which the member desires to cross.
  - 6.8.1.d. Where an offer is entered, the offer shall be matched with bids in order of priority from the highest bid price down to but not including bids at the price at which the member desires to cross.
  - 6.8.1.e. Any quantity of securities which remains available after the procedure required by rules [6.8.1.c.] and [6.8.1.d.] have been followed, may then be crossed.
  - 6.8.1.f. Where an active market for a crossing does not exist, a crossing can only be effected in accordance with this Rule

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<sup>1</sup> This section has been suspended until further notice. All designated trading representatives are prohibited from using the crossing function on ETP.

- 6.8.1.f.i. the highest bid price and lowest offer price should not be more than one minimum bid apart.
- 6.8.1.f.ii. Where the member has created a crossing market in order to satisfy rule [6.8.1.f.i.], the crossing will be executed in accordance with rule [6.8.1.b.] to [6.8.1.e.].

## **6.9. Negotiated Deals or Special Crossing**

- 6.9.1. All negotiated deals or special crossings must be approved by SPX and effected by members in accordance with the negotiated deals/special crossing guidelines.

## **6.10. Non-disclosure of quantity of securities bid or offered**

### 6.10.1. General Rule

- 6.10.1.a. A member must, unless rule [6.10.1.b.] applies, when entering a bid or offer into ETP, specify both the price and quantity of the securities the subject of that bid or offer.
- 6.10.1.b. A member may elect not to disclose the quantity of the securities the subject of a bid or offer entered by the member into ETP when the value of the securities the subject of that bid or offer exceeds the amount prescribed by the SPX. The amount prescribed by the SPX for this purpose will not be less than \$100,000 or an amount to be prescribed by the SPX from time to time.

## **6.11. Suspensions and trading halts**

### 6.11.1. Suspensions

- 6.11.1.a. Securities which have been suspended from official quotation can only be traded with the permission of the SPX.
- 6.11.1.b. Bids and offers in securities the subject of the suspension will be placed in suspend.
- 6.11.1.c. At the termination of the period of suspension, trading in the securities which are the subject of the suspension will proceed to normal trading after a period of Pre-Opening.

6.11.2. Trading Halts

- 6.11.2.a. A trading halt may be imposed by the SPX if:
  - 6.11.2.a.i. the SPX releases an announcement in relation to a listed company which, in the opinion of the SPX, is market sensitive; or
  - 6.11.2.a.ii. a listed company requests a trading halt and the SPX agrees to impose a trading halt.
- 6.11.2.b. Securities subject to a trading halt will be placed into pre-opening phase. However, if the trading halt is imposed after the end of normal trading phase, the securities subject to a trading halt will be placed into pre-opening phase the next trading day.
- 6.11.2.c. Securities subject to a trading halt must not be traded (including by way of crossings and negotiated deals) during the period of the trading halt, regardless of whether the securities have been placed into pre-opening phase.
- 6.11.2.d. A trading halt will end at the earlier of:
  - 6.11.2.d.i. the time announced by the SPX that the trading halt will end (and the SPX will provide at least ten minutes notice before the end of the trading halt); or
  - 6.11.2.d.ii. the commencement of normal trading on the second trading day after the day the trading halt is imposed.
- 6.11.2.e. When a trading halt ends, the securities will be placed in the phase applying to the market as a whole unless the SPX decides otherwise.

**6.12. Errors and Cancellations**

6.12.1. Cancellation after Matching on ETP

- 6.12.1.a. A member must ensure that each of its designated trading representatives:
  - 6.12.1.a.i. comply with the instructions and directions issued by ETP market control; and

## Part 6 – Trading Rules

- 6.12.1.a.ii. do not intentionally take advantage of a situation arising as a result of a breakdown or malfunction in the SPX's procedures or systems; or an error in entries made by the SPX within ETP.
- 6.12.1.b. Where a member becomes aware of a transaction effected as a result of:
  - 6.12.1.b.i. any of the matters in rule [6.12.1.a.ii.] ; or
  - 6.12.1.b.ii. an error in the entry of a bid or offer,  
the following provisions of this rule [6.12.1.] apply.
- 6.12.1.c. A member identifying such error must contact the member with whom the transaction was effected and request the agreement of that member to cancel the transaction.
- 6.12.1.d. If agreement is reached, both members must as soon as possible after reaching that agreement notify the SPX of:
  - 6.12.1.d.i. the error;
  - 6.12.1.d.ii. agreement to cancel the transaction; and
  - 6.12.1.d.iii. full details to enable identification of the transaction to be cancelled.
- 6.12.1.e. On receiving notification from both members pursuant to rule [6.12.1.d.], the trade may be cancelled in accordance with the procedures set out in the X-Stream Trade Workstation User Guide.
- 6.12.1.f. A member responsible for an error in the entry of a bid or offer which results in a transaction being effected in relation to that bid or offer, must, if requested by the other member or the SPX, pay the costs involved in cancelling the transaction.
- 6.12.1.g. Members must seek advice and prior approval from clients before a transaction is cancelled.

**6.13. Cancellations prior to matching on ETP permitted**

- 6.13.1.a. A member may authorise a designated trading representative to amend, cancel or withdraw any bid or offer prior to a transaction being effected on ETP.
  
- 6.13.1.b. A transaction matched on ETP cannot be cancelled except by mutual agreement between the members which are a party to that transaction.

## **Part 7. Settlement**

### **7.1. Client Details**

- 7.1.1. Members shall deliver or fax to the SPX, by 5.00pm on the day of trading, the client details as stipulated in Schedule [J] of the business rules. An electronic copy of the Schedule [J] should also be emailed to SPX by 5.00pm on the day of trading.
- 7.1.2. The member shall ensure that all details entailed in the Schedule [J] including the buyer and seller details are correct. Any amendments to Schedule [J] should be submitted to SPX by 9.30am on the following day.
- 7.1.3. Failure to submit the correct Schedule [J] by the due date and time will incur the penalty specified in Schedule [B].
- 7.1.4. Members shall duly complete and produce at settlement the Investor Profile form as specified in Schedule [L]. The form must be completed for both the buying and selling client of the member.

### **7.2. Normal Settlement**

- 7.2.1. Settlement on each transaction is due to take place within the next 3 business days from the trade unless otherwise agreed between the members concerned and the SPX.
- 7.2.2. Prior to the settlement due date the selling member of a trade in equity securities shall contact the SPX to obtain the name and address of the person into whose name the shares are to be registered.
- 7.2.3. Licensed representatives of buying and selling members shall be present at the SPX between 11.30 am and 12.00pm each day on which settlement is to take place.
- 7.2.4. Settlements taking place after 12.00pm are deemed to be late settlements and the penalty specified in Schedule B shall apply.

