

OpenMarkets Australia Limited

Independent Compliance Expert

Final Summary Report

September 2017

General Use Restriction

This Independent Compliance Final Summary Report is prepared for use by the Australian Securities & Investments Commission (“ASIC”) and OpenMarkets Australia Limited (“OpenMarkets”). This summary follows an Implementation Review and Final Expert Report produced by MIntegrity and draws on the methodology as set out in the Final Terms of Engagement dated 11 July 2017 between OpenMarkets and MIntegrity as well as the OpenMarkets Independent Compliance Final Expert Report.

OpenMarkets and MIntegrity acknowledge that in relation to the Final Expert Report, provided to ASIC and OpenMarkets, that ASIC may from time to time:

- issue a media release or statement referring to the content of the Final Expert Report and the Final Summary Report;
- publicly refer to the content of the Final Expert Report and Final Summary Report; and
- publish the Final Summary Report on its website.

1. INTRODUCTION

- 1 OpenMarkets, under its AFS Licence, is authorised to provide services (to retail and wholesale clients) including providing financial product advice and to deal in and make a market for specified financial products. OpenMarkets is a technology-driven stockbroker that specialises in execution-only brokerage services for trading on the Australian markets.
- 2 ASIC identified several matters occurring during the 18 month period prior to OpenMarkets entering into voluntary licence conditions to appoint an Independent Expert, which give rise to concerns on the part of ASIC that OpenMarkets have not complied with its obligations under the Corporations Act and the ASIC Market Integrity Rules. Specifically, ASIC is concerned that OpenMarkets may have:
 - failed to have in place appropriate automated filters in relation to its AOP system;
 - failed to ensure that use of its AOP system does not interfere with the efficiency and integrity of the market;
 - failed to maintain the necessary organisational and technical resources to ensure that trading messages it submitted did not interfere with the efficiency and integrity of the market;
 - made a bid and offer on behalf of a client in circumstances where it ought to have been aware that the client placed the order with the intention of creating a false or misleading appearance of active trading or with respect to the market for, or the price of, a product;
 - failed to perform reconciliations of client trust accounts that were accurate in all respects;
 - failed to notify ASIC that client trust account reconciliations were not performed in accordance with the ASIC Market Integrity Rules; and
 - as a consequence of the above, failed to comply with its general licensee obligations.
- 3 OpenMarkets undertook to appoint an independent compliance expert for the purposes of the review, who has particular expertise in the area of market integrity and who is independent of OpenMarkets and its officers. MIntegrity has subsequently been appointed by OpenMarkets to be the Independent Compliance Expert.
- 4 This report provides a summary of the outcomes of the Final Expert Report, dated 15 September 2017.

2. SCOPE

Objective of the Review

- 5 The Final Expert Report, which sets out, among other things listed under OpenMarket’s AFS Licence conditions 6(d)(i) and 6(d)(iii), MIntegrity’s view as to the effectiveness of OpenMarkets’ implementation of the Agreed Recommendations from the Initial Expert Report.

Review Process

- 6 MIntegrity carried out the onsite component of the Implementation Review on Wednesday 9 August 2017, including interviewing staff and shadowing of staff performing tasks. Further review of documents was carried out off site.
- 7 MIntegrity carried out an offsite review of all policies and procedures, taking into account industry best practise, the Corporations Act, ASIC regulatory publications, ASIC Market Integrity Rules, ASX Clear Operating Rules, ASIC Information Sheets, ASX Operating Rules.

Approach

- 8 Assessment areas, conduct and business practices were reviewed and assessed using the following process in relation to the Implementation Review and the Final Expert Report.

Table: Assessment Process

| Assessment Area | Process |
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| <p>1. Compliance measures, policies and procedures</p> | <ul style="list-style-type: none"> • The current policies and procedures that were submitted by Open Markets were reviewed. These policies and procedures were reviewed for: <ul style="list-style-type: none"> ○ structure ○ readability ○ strength of processes ○ alignment with industry standards and practices ○ adequacy of coverage with respect to the relevant provisions from Corporations Act 2001, ASIC Market Integrity Rules ('ASIC MIRs'), ASX Operating Rules, ASIC Regulatory Guidance, and ASX Guidance Notes ('Relevant Regulation and Regulatory Guidance') • Missing policies and procedures required per the Relevant Regulation and Regulatory Guidance were noted. • A number of updated policies have been submitted by Open Markets for second review. • Interviews with staff on-site. |
| <p>2. Monitoring and surveillance</p> | <ul style="list-style-type: none"> • Policies and procedures with respect to OpenMarkets' pre-trade filters were reviewed • Policies and procedures with respect to OpenMarkets' post-trade monitoring and surveillance were reviewed • On-site staff interviews were conducted to assess the adequacy of: <ul style="list-style-type: none"> ○ Testing and implementation of the recommended filters and parameters |

