

ENFORCEABLE UNDERTAKING

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

SECTION 93 AA

The commitments in this undertaking are offered to the Australian Securities and Investments Commission (ASIC) by:

ORD MINNETT JARDINE FLEMING FUTURES LIMITED (ACN 001 662 077)
Level 26 Grosvenor Place
225 George Street
SYDNEY NSW 2000

1. BACKGROUND

- 1.1 Ord Minnett Jardine Fleming Futures Limited (ACN 001 662 077) (OMT) is the holder of Futures Brokers Licence number 11975 (the Licence) under the Corporations Law (the Law).
- 1.2 The OMT Licence includes a condition that the licensee shall ensure by way of supervision and otherwise that the licensee's representatives do not contravene any provision of the Law.
- 1.3 ASIC considers the most effective way for a licensed futures broker to ensure compliance with the Law and the conditions of its licence, is to have an adequate and effective compliance program in place.
- 1.4 The Sydney Futures Exchange Limited (SFE) commenced an investigation into the conduct of a representative in the Brisbane office of OMT. As a result of this investigation OMT conducted an internal review and identified and referred to SFE two further representatives who had been conducting unauthorised discretionary dealing in the Sydney office of OMT. The SFE also referred the conduct of all three representatives (the three former OMT representatives) to ASIC.
- 1.5 ASIC has expressed concerns regarding the internal compliance procedures within OMT and sought documents and information from OMT under the Law and the ASIC Act. OMT co-operated with ASIC in providing all information requested.
- 1.6 ASIC has concerns with respect to the OMT's compliance systems and the failure of OMT's internal controls. In particular ASIC is concerned that during the period 1 August 1997 to 19 February 1999 in OMT's Sydney and Brisbane offices :

- (a) three representatives of OMT have conducted discretionary trading accounts without authorisation;
- (b) two representatives have traded on an account in which they had a beneficial interest without disclosing that interest to OMT;
- (c) three representatives had not maintained adequate records in accordance with the Law, the Regulations and SFE Business Rules;
- (d) one representative had unsupervised access to audio tape recordings of all futures trade orders received from his clients while the SFE was conducting its investigation. The representative admitted destroying the data contained in these tapes; and
- (e) two representatives may have engaged in preferentially delayed allocation of executed trades to their benefit and to the detriment of OMT clients.

1.7 OMT has informed ASIC that it has reviewed and initiated action to address the issues referred to in clause 1.6 since the referral of these matters to the SFE and ASIC. In particular OMT has sought to prevent a repetition of such breaches by:

- (a) terminating the authority and employment of the three former OMT representatives;
- (b) implementing enhancements to its established compliance program for the purposes of ensuring compliance with the Law and licence conditions;
- (c) improving compliance monitoring, reporting structure and processes of trading supervision including the introduction of the Nicelog digital taping technology and improved security;
- (d) appointment of a full time Futures Compliance Officer reporting directly to the Head of Compliance;
- (e) specific actions aimed at integrating compliance as part the organisational culture for all OMT Futures staff; and
- (f) implementing annual Internal Audit reviews of Futures and Futures Clearing with quarterly follow up action.

1.8 OMT recognises the concerns of ASIC in relation to its compliance system and has agreed to implement a number of compliance measures (including the specific requirements set out below) for the purposes of

ongoing compliance with the Law, Regulations, and its licence conditions.

- 1.9 Pursuant to section 1200(1) of the Law, ASIC may, subject to a hearing, impose conditions and restrictions on a futures broker's licence in addition to those prescribed by the Law, at any time when the licence is in force.
- 1.10 OMT offers and ASIC has agreed to accept the commitments in this enforceable undertaking as an alternative to the exercise of the power referred to in paragraph 1.9 above.

2. UNDERTAKINGS

- 2.1 Pursuant to Section 93AA of the Australian Securities and Investments Commission Act, OMT undertakes as follows.
- 2.2 OMT will on or before 30 October 2000 engage an independent compliance consultant (the Compliance Consultant), approved by ASIC, to review, assess, make recommendations for change and report, in writing, by 28 March 2001 to OMT and ASIC on OMT's internal controls, compliance systems, procedures and supervision and training of its representatives (the "Initial Report").
- 2.3 The terms of reference for the Compliance Consultant's full review shall be subject to ASIC's approval.
- 2.4 The Initial Report will include but not be limited to the identification and the making of recommendations for remedying non-compliance with the law, the Corporations Regulations, SFE Business Rules and the licence conditions attached to Licence No.11975 including but not limited to:
- (a) supervision of representatives;
 - (b) account opening and operating procedures, record keeping and security of trading records;
 - (c) the adequacy of internal audit reviews;
 - (d) adequacy of implementation of action referred to in paragraph 1.7.;
 - (e) OMT's Complaints Handling Procedures; and
 - (f) structure and effectiveness of OMT's compliance programs and systems, including resourcing
- 2.5 OMT will write to all persons specified on the client list of each of the three former OMT representatives by 1 December 2000, in the form of a letter marked 'A' attached to this undertaking.
- 2.6 The Compliance Consultant shall review and assess the handling and outcomes of any such complaints in accordance with the OMT Complaint