- 7.2.5. Subject to rules [7.3.1.] and [7.4.1.], the selling member shall deliver to the SPX the certificate and the transfer form, duly completed in accordance with Schedule [I]. The SPX shall check the details on the transfer form. Any errors on the transfer form must be rectified immediately by the selling member. Errors that are not rectified before FSR are deemed to be late settlements and the fees specified in Schedule B shall apply.
- 7.2.6. Unless the buying and the selling members for a trade are one and the same, the buying member shall deliver a cheque to the SPX for the total consideration as stated in the daily trading summary and made payable to the selling member.
- 7.2.7. In the case of transactions involving restricted securities, the SPX shall check all the details as required by the listed company. However, the SPX shall not be responsible for transfers that are not accepted by the listed company.
- 7.2.8. The SPX shall fill out a settlement checklist in the form specified in Schedule [H]. The licensed representatives of the buying and selling member shall sign the checklist as correct.
- 7.2.9. The SPX shall hand over the cheque to the selling member.
- 7.2.10. The SPX shall stamp the transfer forms and send the transfer forms and certificates to the registrar for registration on or before midday on the next business day. However, the SPX shall not be responsible for transfers that are not accepted by the registrar.
- 7.2.11. The registrar shall deliver the new certificates to the SPX within five business days from the date the transfer forms and certificates are sent to the registrar for registration. Any delay in registering the new certificates will result in a penalty being imposed on the listed company as specified in the SPX Listing Rules.
- 7.2.12. On receipt of new certificates from the registrar the SPX shall deliver them to the members on or before the next business day.

**7.3. Balance certificate awaited**

- 7.3.1. Where the seller has previously delivered a certificate in satisfaction of an executed sell order and a balance certificate is awaited from the registrar, the selling broker shall



deliver a transfer form, duly completed in accordance with Schedule [I] accompanied by a photocopy of the certificate.

7.3.2. The SPX shall check against its records to confirm that a balance certificate is due.

7.3.3. These deliveries are processed in accordance with rule [7.2] above.

**7.4. Recent purchases**

7.4.1. Where the seller has previously bought the securities and a certificate is awaited from the registrar, the selling broker shall deliver a transfer, completed as above with details of the buy trade; these details shall include:

- 7.4.1.a. date of trading;
- 7.4.1.b. quantity;
- 7.4.1.c. price;
- 7.4.1.d. transaction number.

7.4.2. The SPX shall check against its records to confirm that a certificate is due.

7.4.3. These deliveries are processed in accordance with rule [7.2] above.

**7.5. Non-delivery of securities on settlement date**

7.5.1. In the event that securities are not delivered on the settlement due date, the member shall inform the SPX in writing by end of business on the settlement due date, the reasons for non-delivery of securities. The member shall endeavour to deliver the securities within five business days. During this period, the non-delivery of securities is deemed to be late settlement and the penalty specified in Schedule [B] shall apply.

7.5.2. If the member fails to deliver securities within five business days after settlement, the original trade shall be closed by the SPX and the unsatisfied buyer shall receive either 120% of the original price or the closing price of the last trading session, whichever is the higher.

7.5.3. The SPX shall review the value of the member's bank guarantee and ensure that it is sufficient to meet 20% of the value of the failed trade.

**7.6. Bad delivery**

7.6.1. In the event that a certificate is returned by the registrar as a bad delivery the SPX shall:

7.6.1.a. return the certificate to the selling member; and

7.6.1.b. use the bank guarantee if the need arises.

7.6.2. The member shall have ten business days in which to replace the bad delivery. The bad delivery shall incur the penalty specified in Schedule B.

7.6.3. If the member fails to replace the bad delivery within ten business days, the original trade shall be closed by the SPX and the unsatisfied buyer shall receive either 120% of the original price or the closing price of the last trading session, whichever is the higher.

7.6.4. The SPX shall review the value of the member's bank guarantee and ensure that it is sufficient to meet 20% of the value of the failed trade.

**7.7. Non-payment**

7.7.1. Failure to make payment on or before the settlement due date shall incur a settlement charge, payable to the SPX, as specified in Schedule [B]. Frequent failures to deliver or to pay may result in a referral to the disciplinary committee.

7.7.2. Unless the SPX determines to the contrary, the SPX shall suspend a member who does not pay for a purchase transaction on or before T + 3 or whose cheque is returned by the bank.

7.7.3. On the following business day, the SPX shall draw down on the member's bank guarantee to the maximum extent and satisfy sellers on a pro-rata basis up to the maximum level of the original transaction.

- 7.7.4. The SPX shall then attempt to sell the stock in the market. Any proceeds from the sale will be used, in the following order of priority, to:
- 7.7.4.a. make up any shortfall in payments to the original buyers,
  - 7.7.4.b. cover any expenses incurred by the SPX,
  - 7.7.4.c. be returned to the member.
- 7.7.5. The member shall re-instate the value of the bank guarantee within five business days of the draw down.
- 7.7.6. The SPX shall report to the RBF, within five business days:
- 7.7.6.a. all failures to settle;
  - 7.7.6.b. all failures to deliver;
  - 7.7.6.c. all failures to pay;
  - 7.7.6.d. all drawings made on the bank guarantee.

**7.8. Bankruptcy of member**

- 7.8.1. Where the SPX has terminated membership because an individual member has been made bankrupt or a corporate member has gone into receivership, the SPX shall:
- 7.8.1.a. check with the bank to see if any cheques are to be returned; if any are to be returned the SPX shall contact the registrar and obtain return of the relevant share certificates;
  - 7.8.1.b. check with the registrar to see if any certificates, not yet processed, will be rejected as bad delivery;
  - 7.8.1.c. review all outstanding trades for the terminated member and cancel the market side of any trades where the member was both buyer and seller;
  - 7.8.1.d. identify any trades that may be settled across the market, for example, where the terminated member had bought from one member and sold to another so that these members can be linked for the purposes of stock settlement;
  - 7.8.1.e. establish a single settlement price, based on the current market price, for all securities where the terminated member has outstanding transactions.
- 7.8.2. Members who have outstanding trades with the terminated member shall:

