



## ASX Circular

Date: 06 April, 2009

## Key topics

1. Requirements for clients trading partly paid securities for the first time.
2. Amendments to the Market Rules, Market Rules Procedures and Appendices to Market Rules Procedures.

## Reading List

Banks  
 Managing Directors  
 Client Advisers  
 Issuers  
 Institutions  
 Listing Officers  
 Market Participants  
 Compliance Managers  
 DTR Operators

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## REQUIREMENTS FOR CLIENTS TRADING PARTLY PAID SECURITIES FOR THE FIRST TIME

Amendments to Market Rules 2.10 and 7.1.2, Market Rules Procedure 7.1.2 and addition of Appendix 7.1.2 – 4 of the Market Rules Procedures

Market Rule 7.1.2 requires Market Participants to enter into a Client Agreement with Retail Clients where the client is entering into a Market Transaction to buy complex products such as an Options Market Contract, Futures Market Contract or a Warrant for the first time. Appendices 7.1.2 – 1 to 7.1.2 – 3 of the Market Rules Procedures set out the minimum terms that Market Participants must include in the Client Agreement.

The primary source of information in relation to the particular features and risks of a product are set out in the relevant prospectus, product disclosure statement or information memorandum. These disclosure documents must be lodged with ASIC which requires them to contain all of the information a Retail Client would reasonably require to make an informed assessment of the risks associated with the product and to be clear, concise and effective. The purpose of Market Rule 7.1.2 is to support the disclosure requirements under the Corporations Act.

ASX has amended Market Rule 7.1.2 (and the related procedures and appendices) to require brokers to alert retail clients of the need to inform themselves of the rights and obligations associated with trading Partly Paid Securities (as defined in Market Rule 2.10). This will reinforce those existing provisions of the Corporations Act applying to brokers that require the disclosure of risks associated with the trading of financial products.

Market Rule 7.1.2 will now require Market Participants to enter into a Client Agreement with Retail Clients who are entering into a Market Transaction to buy a "Partly Paid Security" for the first time. Market Rule 2.10 has been amended to define "Partly Paid Security" as "a Quoted Product for which the holder may be liable to pay a call or instalment in accordance with the terms of issue and for which an amount remains unpaid. A Partly Paid Security does not include a Quoted Product issued by a no liability company".

Market Rules Procedure 7.1.2 has been amended to include a reference to the new Partly Paid Security Client Agreement which is set out in an additional Appendix to the Market Rules Procedures, Appendix 7.1.2 – 4. Appendix 7.1.2 – 4 sets out the minimum terms that Market Participants must include in the Partly Paid Security Client Agreement.

The amended Rule 7.1.2 will only apply to new buy Orders by Retail Clients and will not apply retrospectively to Orders that have been already placed in the market that are yet to be executed or to prior purchases. A copy of the amendments are set out in mark-up in Attachment A.

Of the 18 partly paid securities listed on ASX, 13 are issued by No Liability companies. The 5 current Issuers who have Partly Paid Securities quoted on ASX are set out below. The ASX Code, Issuer, Description Short, Description Abbreviated and Description Full fields are available from the Security Master List file provided by ASX each night. Market Participants are encouraged to review which of the Description Short, Description Abbreviated and Description Full fields are available to investors on their order entry systems, confirmations and websites.

The amendments will be effective from 1 May 2009 which will allow Market Participants sufficient time to make the necessary changes to their systems and processes to comply with the new requirements. Notwithstanding this effective date, ASX strongly encourages Market Participants to address implementation of the amended Market Rule as a matter of urgency having regard to the objective of enhanced investor awareness of the obligations and risks associated with buying Partly Paid Securities.

Issuer	ASX Code	Description Short	Description Abbreviated	Description Full
BRISCONNECTIONS UNIT TRUSTS	BCSCA	CTG	\$1.00 PD, \$2.00 UNPD	STAPLED SECURITY PAID TO \$1.00, \$2.00 UNPAID
CITADEL RESOURCE GROUP LIMITED	CGGCC	CTG	17.5C PAID 2.5C UNPD	ORDINARY PARTLY PAID TO 17.5C, 2.5C UNPAID
MULTIPLY PRIME PROPERTY FUND	MAFCA	CTG	UNITS 60C 40C UNPD	ORDINARY UNITS PARTLY PAID TO 60C 40C UNPAID
SOLAGRAN LIMITED	SLACA	CTG	10C PD, 10C UNPD	ORDINARY PARTLY PAID TO 10C, 10C UNPAID
WESTPAC OFFICE TRUST	WOTCA	IRS	INSTALMENT RECEIPTS	INSTALMENT RECEIPTS PAID TO 50C, 50C UNPAID

All capitalised terms referred to above are defined terms under the Market Rules.

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