

ENFORCEABLE UNDERTAKING

AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION

SECTION 93 AA

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

Haydn James Froggatt

6 Russell Street

Clontarf NSW 2093

1. BACKGROUND

- 1.1 ASIC has conducted an investigation in relation to suspected contraventions of section 232(6) of the Corporations Law by securities representatives of Pont Securities Limited ("PSL") (now known as "Green Line Investor Services Ltd.") in the period 1 November 1997 to 31 January 1998 (the "Investigation").
- 1.2 As a result of the Investigation ASIC has reason to suspect that Haydn James Froggatt ("Froggatt"):-
- (a) contravened the then current Australian Stock Exchange Limited ("ASX") Business Rule 7.2.3.10 by reason of the facts set out in paragraph 1.7, 1.8 and 1.11 below; and
 - (b) did not, in the period 17 November 1997 to 20 February 1998 inclusive, perform the duties of a securities representative efficiently, honestly and fairly by reason of the facts set out in paragraphs 1.8 to 1.9 below.
- 1.3 ASIC has the power pursuant to section 829 and 830 of the Corporations Law to make a banning order against a natural person in certain circumstances, either permanently or for a specified period.
- 1.4 ASIC has agreed to accept the commitments in this undertaking as an alternative to the exercise of the powers referred to in paragraphs 1.3 above.

Concerns of ASIC

- 1.5 Froggatt held a proper authority from PSL, to act as a securities representative in the period 17 November 1997 to 20 February 1998 inclusive (the "relevant period"). He was responsible for trading on behalf of PSL clients in ASX Exchange Traded Options.
- 1.6 During the relevant period, Froggatt operated a joint account with another employee of PSL (the "joint account").

- 1.7 During the relevant period, on 15 occasions ASX option error positions were transferred to the joint account. Corresponding and opposite positions were acquired on the ASX Options market and allocated to the joint account the day before, the same day as or the day after, the transfer.
- 1.8 On one occasion, an error position was transferred to an account in Froggatt's name ("the personal account") and a corresponding and opposite position acquired on market on the same day and transferred to the joint account that day.
- 1.9 Froggatt and the other employee, along with two other employees of PSL, were responsible for allocation and transfer of PSL clients, error and suspense account positions in the ASX Options Clearing House ("OCH") data base (the Australian Derivatives Clearing System "ADCS"). These transfers and allocations were effected by making entries into software designed for that purpose known as "Reflections", which was installed on computer terminals at PSL's offices.
- 1.10 The Reflections software did not record the time entries were made nor the identity of the person making the entry.
- 1.11 Froggatt did not obtain prior written approval from PSL management for the personal trading conducted through the joint account as referred to in paragraph 1.7, nor for the personal trading through his personal account as referred to in paragraph 1.8, as he was required to do by the then current ASX Business Rule 7.2.3.10.
- 1.12 On each of the 16 occasions referred to in paragraphs 1.7 to 1.8, a profit resulted from the closing out of the position. Froggatt's share of the profits generated was approximately \$6260.
- 1.13 On three of the occasions referred to in paragraphs 1.8 to 1.11, duplicated trades were transferred from client accounts to the joint account and on each occasion the trade at the more advantageous price was transferred to the joint account and the less advantageous trade closed out an existing client position.

2. UNDERTAKINGS

Pursuant to Section 93AA of the Australian Securities and Investments Commission Act ("ASIC Act") Froggatt undertakes that:

- 2.1 he will not for a period of six months commencing 18 June 1999 and concluding on 17 December 1999:
 - (a) do any act or engage in any conduct as a representative of a dealer (as defined by the Corporations Law from time to time);
 - (b) hold out that he is a representative of a dealer;
 - (c) hold a proper authority from a dealer;

- (d) hold out that he holds a proper authority from a dealer;
- (e) do any act or engage in any conduct as a representative of an investment adviser (as defined by the Corporations Law from time to time);
- (f) hold out that he is a representative of an investment adviser;
- (g) hold a proper authority from an investment adviser;
- (h) hold out that he holds a proper authority from an investment adviser;
- (j) apply to ASIC for a dealers licence;
- (k) apply to ASIC for an investment advisers licence.
- (l) do any act or engage in any conduct as a representative of a futures broker (as defined by the Corporations Law from time to time);
- (m) hold out that he is a representative of a futures broker;
- (n) hold a proper authority from a futures broker;
- (o) hold out that he holds a proper authority from a futures broker;
- (p) do any act or engage in any conduct as a representative of a futures adviser (as defined by the Corporations Law from time to time);
- (q) hold out that he is a representative of a futures adviser;
- (r) hold a proper authority from a futures adviser;
- (s) hold out that he holds a proper authority from a futures adviser;
- (t) apply to ASIC for a futures brokers licence; and
- (u) apply to ASIC for futures advisers licence.

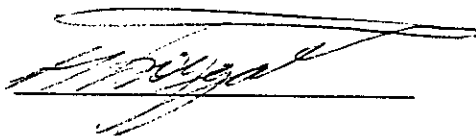
2.2 he will pay the sum of \$7,000 to ASIC prior to ASIC acceptance of this Undertaking in part reimbursement of ASIC's investigation costs; and

2.3 he will attend 80 percent of lectures, complete all course work and use his utmost best efforts to achieve at least a passing grade in the Securities Industry Law and Ethics Course offered by Securities Institute of Australia and provide certification of his results to the Australian Securities and Investments Commission by 31 December 2000.

3. ACKNOWLEDGMENTS

- 3.1 Froggatt acknowledges that he has obtained legal advice in relation to the content and effect of this undertaking.
- 3.2 Froggatt acknowledges that ASIC:-
- (a) may issue a media release from 18 June 1999 referring to the terms of this undertaking and the concerns of ASIC as expressed in this undertaking 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 Froggatt acknowledges that this undertaking has no operative force until accepted by ASIC.
- 3.4 Froggatt acknowledges that this Undertaking in no way derogates from the rights and remedies available to any other person or entity arising from any conduct described in this Undertaking.

Signed by Haydn James Froggatt)
in the presence of:)




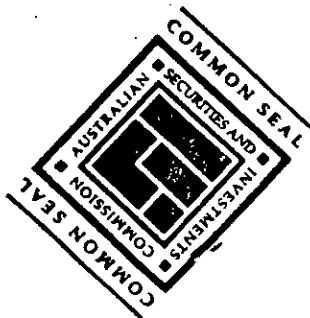
S J Froggatt
Signature

SUZANNE GAIL FROGGATT
Name (printed)

6 RUSSELL ST CLONTARF
Address 2093

ACCEPTED BY THE AUSTRALIAN SECURITIES & INVESTMENTS
COMMISSION PURSUANT TO ASIC ACT S93AA BY ITS DULY
AUTHORISED DELEGATE:


Jan Redfern
General Counsel
NSW Operations



This 18th day of June 1999.