- 7.8.2.a. take stock from their selling customers and pay the selling customers;
  - 7.8.2.a.i. where instructed by the SPX deliver the stock to alternative buying members, as a result of [7.8.1.d.] above;
  - 7.8.2.a.ii. place orders in the market for the disposal of the stock at the settlement price;
- 7.8.2.b. settle with their buying customers by:
  - 7.8.2.b.i. using stock received from other brokers in accordance with rule [7.8.2.a.i.] above;
  - 7.8.2.b.ii. closing trades and returning to the customer either the original buying price or the settlement price, whichever is the higher.
- 7.8.3. Within two business days of termination, members shall provide the SPX with a schedule showing for all trades that were outstanding with the terminated member:
  - 7.8.3.a. the original trade details; i.e.:
    - 7.8.3.a.i. security;
    - 7.8.3.a.ii. quantity;
    - 7.8.3.a.iii. price;
    - 7.8.3.a.iv. consideration;
    - 7.8.3.a.v. ex-dividend, if appropriate;
  - 7.8.3.b. the difference, whether positive or negative, between the original trade consideration and the consideration calculated using the settlement price;
  - 7.8.3.c. the net difference.
- 7.8.4. The SPX shall use the bank guarantee from the terminated member to satisfy differences on the trades to the maximum extent possible. In the event that:
  - 7.8.4.a. the amount is insufficient to satisfy all members the losses by each member shall be pro-rated; members then have a claim against the bankrupt member for the balance;
  - 7.8.4.b. funds remain; these will be used to enable members with outstanding sold orders to progressively lower the price at which securities may be sold.

**7.9. Payment of SPX fee and RBF levy**

- 7.9.1. Members are required to pay the SPX facility fee and the RBF levy specified in Schedule [B] within 5 business days from the end of the month in which the trade took place.
- 7.9.2. Fees are payable for all executed trades, even if these trades are subsequently cancelled.
- 7.9.3. Failure to pay SPX and RBF fees in accordance with rule [7.9.1] shall result in a late payment fee becoming payable to the SPX in accordance with Schedule [B]. Continued failure to pay on time may result in a referral to the disciplinary committee.

**7.10. RBF levy**

- 7.10.1. SPX shall pay the RBF levy to the RBF on or before the end of the month in which the levy is received from the member.

## **Part 8. General**

### **8.1. Variations to the rules**

- 8.1.1. SPX shall have the power to grant exemptions to or variations from the rules. Any such exemptions or variations shall be reported to the RBF within seven business days of such variation being granted.

### **8.2. Complaints against SPX**

- 8.2.1. Complaints against the SPX should be addressed in writing to the chief executive. The SPX shall endeavour to resolve the issues involved as soon as practicable.
- 8.2.2. Complainants, who are unsatisfied with the response of the SPX and believe that the SPX has not followed the rules may raise the issues with the RBF who has the power under section 11 (4) of the Capital Markets regulation to act as an appellate body for aggrieved persons.
- 8.2.3. The SPX shall advise the RBF of all complaints received and the resolution of such complaints at the end of each month, within five business days on the month end.

### **8.3. Complaints against members or listed companies**

- 8.3.1. The SPX shall record all complaints regarding the professional conduct or activities of a member or any complaint against a listed company from:
  - 8.3.1.a. a listed company concerning another listed company or a member;
  - 8.3.1.b. the shareholders of the listed company against whom the complaint is made;
  - 8.3.1.c. a customer of the member; against whom the complaint is made;
  - 8.3.1.d. a member concerning another member or a listed company;
  - 8.3.1.e. any other person.
- 8.3.2. The record shall include the date the complaint was received and the identity of the complainant.

- 8.3.3. Within two business days of receiving such a complaint the SPX shall acknowledge receipt, in writing, to the complainant and institute an investigation into the validity of the complaint. This investigation should be undertaken as expeditiously as possible. Members or listed companies who are requested to provide information or documents to facilitate the investigation shall do so as quickly as is reasonably practical.
- 8.3.4. The SPX shall write to the complainant within one month of receipt advising the complainant of the result or current status of the complaint.
- 8.3.5. Where appropriate the SPX shall refer the behaviour of the member to the disciplinary committee.
- 8.3.6. Where appropriate the SPX shall refer the behaviour of the listed company to the listing committee.
- 8.3.7. In accordance with Capital Markets regulation 11 (1), the SPX shall notify the RBF, within seven days of receipt, of any complaint regarding the professional conduct or activities of a member or any complaint against a listed company, received from:
- 8.3.7.a. a listed company concerning another listed company or a member;
  - 8.3.7.b. the shareholders of the listed company against whom the complaint is made;
  - 8.3.7.c. a customer of the member; against whom the complaint is made;
  - 8.3.7.d. a member concerning another member or a listed company.
- 8.3.8. In accordance with Capital Markets regulation 11 (2) the SPX shall advise the RBF of the outcome of any investigation into such a complaint, within seven days of its completion.

#### **8.4. Confidentiality and disclosure**

- 8.4.1. The SPX shall regard all information obtained from members, outside of the trading sessions, as confidential except that the SPX shall disclose any information, obtained from an inspection of the members books and records, during the processing of any members business or through some other means, when required by law to do so.

**8.5. Publications**

8.5.1. The SPX shall produce the following reports in the form specified in Schedule [G]:

- 8.5.1.a. trading summary;
- 8.5.1.b. daily quotes;
- 8.5.1.c. unexecuted orders.

8.5.2. All the reports shall be published on the SPX website for access.

8.5.3. On receipt of information from listed companies, SPX shall issue the information on a press release alerting investors and the market that such information has been received and is available for viewing on the SPX website. Press releases shall be distributed to:

- 8.5.3.a. the members;
- 8.5.3.b. the SPX directors;
- 8.5.3.c. the listed companies;
- 8.5.3.d. the RBF;
- 8.5.3.e. the press;
- 8.5.3.f. other persons who have requested to that they be placed on the mailing list; the SPX may make a charge for issue to these persons.

**8.6. Reporting to RBF**

8.6.1. In accordance with Capital Markets regulation 4 the SPX shall not make any changes to the following until it has informed the RBF in writing of any proposed changes and received RBF's approval for the change:

- 8.6.1.a. memorandum and articles of association;
- 8.6.1.b. composition of the board;
- 8.6.1.c. identity of the owners;
- 8.6.1.d. any other information that is shown on the application for approval or renewal of approval to operate as a securities exchange, that is Form 1 in the regulations.



