



Corporations (GFI Group Pte Ltd) Exemption Notice 2011

Corporations Act 2001

I, BILL SHORTEN, Minister for Financial Services and Superannuation, issue this Notice under section 791C of the *Corporations Act 2001*.

Dated 12 July 2011

Minister for Financial Services and Superannuation

1. **Name of Notice**

This Notice is the *Corporations (GFI Group Pte Ltd) Exemption Notice 2011*.

2. **Commencement**

This Notice commences on the day it is notified in the *Gazette*.

3. **Definitions**

In this Notice:

Act means the *Corporations Act 2001*.

Application means the application for an exemption from the operation of Part 7.2 of the Act, submitted to ASIC by GFI, dated 12 May 2011, and subsequent correspondence prior to the issuing of this notice and relating to the application.

ASIC means the Australian Securities and Investments Commission.

Australian participant means a person in Australia who is a participant.

clearing and settlement facility has the same meaning as in Chapter 7 of the Act.

GFI means, GFI Group Pte Ltd, a private limited company formed under the law of Singapore.

derivative has the same meaning as in Chapter 7 of the Act.

financial year means GFI's financial year.

Market means the financial market for interest rate derivatives that is operated by GFI.

participant has the same meaning as in Chapter 7 of the Act.

professional investor has the meaning as in section 9 of the Act.

4. Exemption

For section 791C of the Act, and subject to the conditions mentioned in sections 5 to 23 of this Notice, the Market is exempt from the operation of Part 7.2 of the Act.

5. Operation of the Market

- (1) GFI must operate the Market in all material ways as set out in the Application.
- (2) GFI, or an associate of GFI:
 - (a) must not operate a clearing and settlement facility for the Market; and
 - (b) may provide clearing and settlement arrangements for the Market only by providing information and by establishing procedures for the settlement of transactions effected through the Market.

6. Licensing of GFI

GFI must, at all times, comply with section 911A(2E) of the Act, as modified by regulation 7.6.02AG of the *Corporations Regulations 2001*.

7. Participants who may trade on the Market

- (1) GFI must not admit an Australian participant to the Market, or allow an Australian participant to enter into a trade on the Market, unless the Australian participant is a professional investor who is trading on its own behalf or on behalf of another professional investor.
- (2) GFI must not trade on the Market on its own behalf or on behalf of anyone who is not a professional investor.

8. GFI to maintain approval by the Monetary Authority of Singapore and report certain changes

- (1) GFI must maintain the approval by the Monetary Authority of Singapore for GFI to conduct money broking business in Singapore.
- (2) GFI must notify ASIC, as soon as practicable and in writing, of the details of:
 - (a) the termination of, or any significant change to:
 - (i) the approval by the Monetary Authority of Singapore for GFI to conduct money broking business in Singapore; or
 - (ii) GFI's regulatory status in Singapore; and
 - (b) any enforcement or disciplinary action taken against GFI by the Monetary Authority of Singapore or any other overseas regulatory authority.

9. Financial products that may be traded on the Market

The financial products that may be traded on the Market are interest rate derivatives.

10. Arrangements to manage conflicts of interest

- (1) GFI must establish and maintain arrangements to manage any conflicts of interest about activities undertaken by GFI in the operation of the Market.
- (2) The arrangements must be to the satisfaction of ASIC.

11. Arrangements to record order information and transactions

- (1) GFI must ensure that satisfactory arrangements are made for recording order information and transactions effected on the Market.
- (2) To comply with the condition set in subsection (1), the records must be kept in sufficient detail to show particulars of:
 - (a) the date and time that the order was received;
 - (b) the identity of the participant placing the order;
 - (c) the name and quantity of the financial product to which the order applies;

- (d) the designation of the order as a buy or a sell order;
 - (e) any limit or stop price prescribed by the order;
 - (f) the date and time at which the order expires;
 - (g) details of any modification or cancellation of the order;
 - (h) the price, quantity, date and time of execution of the order; and
 - (i) the identities of the counterparties to the transaction.
- (3) The records must be kept and be available to ASIC for at least 5 years.