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| | <ul style="list-style-type: none"> ○ processes for, reviewing, calibrating filters and respective parameters are adequate and ongoing ○ processes for the technical operation of alert exceptions and authorisation of orders <p><i>Post-trade monitoring and surveillance</i></p> <ul style="list-style-type: none"> • Current procedures and processes in part including the analysis, investigation and escalation of alerts are appropriate. • Recommended SMARTS alerts and parameters have been implemented • Processes for the on-going review of the appropriateness of enabled alerts are adequate |
| <p>3. Handling of Client Monies</p> | <ul style="list-style-type: none"> • OpenMarkets Trust Account Policy was reviewed to ensure it included the agreed recommendations as outlined in the Initial Expert Report such as: • (i) Key information such as applicable regulation, key terms, the format in which the reconciliation is performed, key controls, risk assessment details, permitted withdrawals and deposits, different break scenario's and how they are cleared, the escalation process, reporting process and record keeping requirements • (ii) Interviews with staff on-site which covered: <ul style="list-style-type: none"> ○ Key person risk/ coverage ○ Understanding process and key risks • (iii) Sample-based testing was conducted by MIntegrity of OpenMarkets trust account reconciliations. MIntegrity incorporated both the Westpac and ANZ trust accounts into their sample-based testing. The testing included 10 samples randomly selected between April 2017 to July 2017 for each trust account tested. <p>The sampling approach includes a detailed assessment which was requested by the ASX in the Initial Expert Report. The assessment was carried out on OpenMarkets trust account reconciliation process. Full details of the assessment can be reviewed in Annexure 'A' titled <i>'Trust Reconciliation Assessment Sheet'</i>.</p> |

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| <p>4. Supervision and Testing</p> | <p>Pre-trade Filters, Post-trade Monitoring and Surveillance & AOP system</p> <ul style="list-style-type: none"> • Policies and procedures with respect to the OpenMarkets’ AOP were reviewed • Policies and procedures with respect to OpenMarkets’ pre-trade filters were reviewed • Policies and procedures with respect to OpenMarkets’ post-trade monitoring and surveillance were reviewed • On-site staff interviews <p>These policies and procedures were assessed for the implementation of the recommendations of the Initial Expert Report.</p> <p>Client money / trust account reconciliations</p> <ul style="list-style-type: none"> • OpenMarkets Trust Account Policy was reviewed to ensure it included the agreed recommendations as outlined in the Initial Expert Report which was: <ol style="list-style-type: none"> 1. The supervision and testing process 2. Testing frequency, sample size and overall approach |
| <p>5. Record Keeping and Governance</p> | <p>Pre-trade Filters, Post-trade Monitoring and Surveillance & AOP system</p> <ul style="list-style-type: none"> • Policies and procedures with respect to the OpenMarkets’ AOP were reviewed • Policies and procedures with respect to OpenMarkets’ pre-trade filters were reviewed • Policies and procedures with respect to OpenMarkets’ post-trade monitoring and surveillance were reviewed • On-site staff interviews <p>Policies and procedures were reviewed and interviews conducted to assess whether the recommendations from the Initial Expert Report have been implemented.</p> <p>Client money / trust account reconciliations</p> <ul style="list-style-type: none"> • OpenMarkets Trust Account Policy was reviewed to ensure it included the agreed recommendations as outlined in the Initial Expert Report and this review included: |

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| | <ol style="list-style-type: none"> 1. OpenMarkets’ record keeping arrangements 2. OpenMarkets’ process to retrieve historical data related to their Client Money and trust reconciliations so that they can provide this information promptly to regulators when requested. |
| <p>6. Human and technological resources</p> | <p>Compliance Resourcing</p> <ul style="list-style-type: none"> • The ability of OpenMarkets’ to adequately implement and perform the recommendations in the Initial Expert Report was assessed • An assessment was made of the understanding of Compliance issues, the availability and interaction of Compliance staff with key stakeholders • The ability to provide requested documentation in a timely manner <p>Client money / trust account reconciliations</p> <ul style="list-style-type: none"> • OpenMarkets Trust Account Policy was reviewed and an interview conducted with OpenMarkets staff to ensure that OpenMarkets have implemented the agreed recommendations as outlined in the Initial Expert Report. This review includes: <ol style="list-style-type: none"> 1. Assessing the ability of OpenMarkets to perform procedures adequately with the current level of human resources 2. Identify key person risk, including coverage of their client trust account reconciliations. |