- 8.6.2. In accordance with Capital Markets regulation 9 (1) the SPX shall provide the RBF with :
- 8.6.2.a. copies of all documents issued to its shareholders in connection with the annual general meeting; and;
  - 8.6.2.b. within one month after the date of the meeting; a copy of its audited balance sheet and profit and loss account for the preceding financial year.
- 8.6.3. In accordance with Capital Markets rule 6 (1), the SPX shall furnish the RBF with quarterly returns relating to:
- 8.6.3.a. the official prices for the securities enlisted thereon;
  - 8.6.3.b. the number of shares delivered to the clearing facility;
  - 8.6.3.c. the number of securities listed and delisted during the preceding calendar quarters;
  - 8.6.3.d. a signed statement itemising all outstanding positions beyond settlement date for each member; and
  - 8.6.3.e. any other matter that may be specified by the Authority.
- 8.6.4. In accordance with Capital Markets rule 6 (3), the SPX shall provide to the RBF a quarterly report on the financial standing of each member who is not exempt under rule [5.3.5.] from providing capital adequacy returns to the SPX. Such report shall be provided within four weeks of the close of each quarter and shall report on:
- 8.6.4.a. whether or not capital adequacy returns were received on time;
  - 8.6.4.b. whether or not each firm met its capital adequacy requirements;
  - 8.6.4.c. details of any deficiencies in capital adequacy and steps taken by SPX and the member to remedy the situation.

## **8.7. Private transactions**

- 8.7.1. In accordance with Capital Markets regulation 36 (1) SPX has the responsibility for validating private transfers.
- 8.7.2. In accordance with Capital Markets rule 23 (1)(e) persons wishing to transfer listed securities that are pledged against a loan from a commercial bank or other licensed lending institution, in settlement of such a loan at the current established market value of such listed securities by mutual agreement between such lending institution and such

borrower shall provide the relevant transfer documentation to the SPX for certification of the share price together with the transaction fee specified in Schedule [B].

- 8.7.3. Documents requesting permission to transfer securities for any other purpose under Capital Markets rule 23 (1) shall be accompanied by the transaction fee specified in Schedule [B].
- 8.7.4. The SPX shall process such documents as expeditiously as possible and shall advise the persons lodging the documents with approval or reasons for delay or rejection, within ten business days of receipt.
- 8.7.5. In accordance with Capital Markets regulation 36 (2), an applicant, who is refused permission to undertake a private transaction may appeal to the RBF.
- 8.7.6. SPX shall:
  - 8.7.6.a. announce all private transactions that involve more than five per cent of the companies issued share capital to the market as soon as possible;
  - 8.7.6.b. in accordance with Capital Markets rule 6 (2), provide to the RBF a report of all private transactions, within two weeks following the end of each quarter, containing the following information:
    - 8.7.6.b.i. date of transfer;
    - 8.7.6.b.ii. reason for transfer;
    - 8.7.6.b.iii. quantity of transfer;
    - 8.7.6.b.iv. transferee and transferor;
    - 8.7.6.b.v. whether or not a press release was made under rule [8.5.3].
- 8.7.7. Members who assist customers in relation to private transactions may, in accordance with Capital Markets rule 23(2), make a fixed transaction charge to their customers in accordance with Schedule [B].

**8.8. Liability**

- 8.8.1. The SPX is not liable to members or their clients for any direct or indirect loss, damage or expense including legal costs arising in any way, whether by negligent conduct or omission of the SPX or its employees out of the supply of services by the SPX under the Business Rules.

Schedule A – Application for Membership

**Schedule A-Application for Membership**

A letter in substantially the form and the order shown below.

**Application for Membership – Corporate Bodies**

***Corporation Details***

Name of Corporation:	
Address of Registered Office:	
Date of Incorporation:	
Place of Incorporation:	
Financial Year End:	
Business Activities of Applicant:	
Trading Name of securities business if different from the above:	
Primay place at which securities business is conducted if different from the above:	
Phone No. of securities business:	
Fascimile No. of securities business:	

***Details of License:***

Type of License(s) from the RBF:	
License No(s):	
Date(s) of Issue	

***Contact Details***

	Name and position within corporation	Telephone	Fax	e-mail
Responsible Manager				
Compliance Officer				
Contact Person (if different from above)				

Schedule A – Application for Membership

**Directors**

Chief Executive/Managing Director	
Chairperson of Directors:	
Directors (add extra sheet if required)	1. 2. 3. 4. 5. 6.
Corporation Secretary/Manager:	
Auditor:	
Solicitor:	

**Capital Structure**

Authorised Capital:	
Issued Capital:	
If any of the shares issued carry special privileges, give details:	

**Suitability**

(1) What are the applicants proposed business activities? (tick the appropriate boxes)

- agency broking
- execution only
- general (including advisory)
- discretionary
- principal trading
- corporate finance advisory
- underwriting
- custody
- other. Please provide details

## Schedule A – Application for Membership

- (2) How does the applicant intend to record, report and settle transactions?
- (3) What systems does the applicant have, or intend to purchase, to record, report and settle transactions?
- (4) How many staff members does the applicant intend to employ?
- (5) If the applicant already has people employed or has identified potential staff members, what are their qualifications and experience?
- (6) What internal procedures and controls does the applicant have, or intend to have?
- (7) If the applicant intends to undertake different classes of business, what procedures are in place to ensure that commercially sensitive information does not pass on from one class of business to another ('Chinese Walls').

### ***Accompanying Documents***

This application must be accompanied by the following, which shall be retained by the SSE:

1. Certified copy of application made to RBF for a licence.
2. Certified copy of the RBF licence as a broker and/or dealers and/or manager of managed investment fund.
3. Certified copies of the RBF licenses of all representatives.

Schedule A – Application for Membership

**Commitment**

We agree and commit to abide by the rules of the SSE.

**The Common Seal of**

**and countersigned by:**

.....  
Director/Chief Executive

.....  
Corporation Secretary

Dated this..... day of .....

Schedule A – Application for Membership

**Application for Membership - Individuals**

A letter in substantially the form and the order shown below.

**Details of Individual**

Name:	
Business Address:	
Business Phone No:	
Business Fascimile No:	

**Details of License:**

Type of License(s) from the RBF:	
License No(s):	
Date(s) of Issue	

**Suitability**

(1) What are the applicants proposed business activities? (tick the appropriate boxes)

- agency broking
- execution only
- general (including advisory)
- discretionary
- principal trading
- corporate finance advisory
- underwriting
- custody
- other. Please provide details

(2) How does the applicant intend to record, report and settle transactions?

(3) What systems does the applicant have, or intend to purchase, to record, report and settle transactions?



Schedule A – Application for Membership

- (4) How many staff members does the applicant intend to employ?
- (5) If the applicant already has people employed or has identified potential staff members, what are their qualifications and experience?
- (6) What internal procedures and controls does the applicant have, or intend to have?
- (7) If the applicant intends to undertake different classes of business, what procedures are in place to ensure that commercially sensitive information does not pass on from one class of business to another ('Chinese Walls').

**Accompanying Documents**

This application must be accompanied by the following documents, which shall be retained by the SSE:

- 1. Certified copy of the application to RBF for a licence;
- 2. Certified copy of the RBF licence as a broker and/or dealer.
- 3. Certified copies of the RBF licenses of representatives, if any.