Handling Procedures and the Australian Standard on Complaints Handling (AS 4269-1995) and report in writing to both OMT and ASIC any recommendations to improve these procedures and to facilitate remedial action where a breach of the Law, Regulations and Licence conditions may have caused loss to clients of the three former OMT representatives.

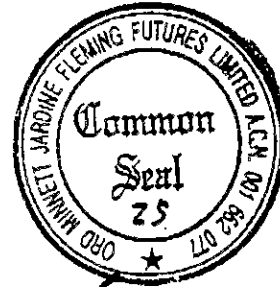
- 2.7 Within 30 days of the receipt of the Initial Report OMT will provide ASIC with a report from the Board (or a subcommittee of the Board with appropriate delegation) (the "Board Report") detailing the steps to be taken by OMT to comply with the recommendations of the Compliance Consultant in the Initial Report and will provide a full explanation of why any of the recommendations are not to be followed. ASIC reserves the right to comment on and require revisions to any proposed action or variation by OMT in response to the Initial Report.
- 2.8 OMT will on or before 28 February 2002 have the Compliance Consultant review, assess, make recommendations for change and report, in writing to OMT and ASIC on OMT's success in completing and implementing the Compliance Consultant's recommendations in the Initial Report and any additional action or variation arising from OMT's Board Report (the "Final Report").
- 2.9 Within 30 days of the receipt of the Final Report, OMT will provide ASIC with a report from the Board (or a subcommittee of the Board with appropriate delegation) (the "Final Board Report") detailing the steps to be taken by OMT to comply with the recommendations of the Compliance Consultant in each of the matters referred to in the Final Report and will provide a full explanation of why any of the recommendations were not followed. ASIC reserves the right to comment on and require revisions to any action or variation by OMT in response to the Final Report.
- 2.10 OMT will pay all fees and costs associated with the engagement of the Compliance Consultant referred to in this undertaking.

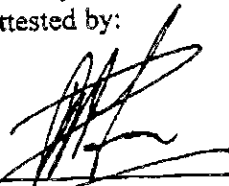
3. ACKNOWLEDGEMENTS

- 3.1 OMT acknowledges that it has obtained legal advice in relation to the content and effect of this undertaking.
- 3.2 OMT acknowledges that ASIC:
- (a) may issue a media release on execution of this undertaking, referring its terms and the concerns of ASIC which led to its execution.
 - (b) may from time to time publicly refer to this undertaking; and
 - (c) will make this undertaking available for public inspection.

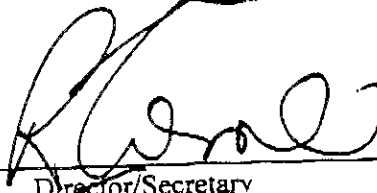
- 3.3 OMT acknowledges that this undertaking in no way derogates from the rights and remedies available to ASIC, or any other person or entity arising from any conduct described in this undertaking.
- 3.4 OMT acknowledges that ASIC's acceptance of an enforceable undertaking does not affect its power to investigate, conduct surveillance or pursue a criminal prosecution or its power to lay charges or seek a pecuniary penalty order.
- 3.5 OMT acknowledges that this undertaking has no operative force until accepted by ASIC.

The Common Seal of Ord Minnett Jardine Fleming Futures Limited (ACN 001 662 077) was duly affixed to this undertaking on 29th September, 2000 in the presence of and the sealing is attested by:





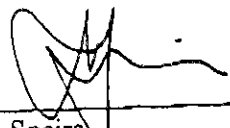
 Director



 Director/Secretary

ACCEPTED BY THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION PURSUANT TO SECTION 93AA OF THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION ACT BY ITS DULY AUTHORISED DELEGATE

Date: 29th September, 2000



 Jan Speirs
 Director
 Queensland Regional Office