3. MAIN FINDINGS

Overall Status (Red, Amber, Green - “RAG”)

| RAG RATING | DEFINITION |
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| GREEN | Frameworks, policies and procedures are adequate and comply with applicable regulatory requirements and guidelines, and are at the same or a higher standard than similar peer documentation. Recommendations made will only enhance current documentation. |
| AMBER | Moderate level enhancement required to frameworks, policies and procedures to more closely comply with applicable regulatory requirements and guidelines, and to be at the same or a higher standard than similar peer documentation. |
| RED | Frameworks, policies or procedures either do not exist or do not comply with applicable regulatory requirements and guidelines. Quality and content of documentation may be below the standard of similar peer documentation. Additional documentation may be required, or existing documentation may require considerable enhancement. |

Overall Status for OpenMarkets

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| Red/Amber/Green | GREEN |
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OpenMarkets Compliance Framework

- 9 The overall finding is that OpenMarkets have adequately addressed the agreed recommendations as outlined in the Initial Expert Report dated 16 March 2017 in regards to their overall Compliance Framework.
- 10 In the Initial Expert Review, it was highlighted to OpenMarkets that there were numerous policies that needed to be drafted that were applicable to the nature, scale and complexity of their business. Since the Initial Expert Review the recommended policies have been completed and submitted to form part of this Implementation Review. The policies are overall inclusive of the MIntegrity recommendations and relevant regulations, and have also been formatted to industry standards including introductions and version controls. MIntegrity notes that considerable progress has been made by OpenMarkets to develop its suite of policies to the expected level. During the initial stages of this Implementation Review some gaps and observations were identified in the recently submitted policies. However OpenMarkets addressed these in a timely and considered fashion and overall MIntegrity is of the opinion that the policy suite is sufficient and the recommendations have been adequately

implemented. In keeping with the program of regular policy review it is expected that the policy suite will continue to be reviewed and developed over time.

- 11 From the Initial Expert Review, MIntegrity was of the opinion, that OpenMarkets overall Risk and Compliance Framework was deficient. OpenMarkets have since addressed this deficiency by completing policies and procedures that now contribute to their overall Compliance Framework. The Risk Management Policy and Compliance Program have been revised and address the agreed recommendations as outlined in the Initial Expert Report. Some inconsistencies were noted during the early stages of the Implementation Review, however, OpenMarkets addressed these matters promptly and MIntegrity is satisfied that the recommendations regarding the overall Risk and Compliance Framework have been adequately implemented.
- 12 As part of the initial review and one of MIntegrity's recommendations, OpenMarkets were advised to form a Risk and Compliance Committee (RCC) that deals with all Compliance events. The client has since provided evidence that this occurs by providing a policy in regards to their Management Compliance & Risk Committee Charter and also providing minutes of meetings, all of which have been evidenced as part of this Implementation Review.

OpenMarkets Pre-trade filters

- 13 The overall finding is that OpenMarkets have adequately addressed the agreed recommendations as outlined in the Initial Expert Report.
- 14 The relevant policies have been upgraded and implemented. The recommended filters and parameters have been tested and implemented in full. The change management process has been followed and signed-off as required.
- 15 The process for review and enhancement has been put in place and periodic review by the Compliance and Risk Committee has commenced.
- 16 OpenMarkets advised that they are in discussions with IRESS to enhance its pre-trade filter rejection reporting and this process is ongoing. This is required to support, in part, the implementation of one of the recommendations.
- 17 In addition, further actions are being taken to refine and monitor some particular filter arrangements in order to address some concerning order and trade activity identified by ASIC.

Post-trade Monitoring and Surveillance

- 18 The overall finding is that OpenMarkets have adequately addressed the agreed recommendations as outlined in the Initial Expert Report.
- 19 The relevant policies and arrangements for post-trade monitoring and SMARTS alerts have been implemented. The alerts recommended by MIntegrity have been implemented in full. The process for post-trade alert analysis, documentation and escalation are in place and operating. A monthly report on the alerts and trends is considered by the Compliance and Risk Committee.

AOP Governance

- 20 The overall finding is that OpenMarkets have adequately addressed the agreed recommendations as outlined in the Initial Expert Report.
- 21 A comprehensive policy has been developed and implemented which sets out requirements in relation to AOP. This policy meets the requirements of the recommendations in the Initial Expert Report. It sets out the required elements regarding AOP governance, including regulatory requirements, testing, management, access and control, order priority, best execution, filters, change management, material changes, annual review and notifications – along with templates and procedures for sign-offs. Reviews of samples indicate that the sign-offs and procedures have been implemented and effected according to the requirements of the policy.