**Commitment**

I agree and commit to abide by the rules of the SSE.

Dated this..... day of .....

Signature of Applicant .....

Signature of Witness .....

Name and address of Witness

Schedule B – Fees and Penalties

**Schedule B – Fees and Penalties**

All fees quoted are non-refundable.

<b>Type of Fee</b>	<b>Amount</b>	<b>When payable</b>
Membership application fee – bodies corporate	\$10,000	On application
Membership application fee – individuals	\$10,000	On application
Annual membership fee – bodies corporate	\$5,000 plus \$1,000 for each additional branch	On or before 31 <sup>st</sup> January each year
Annual membership fee – individuals	\$5,000 plus \$1,000 for each additional branch	On or before 31 <sup>st</sup> January each year
SPX facility fee – equity securities*	Percent of the trade consideration as follows: First 10,000 0.8% Next 40,000 0.4% Thereafter 0.2%	Within 5 business days from the end of the month in which the trade took place.
SPX facility fee – debt securities	Fee applicable to trade consideration as follows: First 10,000 \$50.00 Next 40,000 \$80.00 Next 450,000 \$120.00 Thereafter nil.	Within 5 business days from the end of the month in which the trade took place.
RBF levy – equity securities	Based on the trade consideration On the first \$10,000 – 0.2% On the next \$40,000 – 0.1% Thereafter – 0.05%	Within 5 business days from the end of the month in which the trade took place.
RBF Levy – debt securities	Based on the trade consideration On the first \$10,000 – 0.2% On the next \$40,000 – 0.1% On the next \$450,000 – 0.04% Thereafter – Nil If maturity date is less than one year from the trade date, then On the first \$1,000,000 – 0.025% Thereafter – Nil	Within 5 business days from the end of the month in which the trade took place.
SPX Settlement fee for Equity Securities	A fee of \$5.00 each side applicable to all trades executed at SPX.	Within 5 business days from the end of the month in which the trade took place.
SPX Settlement fee for Debt Securities	A fee of \$5.00 each side applicable to all trades executed at SPX.	Within 5 business days from the end of the month in which the trade took place.
Late Settlement fee, non-delivery fee, bad delivery and non-payment fee.	4% of the consideration per business day.	On or before the 15 <sup>th</sup> of the month following the month during which the failure occurred.

Schedule B –Fees and Penalties

<b>Type of Fee</b>	<b>Amount</b>	<b>When payable</b>
Charge for failure to pay fees on time.	1% per business day the fees are outstanding.	
SPX Transaction Fee for approval of transfers under Capital Markets rule 23 (1)	\$50 in all cases except for transactions applicable to Capital Markets Rule 23(1)(f) where a fee of \$100 will apply.	On submission of documents for approval.
Broker transaction fee for approval of transfers under Capital Markets rule 23 (1)	\$50 in all cases except for transactions applicable to Capital Markets Rule 23(1)(f) where a fee of \$100 will apply.	This is the maximum fee that may be charged by a broker to his customer for the provision of this service.
Failure to provide correct Schedule “J” by 9.30am on the following day of trade	\$20.00 per business day	On or before the 15th of the month following the month during which failure occurred.

\*Notes will be categorised as Equity securities for application of facility fee where the terms of issue provide that it is convertible into an equity security at some future date. (Amended – 18/4/12)

Schedule C – Application for Designated Trading Representative

**Schedule C – Application for Designated Trading Representative**

Name of member applicant is working for:	
Type of License(s) from the RBF:	
License No(s)	
Date(s) of Issue:	

***Accompanying Documents***

1. Copy of the applicant's curriculum vitae.
2. Certified copy of the relevant license from the RBF.

Schedule D –Notice of Termination

**Schedule D - Notice of Termination**

---

***Notice of Termination***

Full name of Licensed Representative

---

License Number of Licensed  
Representative

---

Name of Member

---

License Number of Member

---

Date of Termination of Employment of  
Licensed Representative

---

Reason for Termination

---

Authorised Signatory of Member

---

Name of Signatory (please  
print)

---

Date of signing

---

## **Schedule E - Information to be contained in Customer Agreement**

The customer agreement should contain as much of the following information as is relevant to the services that the member is offering, i.e. if the member is not going to offer safe custody then the section of the customer agreement that deals with this service can be omitted:

1. Identity of the customer, i.e.
  - a. name;
  - b. address (this is the address to which the contract note will be sent);
  - c. contact details (phone/fax etc.);
  - d. nationality or citizenship;
  - e. residency.
  
2. Type of customer:
  - a. execution only; in this case the member does not initiate contact with the customer by phoning with ideas, gives no advice and simply takes orders from the customer with regard to trades; the orders from execution only customer must be limit orders, i.e. must specify a maximum price for purchases and a minimum price for sales;
  - b. general; in this case the member may give investment advice or contact the customer with investment ideas, the customer will generally make the investment decision although, on occasions he may leave some discretion to the member, e.g. I want to buy some Fiji Sugar – buy me 500 at the best price available;
  - c. discretionary; in this case the investor gives the member control over a portfolio and allows the member to make the investment decisions, within specified parameters.
  
3. Method of giving orders; this is relevant for execution only and general customers: the alternatives might be:
  - a. signed, written instructions only
  - b. telephone
  - c. fax
  - d. e-mail (maybe Internet in time).
  - e. time of customer providing stock for sold transactions; this may be:
  - f. at time of order;
  - g. prior to settlement due date; in this case the member will specify the penalties to be imposed in the event that the customer fails to deliver good stock in good time;
  - h. stock to be taken from safe custody account;
  
4. Time of member providing funds to customer for sold transactions; this may be
  - a. on settlement due date

## Schedule E –Information to be contained in Customer Agreement

- b. within specified number of days of settlement due date
  - c. credit to cash account; in this case the agreement would specify the time from receipt of a withdrawal instruction from the customer to the provision of payment by the member;
5. Form in which member will provide cash to customer; this may be
- a. cash collected from member's office;
  - b. cheque sent to address on record;
  - c. credit to a bank account (name and number).- this must be the customer's own bank account for security;
6. Time of customer providing funds for purchase order; this may be:
- a. in full at time of order;
  - b. a specified percentage at time; in this case the balance will be due on or before settlement due date and the penalties for non-delivery will be specified; the SSE will not specify a minimum amount; this be left to the member and his customer;
  - c. in full prior to settlement due date and the penalties for non-delivery;
  - d. deduct from cash account; in this case the agreement will need to determine The Decreeion that will be taken if insufficient funds are available to meet the order in full;
7. Time of member providing a share certificate to the customer; this may be:
- a. within a specified period of time after receipt of the certificate by the member from the SSE (the rules will require this to be no more than 5 business days);
  - b. add to custody account.
8. Mechanism by which certificate will be sent to customer; this may be:
- a. Normal mail;
  - b. registered post;
  - c. available for collection from office and what notice will be sent by member;
9. Timing for return of cash/certificates for orders that are withdrawn, cancelled or expired.
10. Investment objectives; for general and discretionary customers, the member will need to following information:
- a. date of birth
  - b. marital status
  - c. employed/self employed/ retired/un-waged (can mean housewife, unemployed, self sufficient etc.)
  - d. attitude to risk

Schedule E –Information to be contained in Customer Agreement

- e. investment objectives e.g. saving for retirement, saving for school fees, capital growth, high income.