12. Annual report

- (1) Within three months of the end of each financial year, GFI must give a report to ASIC that sets out the extent to which GFI has complied with the conditions in this Notice during that financial year.
- (2) The report must include the following information:
- (a) a description of the activities that GFI has undertaken in the financial year in relation to the operation of the Market;
 - (b) if any material system outages occurred during the financial year that prevented Australian participants from using the Market:
 - (i) the number of such outages;
 - (ii) the duration of each outage;
 - (iii) the cause of each outage; and
 - (iv) a description of the means by which each outage was resolved.
 - (c) the names and number of Australian participants that were authorised to access the Market throughout the reporting period, identifying those still authorised to access the Market on the last day of the financial year;
 - (d) details of the volume of trading on the Market by Australian participants throughout the financial year;

- (e) the number and nature of significant complaints made to GFI by Australian participants who used the Market during the financial year, and the action taken by GFI in response to each complaint;
- (f) any specific regulatory issues that GFI encountered during the financial year and actions taken to resolve those issues (whether inside or outside Australia); and
- (g) details of any significant conflict of interest identified by GFI in relation to its operation of the Market during the financial year, and how each conflict of interest was resolved.

13. Minister may require GFI to submit to an audit

- (1) The Minister may, by written notice, require GFI to obtain an audit report in relation to:
 - (a) the annual report mentioned in section 11; and
 - (b) any information or statements accompanying the annual report.
- (2) The Minister may nominate either of the following to undertake the audit:
 - (a) ASIC; or
 - (b) another person or body that is suitably qualified.

14. Reporting of certain events involving an Australian participant

- (1) If GFI takes any disciplinary action against an Australian participant of the Market, GFI must, as soon as practicable, advise ASIC in writing of:
 - (a) the participant's name;
 - (b) the reason for and nature of the action taken; and
 - (c) when the action was taken.
- (2) If GFI has reason to suspect that an Australian participant has committed, is committing, or is about to commit, a contravention of the Act or a significant contravention of their obligations imposed by GFI in relation to the Market, GFI must, as soon as practicable, advise ASIC in writing of:
 - (a) the Australian participant's name; and
 - (b) details of the contravention or impending contravention; and

(c) GFI's reason for that belief.

15. Reporting of certain events involving GFI or a director or secretary of GFI

- (1) If GFI becomes aware that GFI, or a director or secretary of GFI:
- (a) is the subject of a declaration of contravention in relation to a provision of the Act; or
 - (b) has been convicted of an offence under the Act; or
 - (c) has been disqualified from managing a corporation; or
 - (d) has been banned from providing financial services;
- (2) GFI must advise ASIC of the matter, in writing, within seven days after GFI becomes aware of the matter.

16. Notice if GFI ceases to operate the Market

GFI must, within seven days, advise ASIC in writing if it ceases to operate the Market in Australia.

17. Requirement to assist ASIC

If GFI receives a reasonable request from ASIC to give assistance to ASIC, or to a person authorised by ASIC, about the performance of ASIC's functions in relation to the operation of the Market, GFI must:

- (a) provide that assistance; and
- (b) give ASIC access to any information, document or books held by GFI.

18. GFI consents to the disclosure of information or documents

GFI consents to the disclosure of any information or document relating to GFI:

- (a) by the Monetary Authority of Singapore to ASIC; or
- (b) by ASIC to the Monetary Authority of Singapore.

19. Requirement to enter into written arrangement with ASIC

GFI must enter into a written arrangement with ASIC for cooperation with ASIC in matters relating to this Notice.

20. Requirement to provide financial services efficiently, honestly and fairly

GFI must do all things necessary to ensure that the financial services associated with the operation of the Market are provided efficiently, honestly and fairly.

21. Adequate resources

GFI must have available adequate resources (including financial, technological and human resources) to provide the financial services associated with the operation of the Market and to carry out supervisory arrangements.

22. Requirement to submit to jurisdiction of Australian courts

GFI must submit to the jurisdiction of an Australian court in an action brought by ASIC in relation to the Market.

23. Local agent

GFI must appoint and maintain an agent in Australia at all times, who is authorised to accept on GFI's behalf, service of process from ASIC and, in relation to proceedings relating to financial services law, from any person referred to in section 659B(1) of the Act. In the event of the appointment of a new agent, GFI must advise ASIC in writing as soon as practicable.