Client money and Client's Trust Account Reconciliation

- 22 The overall finding is that OpenMarkets have adequately addressed the agreed recommendations as outlined in the Initial Expert Report.
- 23 Since the Initial Expert Review, OpenMarkets have opened a second trust account with ANZ. OpenMarkets have confirmed the ANZ account is reconciled daily in accordance with the trust account reconciliation requirements as outlined in the Market Integrity Rules. MIntegrity has therefore incorporated the ANZ trust account into the Implementation Review to ensure consistency of performing reconciliations in line with the Market Integrity Rules and Guidance Note 12. The sample based testing of OpenMarkets trust account reconciliations includes both the Westpac and ANZ trust accounts.
- 24 In the opinion of MIntegrity it was found that while the Westpac trust account was adequately documented and reconciled, OpenMarkets ANZ trust account required further clarification within their written procedures.

4. Summary of Recommendations

| Recommendation No. | Initial Recommendation | Was Initial Recommendation met? | Further Recommendations |
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| 1. Compliance measures, policies and procedures | | | |
| 1.1 | Based on the policies that have been submitted by Open Markets to date (Refer to Appendix B below), it is recommended that these policies are re-drafted in accordance with the specific guidance outlined by MIntegrity (see Annexure 'B' titled ' <i>Compliance Framework Documents Review</i> ' and Annexure 'C' titled ' <i>Annexure 1_OpenMarkets Australia Limited - Management Supervision Plan_Nov16</i> ') | Yes | OpenMarkets have implemented a substantially expanded and developed policy suite since the first Expert Report. It is also noted that these policies are subject to regular review internally by OpenMarkets as part of their ongoing Compliance Arrangements. As part of this process, it is recommended that at the first regular review OpenMarkets consider, with the benefit of a period of use of these expanded policies, if any further developments or additions are required. This would be in addition to any regulatory changes, which need to be reflected in the policies. Rather, if any further steps need to be taken, with the benefit of additional use, to tailor or enhance the policies to OpenMarkets' specific business. |
| 1.2 | Based on the policies that have been submitted to MIntegrity for review, it is recommended that a further set of policies be drafted as per the list in the section 'Main Findings'. Drafting of these further policies and procedures will assist with the completion of the broader compliance framework. | Yes | |
| 1.3 | It is recommended that Open Markets forms a Risk and Compliance Committee (RCC) that deals with all Compliance events. The RCC is to be made up of representatives from the following groups - DTRs, Operations, Compliance, RMs/RE. Open Markets should also formalise a structured meeting and ensure they have | Yes | No further recommendations |

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| | a standing agenda. | | |
| 1.4 | Under the review to date no registers (including Breaches and Incidents, Risks, Errors, Conflicts of Interest and Outside Activities registers) have been provided for review. It is recommended that all relevant registers be drafted and submitted for review. These registers should be a live document with current issues, breaches, incidents, risks being listed. | Yes | No further recommendations |
| 2. Monitoring and Surveillance | | | |
| | Automated pre-trade filters | | |
| 2.1 | <i>MIntegrity pre-trade filter recommendations</i> Test and accordingly implement the pre-trade filters and respective parameter changes recommended by MIntegrity for the two predominant order management systems –IRESS and Pulse. | Yes | It is noted that OpenMarkets is in discussions with IRESS to attempt to obtain data with respect to pre-trade filter rejections, which will support in part, the fulfilment of recommendation 2.2 from the Initial Expert Report. It is recommended that this process continue to completion, or if this data is unable to be reasonably obtained, then OpenMarkets consider other reasonable conclusions to the issue. Subsequent to the first Expert Report, some client order and trade activity has been highlighted by ASIC as being of concern. Changes to the filter parameters are in progress to address any potential repeat of this activity. It is recommended that this continue to be the subject of active consideration, |
| 2.2 | <i>Periodic review of pre-trade filters breaches</i> Implementation and documentation of a structured and periodic review process of pre-trade filters and parameters. This would in part include the periodic review of pre-trade filter breaches (by way of breaches reports) and conducting subsequent trend analysis. | Yes | |
| 2.3 | <i>Pre-trade filters alerts authorisation</i> Implementation and documentation of a consistent authorisation process for pre-trade filter alerts and order | Yes | |