11. Restrictions on investment (discretionary customers only).

12. Where stock is held in safe custody by the member the following information needs to be provided by the member;

- a. frequency of reporting
- b. address to which reports are to be sent
- c. what is to happen to dividends received by the member (sent direct to customer, credited to cash account, within what period of time)
- d. what will happen about optional events, e.g. rights issues – member will seek instructions from customer but will act in best interests of customer if no instructions received;
- e. voting; will the member provide proxy forms?
- f. time for the member to act on withdrawal instructions from safe custody accounts;

13. Where funds are held in a cash account by the member the following information needs to be provided by the member;

- a. frequency of reporting
- b. address to which reports are to be sent
- c. time for member to act on withdrawal instructions
- d. form in which cash will be made available
- e. address to which cheques will be sent.

14. A statement by the customer:

- a. if he is a resident of the Fiji Islands that the securities purchased under this agreement will be bought on their own behalf or on behalf of another Fijian entity; a separate account will be needed if they are purchasing on behalf of a foreign resident or a domestic company controlled by foreign resident as reserve bank approval is required;
- b. that the customer understands the RBF rules relating to insider trading;
- c. giving the member power to sign bought transfers on behalf of the customer;
- d. that the customer understands that the price of securities can go down as well as up;
- e. that the customer will advise the member if there is a change in any of the circumstances covered by the agreement.

15. A statement by the member that the customer has the right to bring a dispute to the arbitration committee established by the SSE.



Schedule F – Buy/Sell Order Forms

**Schedule F - Buy/Sell Order Forms**

**[Members Name and Address]**

**Buying Order**

I/We ..... ('Purchaser')  
(Full name)  
of .....  
(Address)

authorises and instructs you as my/our agent to purchase on my/our behalf, the following securities, in accordance with the conditions set out in the reverse of this form and the customer agreement, if applicable.

Name of Security:	
Number of Securities:	
Purchase price (specify limits or at market price):	

**Address where all correspondences to be sent (if different from above)**

.....  
.....  
.....

This authority will remain in force for ..... days/months from the date of this agreement or until my earlier written notification of amendment or cancellation of this order is given to [Members name] prior to the execution of the order..

I/We further authorise you to sign as my authorised agent the necessary transfer forms to effect the legal transfer of the above securities.

**Exchange Control**

I/We declare that I/We am/are a resident of Fiji for Exchange Control purposes and am/are not acquiring the securities as the nominees of any person/legal entity who/which is not a resident of Fiji.

Schedule F – Buy/Sell Order Forms

***Further declaration to be completed on behalf of companies incorporated in Fiji***

I/We, the signatory of the purchaser hereby declares that the purchaser is not by any means controlled by a person(s) or legal entity/entities who/which is not a resident of Fiji for Exchange Control purposes.

..... ('Signatory')

*(Purchasers'/purchasers authorised agents signature)*

.....

*(Date)*

**[Members name] Use Only**

Date of Receipt of Order: .....

Time of Receipt of Order: .....

Receipt No (if applicable): .....

Order accepted by .....

## Schedule F – Buy/Sell Order Forms

### **Terms and Conditions (optional)**

This Order is subject to the following terms and conditions:

1. In the event of default by the purchaser in fulfilling its obligations in completing the contract, [Members Name] shall without prejudice to its other remedies at law for breach of contract or otherwise, be entitled to exercise all or any of the following remedies:
  - (a) to rescind this contract;
  - (b) to sue for specific performance of the contract;
  - (c) to recover damages for breach of contract;
  - (d) to forfeit any deposit paid as liquidated damages;
  - (e) to re-sell the securities and recover any deficiency on re-sale from the purchaser in default.
2. [Members Name] may conclude transactions at any price within the authority given to it by the purchaser which it may consider appropriate in its absolute discretion and for the purpose of fulfilling the order, it may conclude more than one transaction within such authority.
3. No claim shall be maintainable against [Members Name] in respect of any action undertaken by it in good faith and without negligence.
4. Commission is payable by the purchaser at rates current on the date of issue of the contract note.

Schedule F – Buy/Sell Order Forms

**[Members Name and Address]**

**Selling Order**

I/We ..... ('Seller')  
(Full name)  
of .....  
(Address)

authorises and instructs you as my/our agent to sell on my/our behalf, the following securities, in accordance with the conditions set out in the reverse of this form and the customer agreement, if applicable.

Name of Security:	
Number of Securities:	
Sale price (specify limits or at market price):	

**Address where all correspondences to be sent (if different from above)**

.....  
.....  
.....

This authority will remain in force for ..... days/months from the date of this agreement or until my earlier written notification of amendment or cancellation of this order is given to [Members name] prior to the execution of the order..

I/We further authorise you to sign as my authorised agent the necessary transfer forms to effect the legal transfer of the above securities.

..... ('Signatory')  
(Sellers'/Sellers' authorised agents signature)  
.....  
(Date)

**[Members name] Use Only**

Date of Receipt of Order: .....  
Certificate No:.....

Schedule F – Buy/Sell Order Forms

Time of Receipt of Order: .....

Receipt No (if applicable): .....

Order accepted by .....

## Schedule F – Buy/Sell Order Forms

### **Terms and Conditions (optional)**

This Order is subject to the following terms and conditions:

1. In the event of default by the seller in fulfilling its obligations in completing the contract, [Members Name] shall without prejudice to its other remedies at law for breach of contract or otherwise, be entitled to exercise all or any of the following remedies:
  - (a) to rescind this contract;
  - (b) to sue for specific performance of the contract;
  - (c) to recover damages for breach of contract;
2. [Members Name] may conclude transactions at any price within the authority given to it by the seller which it may consider appropriate in its absolute discretion and for the purpose of fulfilling the order, it may conclude more than one transaction within such authority.
3. No claim shall be maintainable against [Members Name] in respect of any action undertaken by it in good faith and without negligence.
4. Commission is payable by the seller at rates current on the date of issue of the contract note.

