



Australian Market Licence (Yieldbroker Pty Limited) 2004

I, ROSS CAMERON, Parliamentary Secretary to the Treasurer, grant this Licence under subsection 795B (1) of the *Corporations Act 2001*.

Dated 3 February 2004

Parliamentary Secretary to the Treasurer

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1 Name of Licence

This Licence is the *Australian Market Licence (Yieldbroker Pty Limited) 2004*.

2 Commencement

This Licence commences on 11 March 2004.

3 Definitions

In this Licence:

Act means the *Corporations Act 2001*.

dealer, for the market mentioned in paragraph 4 (a), means a participant in the market who, under the operating rules of the market, is:

- (a) permitted to enter unsolicited offers on the market specifying the price at which the participant is prepared to deal in relation to a specified volume of a financial product; and
- (b) permitted to enter into transactions only with a user who the participant has approved as a client of the participant (unless the participant is also a user and is acting in that capacity).

dealers licence has the same meaning as in the old Corporations Act (within the meaning of subsection 1410 (1) of the Act).

debenture means:

- (a) a debenture, within the meaning of the Act; or
- (b) a chose in action that includes an undertaking by a government to repay as a debt money deposited with or lent to the government; or
- (c) an undertaking to repay money deposited with or lent to a body by a person if:
 - (i) the person deposits or lends the money in the ordinary course of a business carried on by the person; and
 - (ii) the body receives the money in the ordinary course of carrying on a business that neither comprises nor forms part of a business of borrowing money and providing finance; or
- (d) an undertaking by an Australian ADI to repay money deposited with it, or lent to it, in the ordinary course of its banking business.

Note This Licence authorises Yieldbroker Pty Limited to operate financial markets in relation to financial products. Whether a particular debenture (other than a debenture within the meaning of the Act) is a financial product depends on whether it falls within the general definition of *financial product* in section 763A of the Act and does not fall within the terms of an exception.

market means a financial market that a person is authorised to operate in Australia under this Licence.

participant has the same meaning as in section 761A of the Act.

retail client has the same meaning as in section 761G of the Act.

user, for the market mentioned in paragraph 4 (a), means a participant in the market who, under the operating rules of the market, is:

- (a) not permitted to enter unsolicited offers on the market specifying the price at which the participant is prepared to deal in relation to a specified volume of a financial product; and
- (b) permitted to enter into transactions only with a dealer who has approved the participant as a client of the dealer (unless the participant is also a dealer and is acting in that capacity).

4 Grant of licence

This Licence is granted to Yieldbroker Pty Limited to operate the following financial markets:

- (a) the financial market, known as the Dealer-to-Client market, through which dealers and users may trade with each other in financial products;
- (b) the financial market, to be known as the Interdealer market, in which participants acting on their own behalf may trade with each other in financial products.

5 Classes of financial products

The classes of financial products that can be dealt with on a market are:

- (a) debentures; and
- (b) stocks and bonds issued or proposed to be issued by a government; and
- (c) derivatives, the terms of which are documented in an agreement between the parties to the arrangement that constitutes the derivative that is substantially in the form of a commonly used master agreement, such as a master agreement published:
 - (i) by the International Swaps and Derivatives Association Inc.; or
 - (ii) by the Australian Securities Lending Association; or
 - (iii) jointly by the Public Securities Association and the International Securities Market Association; and
- (d) deposit-taking facilities made available by an ADI (within the meaning of the *Banking Act 1959*) in the course of its banking business (within the meaning of that Act), other than an RSA (retirement savings account) (within the meaning of the *Retirement Savings Accounts Act 1997*).

6 Clearing and settlement arrangements

- (1) Yieldbroker Pty Limited must, following the execution of a transaction on a market, notify each participant that is a party to the transaction of the identity of the other party.
- (2) Yieldbroker Pty Limited must have operating rules for a market that provide for transactions effected through the market to be settled by the parties to the transaction.

7 Participants — market mentioned in paragraph 4 (a)

- (1) This section applies to the market mentioned in paragraph 4 (a).
- (2) Yieldbroker Pty Limited must not allow a person to be a participant in the market other than as a dealer or a user.
- (3) Yieldbroker Pty Limited must not allow a person to be a participant in the market as a dealer unless Yieldbroker Pty Limited is satisfied on a reasonable basis that:
 - (a) the person holds a dealers licence or an Australian financial services licence; and
 - (b) the person enters into transactions on the market on its own behalf (except to the extent that the person is also a user and is acting in that capacity).
- (4) Yieldbroker Pty Limited must not allow a person to be a participant in the market as a user unless Yieldbroker Pty Limited is satisfied on a reasonable basis that the person is a professional investor.
- (5) Yieldbroker Pty Limited must not allow a person to be a participant in the market as a user who wishes to act on behalf of another person unless Yieldbroker Pty Limited is satisfied on a reasonable basis that the user:
 - (a) holds a dealers licence or an Australian financial services licence; or
 - (b) is satisfied that the person on whose behalf it acts is not a retail client.

8 Participants — market mentioned in paragraph 4 (b)

Yieldbroker Pty Limited must not allow a person to be a participant in the market mentioned in paragraph 4 (b) unless Yieldbroker Pty Limited is satisfied on a reasonable basis that the person holds a dealers licence or an Australian financial services licence.

9 Technology

Yieldbroker Pty Limited must not commence operation of the market mentioned in paragraph 4 (b) until 14 days after it has given confirmation in writing to ASIC that it has technological resources available sufficient to ensure that it is able to operate the market in a way that is substantially as set out in its application under subsection 795A(1) of the Act dated 30 August 2002 and its letter to ASIC dated 11 July 2003.