

Module	STOCKBROKING AND SHARE TRADING
Jurisdictions	CTH, NSW, VIC, SA, TAS, WA, NT, QLD, ACT
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Module Scope

Does your organisation understand and comply with its obligations in relation to the provision of stockbroking services to clients, including requirements under federal legislation, market integrity rules and applicable market operating rules?

Is your organisation required to hold an Australian financial services (AFS) licence, and does it understand and comply with its obligations as an AFS licensee or an authorised representative of an AFS licensee (as applicable)?

Does your organisation understand how to navigate and comply with Australian sanctions laws to ensure that it does not provide a sanctioned financial service or engage in a prohibited dealing?

Module Application

The Stockbroking and Share Trading module provides information and guidance to organisations on how to comply with their legal responsibilities when:

- › Providing stockbroking services to clients
- › Participating in licensed financial markets

Some of these responsibilities arise under the Corporations Act 2001 (Cth) and apply more broadly to all providers of financial services, including, for example:

- › Licensing requirements and requirements for the authorisation of representatives
- › General obligations and operational requirements of AFS licensees, including organisational competence and resourcing requirements

- › Disclosure obligations in relation to financial products and services
- › Obligations not to engage in market misconduct and other prohibited behaviour
- › Requirements for record-keeping and financial statements

The module also discusses the additional regulatory and training requirements that apply to full-service stockbroking organisations that provide financial advice to clients in addition to execution services.

The module contains detailed guidance on the requirements for participating in licensed financial markets and clearing and settlement facilities in Australia, including the overarching requirements imposed by the market integrity rules in relation to securities and futures markets, and requirements under the operating rules of the following markets and facilities:

- › ASX Trade, ASX Trade24, ASX Clear, ASX Clear (Futures) and ASX Settlement
- › The Chi-X market
- › The Sydney Stock Exchange (SSX) market
- › The National Stock Exchange of Australia (NSX) market
- › The Financial and Energy Exchange Group (FEX) market

The specific issues addressed in the module include how to:

- › Determine if the organisation requires an AFS licence, and the requirements for obtaining and maintaining such a licence
- › Establish an anti-money laundering and counter-terrorism financing program
- › Comply with requirements for the protection of consumers
- › Deal with clients' money and other property appropriately
- › Avoid engaging in prohibited conduct such as market manipulation and insider trading
- › Maintain compliance with the market integrity rules for securities markets and the market integrity rules for futures markets
- › Become a trading participant of a licensed financial market, including ASX markets
- › Comply with requirements in relation to trading, clearing and settlement
- › Recognise and report compliance breaches to ASIC and/or other relevant authorities
- › Ensure that the organisation is not providing a sanctioned service or dealing with a designated person under an Australian autonomous sanctions regime or a United Nations Security Council sanctions regime

An organisation and its directors, employees and representatives may be subject to significant consequences for any failure to comply with their obligations when providing stockbroking services to clients or participating in licensed financial markets, including, for example:

- › A term of imprisonment
- › A substantial financial penalty
- › Administrative action, such as the suspension or cancellation of an AFS licence, and/or
- › Reputational damage

The consequences of non-compliance are considered in detail in the module.

The module is designed to equip subscribers with the knowledge and expertise needed to design, implement and maintain a robust compliance framework to ensure that the organisation understands and complies with its legal responsibilities when providing stockbroking services. It also includes specific, practical information on the multitude of obligations applicable to the stockbroking industry, and practical guidance on the development of policies and procedures to ensure compliance on an ongoing basis.

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