Schedule G – Publications

**Schedule G – Publications**

**Trading Summary**

**TRADING SUMMARY**

Trade Date	Security	Trade Number	Buyer	Seller	Volume Traded	Price	Consideration	Settlement Date

**Daily Quotes**

**DAILY QUOTES**

Code	Current Market Price (F\$)	Movement (F\$)	Volume Traded	Closing Quotes		52 Weeks		Earnings Per Share (Cents)	Price Earnings Ratio (Times)	Current Yield (Dividend/Interest) (%)	Market Capitalisation (F\$)	% of Market Capitalisation
				Buy (F\$)	Sell (F\$)	Low (F\$)	High (F\$)					

**Unexecuted Orders**

**UNEXECUTED ORDERS**

Trading Code	Buy Orders	Buy Quantity	Buy Price	Sell Price	Sell Quantity	Sell Orders

**Schedule H – Settlement Checklist**

**Documentation Required during Settlement**

(Please place a tick in the appropriate boxes confirming receipt of the documents)

**Sellers (Equity)**

Original share certificate

Completed transfer form

*If FDB has lien over share certificate*

A letter from FDB, specifying number that can be sold

**Buyers (Equity)**

Cheque for total consideration (in the case of a broker acting for both parties, a receipt confirming that total consideration has been received)

**Additional Requirements for Buyers of Fijian Holdings Limited shares:**

*If the buyer is an individual and not an existing shareholder*

VKB (Original or certified copy)

*If the buyer is a company and not an existing shareholder*

Articles of Association (Original or certified copy)

VKB's (Original or certified copy) for all directors

*In the case of an existing shareholder (individual or company)*

Letter of confirmation from Fijian Holdings Limited, on its letterhead with correct signatory

**Sellers (Debt Securities)**

Original debt security certificate

Completed transfer form, witnessed by 2 Justices of Peace/bank officers, company seal

**Buyers (Debt Securities)**



Schedule H– Settlement Checklist

Cheque for total consideration or receipt (in the case of a broker acting for both parties)

**I, the Clearance & Settlements Officer (or an authorised person) acknowledge receipt of the documents as indicated above.**

Designation: .....  
Signature: .....  
Date: .....

Witness

**Seller-Dealer**

Dealer/broker rep. no: .....  
Signature: .....  
Date: .....

**Buyer - Dealer**

Dealer/broker rep. No:.....  
Signature:.....  
Date:.....

Schedule I –Transfer Forms

**Schedule I – Transfer Forms**

**[ISSUERS NAME] BONDS**

**Memorandum of Transfer**

I/We \_\_\_\_\_

(Name in full)

of \_\_\_\_\_

hereby assign and transfer the total sum of \$ \_\_\_\_\_

(\_\_\_\_\_ dollars) [Issuers Name] Bonds

\_\_\_\_\_ per cent due \_\_\_\_\_ 19 \_\_\_\_\_ and registered in my name, and all

property, right and interest in and to the said bonds and dividends thereon unto \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

and the Registrar is hereby requested to transfer the same.

Bond No. \_\_\_\_\_ for \$ \_\_\_\_\_ is submitted herewith for purposes

of cancellation and reissue of further Bond(s).

In witness whereof of this deed has been executed this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_.

Transferor’s full name(s) \_\_\_\_\_

\_\_\_\_\_

Signed in the presence of \_\_\_\_\_ Signature(s) of Transferor(s)

(Signature of witness):

\_\_\_\_\_

Qualification of Witness: \_\_\_\_\_

Full address: \_\_\_\_\_

I/We \_\_\_\_\_

(Name(s) in full)

of \_\_\_\_\_

hereby agree to accept the above-described [Issuers Name] Bonds and the Registrar is hereby

requested to register the same accordingly.

Schedule I –Transfer Forms

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_

Postal Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature(s) of Transferee(s)

Schedule I –Transfer Forms

**Transfer and Acceptance of Shares**

Affix Stamp Duty Number here:	Contract Note No.....
Full names of transferor (seller)           Full names of transferee (buyer) Address of transferee  Number of shares   Full name of company or corporation	I, ..... of .....  in consideration of the sum of (in words)..... ..... (in figures)..... paid to me by  ..... of ..... herein after called the transferee, do hereby assign and transfer to the said transferee ..... (in words) .....shares standing in my (in figures) name(s) in the books of ..... ..... subject to the conditions on which I/we held the same immediately before the execution hereof and I/we the said transferee (s) do hereby agree to accept the said shares subject to the conditions aforesaid.
Declaration for Power of Attorney  Attorney only	I/We have not received any revocation of the Power of Attorney by death of the guarantor or otherwise under which this transfer is signed. Signed ..... Date: ...../...../.....
Selling representative sign here  ..... Date: ...../...../.....	Members Stamp
Buying representative sign here  ..... Date: ...../...../.....	Members Stamp

Schedule J–Client Details

**Schedule J – Client Details**

Pursuant to Section 7.1 of the SPX Business Rules, please find details of buyer and seller for today’s trade.

<b>Trade Number</b>	<b>Security</b>	<b>Volume Traded</b>	<b>FSR</b>	<b>Buyer Details</b>	<b>Seller Details</b>

.....  
Signature of Broker/ Dealer Representative

.....  
Date

Schedule K– Schedule of Cash and Securities

Schedule of Cash & Securities Held as at _____		
Schedule for Cash held as at _____		
Reconciliation		
Trust Account balance as at _____		
Receivables from Buyers		
Payable to Sellers		
Owing to Buyers (deposits)		
Payable to OTFSellers		
SPSE/CMDA Fees & Levies		
Revenue		
Receivable From Buyers		
Name of Client/Broker	Contract No.	Amount
Payable To Sellers		
Name of Client/Broker	Contract No.	Amount
Owing To Buyers (Deposits)		
Name of Client/Broker	Contract No.	Amount
Owing To OTF Sellers		
Name of Client/Broker	Contract No.	Amount

Schedule K– Schedule of Cash and Securities

Schedule for Securities held as at \_\_\_\_\_

Name of Client	Security	Quantity	Certificate #	Buy/Sell	*Comments

\* For example to sell all or part of shares, to sell the remaining balance, or clients only pay when orders are executed

## Schedule L– Investor Profile Form

### INVESTOR PROFILE FORM

Please refer to important information and instructions contained at the back of this document before completing this form.

