



## **MEDIA RELEASE**

6 April 2009

### **New Rule for Trading Partly Paid Securities**

The Australian Securities Exchange (ASX) will introduce a market rule to require brokers to alert retail clients of the need to inform themselves of the rights and obligations associated with trading partly paid securities. 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.

There are five partly paid securities listed on ASX that will be subject to the new rule.

Market Participants of ASX (brokers) will be required to obtain from retail clients a signed agreement that their clients are aware they have a responsibility to obtain and read a copy of a prospectus, product disclosure statement or information memorandum produced by the product issuer when they are entering into a transaction to buy a partly paid security for the first time. Client agreement rules of this kind already exist for complex products such as options, futures and warrants.

The requirement for the disclosure to investors by product issuers of the benefits and risks associated with financial products is established under the Corporations Act. The primary sources of that information are the prospectus, product disclosure statement and information memorandum published by the product issuer and overseen by the Australian Securities and Investments Commission.

The rule to be introduced will not apply to partly paid securities in No Liability companies. Holders of securities in No Liability companies are not legally obliged to make a further payment. Of the 18 partly paid securities listed on ASX, 13 are issued by No Liability companies.

The rule is expected to take effect from 1 May 2009 to allow time for Market Participants to implement the changes.

#### **For further information:**

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