<input type="checkbox"/> BUYER	<input type="checkbox"/> SELLER			
<b>(A) INVESTOR DETAILS</b>				
1	INVESTOR NAME			
2	POSTAL ADDRESS			
3	RESIDENTIAL ADDRESS			
4	TELEPHONE	W	H	M
5	E-MAIL ADDRESS			
6	OCCUPATION			
<b>(B) TYPE OF INVESTOR (PLEASE INDICATE WITH A TICK)</b>				
<input type="checkbox"/>	INDIVIDUAL	<input type="checkbox"/>	INSTITUTION/COMPANY	<input type="checkbox"/>
<input type="checkbox"/>	TRUST	<input type="checkbox"/>	JOINT/FAMILY	<input type="checkbox"/>
<input type="checkbox"/>	GROUP/CLUB	<input type="checkbox"/>	CO-OPERATIVE	<input type="checkbox"/>
<input type="checkbox"/>	MATAQALI	<input type="checkbox"/>	PROVINCE	<input type="checkbox"/>
<input type="checkbox"/>	TIKINA	<input type="checkbox"/>	YAVUSA	
<b>(C) RESIDENCY (PLEASE INDICATE WITH A TICK)</b>		<b>(D) GEOGRAPHICAL LOCATION (PLEASE INDICATE WITH A TICK)</b>		
<input type="checkbox"/>	RESIDENT	<input type="checkbox"/>	NON-RESIDENT	<input type="checkbox"/>
<input type="checkbox"/>	NORTHERN	<input type="checkbox"/>	CENTRAL/ EASTERN	<input type="checkbox"/>
<input type="checkbox"/>	WESTERN			
<b>(E) DATE OF BIRTH</b>			<b>(F) TAX IDENTIFICATION NUMBER (TIN)</b>	
DAY		MONTH		YEAR
<b>(G) DIVIDEND/INTEREST PAYMENT MODE (PLEASE INDICATE ONLY ONE OUT OF THE FIVE BELOW WITH A TICK)</b>				
9	<input type="checkbox"/>	DIRECT DEPOSIT	10	<input type="checkbox"/>
		TELEGRAPHIC TRANSFER		
	BANK		BANK	
	ACCOUNT NAME		ACCOUNT NUMBER	
	ACCOUNT NUMBER		BANK ADDRESS	
11	<input type="checkbox"/>	BANK DRAFT	11	<input type="checkbox"/>
		B5B		
	CURRENCY		SWIFT BIC	
12	<input type="checkbox"/>	NOT-NEGOTIABLE CHEQUE IN FJD - DISPATCH TO THE POSTAL ADDRESS ABOVE		
13	<input type="checkbox"/>	RE-INVEST (IF OPTION AVAILABLE)		
<b>(H) HOW DID YOU FIND OUT ABOUT SPSE? (PLEASE INDICATE WITH TICK(S) BELOW)</b>				
<input type="checkbox"/>	INVESTMENT SEMINARS	<input type="checkbox"/>	STOCKBROKER	<input type="checkbox"/>
<input type="checkbox"/>	SOCIAL MEDIA	<input type="checkbox"/>	FAMILY/FRIENDS	
<input type="checkbox"/>	SPSE WEBSITE	<input type="checkbox"/>	RADIO/TV ADVERTISEMENT	<input type="checkbox"/>
<input type="checkbox"/>	SPSE PUBLICATIONS	<input type="checkbox"/>	OTHERS	
<b>(I) DECLARATION</b>				
I/We declare that the information provided herein is accurate, to the best of my/our knowledge. I/We understand and agree that the information provided herein will be used by the South Pacific Stock Exchange Limited to develop the Investor Profile Database.				
Dated this _____ day of _____, 20_____				
_____ Investor 1/ Authorised Signatory 1		_____ Investor 2/ Authorised Signatory 2		_____ Investor 3/ Common Seal



## Schedule L– Investor Profile Form

### IMPORTANT INFORMATION AND INSTRUCTIONS

#### **PURPOSE**

The Investor Profile Form will assist the South Pacific Stock Exchange (SPX) in capturing relevant details of all stock market investors. The collected data will assist SPX in developing an Investor Profile Database for the stock market which will in turn assist stakeholders of the capital markets in carrying out analysis for decision making and record keeping.

#### **SUBMISSION OF INVESTOR PROFILE FORM**

The Investor Profile Form should be filled in and signed by the investor when placing a buy order or a sell order with their respective licensed broker. Once the investor's order is executed, the broker will submit the completed form to SPX during settlement of the trade.

#### When should the investor fill in this form?

- If the investor has not previously submitted this form to SPX, the investor is required to fill all relevant sections of the form.
- If any of the information on the form has changed since the last time it was submitted to SPX, the investor is required to submit updated information to SPX by filling in the relevant section(s) of the form only.

#### **HOW TO COMPLETE THIS FORM?**

Follow the instructions below to determine which sections of this form are required to be completed, and when.

Tick *Buyer* if the investor is placing a buy order or *Seller* if the investor is placing a sell order. This will assist SPX in identifying which investor the broker is representing.

#### **A. INVESTOR DETAILS**

These details will provide the SPX with general information on the investor.

1. Investor Name – this could be an individual investor, joint investors, or companies/trusts/groups.
2. Postal Address – this address should be an active address that the investor(s) would prefer receiving correspondence on.
3. Residential Address – the place of residence of the investor.
4. Telephone – the telephone number through which the investor would be readily available should be provided.
5. E-Mail Address – the email address that is frequently accessed by the investor should be provided.
6. Occupation – current employment of the investor

**B. TYPE OF INVESTOR** - Tick the box which best describes the investor or the investor's structure/setup.

**C. RESIDENCY** - Is investor's principal place of residence or place of incorporation.

**D. GEOGRAPHICAL LOCATION** - Tick the box which is most suitable to the investor.

**E. DATE OF BIRTH**- Provide birth date of investor

#### **F. TAX IDENTIFICATION NUMBER (TIN)**

This information is very important for SPX as it provides unique identification for each investor. In case of joint investors, please provide TIN for all investors. This section is not required to be filled for non-resident investors who do not have a TIN.

#### **G. DIVIDEND/INTEREST PAYMENT MODE**

Choose only one of out the five payment modes from Sections 9 to 13. It is important that the investor provide accurate details in this section to ensure that dividend/interest payments are made accurately. The broker should be able to provide information to the investor about which listed companies provide the option to re-invest dividend.

#### **H. HOW DID YOU FIND OUT ABOUT SPX?**

Depending on how the investor found out about SPX, more than one box could be ticked for this section.

#### **I. DECLARATION**

It is important to ensure that the form is signed by the investor. In case of non-individuals, only authorised signatories should be allowed to sign this form.