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| | <p>authorisation by DTR's. This would include:</p> <ul style="list-style-type: none"> ○ An assessment process of the market integrity and other regulatory risks by a DTR before submission to the market and; ○ An escalation process for incidents related to pre-trade filter alerts, including a process for communicating appropriately with clients, the ASX and ASIC | | <p>monitoring and if necessary further filter adjustments to ensure that any issues are sufficiently addressed.</p> |
| 2.4 | <p><i>Pre-trade filters change management process</i> Implementation and documentation of a structured change management procedure with respect to pre-trade filters. This in part includes employing a consultative process with key OpenMarkets' staff in an appropriate quorum (i.e. the Risk and Compliance Committee meeting) where proposed changes are communicated, reviewed and the impact of the changes considered. The review is to be conducted no less than on a <i>monthly basis</i> from time of implementation of these recommendations.</p> | Yes | |
| | <p>Post-trade monitoring and surveillance</p> | | |
| 2.5 | <p><i>MIntegrity post-trade alert recommendations</i> Test and accordingly implement the post-trade alerts and respective parameter changes recommended by MIntegrity</p> | Yes | No further recommendations |
| 2.6 | <p><i>Process for post-trade alert analysis, investigation and escalation</i></p> | Yes | No further recommendations |

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| | Implement and document a consistent and structured process for the analysis and investigation of post-trade alerts including the escalation process for matters arising from the monitoring. | | |
| 2.7 | Trend analysis Implementation and documentation of a process for conducting periodic trend analysis of post-trade alerts that tracks changes of the post-trade alerts that are generated by SMARTS. | Yes | No further recommendations |
| 2.8 | Review of all post-trade alerts Implementation of a process of conducting periodic reviews of all enabled post-trade alerts and parameters which assesses the appropriateness for OpenMarkets' trading. | Yes | No further recommendations |
| 2.9 | Independent alerts review Implementation of a procedure to conduct independent reviews by Compliance of post-trade alerts commentary. | Yes | No further recommendations |
| 3. Handling of Client Monies | | | |
| 3.1 | Trust Account Reconciliation Procedures Manual It is recommended that OpenMarkets' Trust Account Reconciliation procedure manual is adequately structured to include key information such as applicable regulation, key terms, the format in which the reconciliation is performed, key controls, risk assessment details, permitted withdrawals and deposits, different break | Yes | It is recommended that OpenMarkets update their policy to include information pertaining to "buffers" and that "buffers of non-client money are not permitted in a trust account". Further details on buffers can be found in ASX Guidance Note 12. OpenMarkets policy should also include the process for aged breaks and whether these are escalated if |

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| | <p>scenario's and how they are cleared, the escalation process, the process for reporting client money breaches to both the ASX and ASIC and their record keeping requirements.</p> | | <p>not cleared within the expected timeframes and how these are treated. OpenMarkets policy does not include "interest" as a permitted payment into their trust account</p> <p>It is recommended that OpenMarkets update their policy to specify which permitted payments and withdrawals are expected for their Westpac trust account and which permitted payments and withdrawals are expected for ANZ trust accounts or both.</p> |
| 3.2 | <p>Reconciliation and audit trail</p> <p>(i) OpenMarkets' Procedures manual and/ Trust Account Reconciliation coversheet should clearly indicate the Name of the OpenMarkets' Trust Account held at Westpac per ASX GN 12 (currently only the Account and BSB is indicated in both).</p> <p>(ii) Whilst the break description clearly identifies what the break relates to, it does not elaborate further and explain how or when the break will be cleared. In the opinion of MIntegrity, it is important to provide the "what", "when" and "how" as it will provide a good audit trail should there be any discrepancies or questions.</p> | Yes | <p>MIntegrity recommends that OpenMarkets include evidence of their check of the aggregate balance against their internal records on a daily basis.</p> <p>It is recommended that OpenMarkets continue to provide evidence of their "Items in Trust" report at an individual client level daily and cease the weekly reporting which contains this same information and allow further efficiency and prevent duplicating efforts.</p> |
| 3.3 | <p>Independent/ Compliance Review</p> <p>OpenMarkets should document their compliance procedure around the independent review of the Trust Account and should also include testing frequency,</p> | Yes | No further recommendations |

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| | sample size and approach. | | |
| 3.4 | <p>Key person risk/ coverage</p> <p>Additional coverage should be put in place for unplanned absences to prevent any issues with completing Reconciliations both accurately and timely. Whilst there are 2 people who can cover, there is the risk of one person being away on planned leave and another unplanned. It is also recommended that an additional resource is available or recruited on an ongoing contractual basis to assist in improving OpenMarkets' written procedures and assist in developing a risk and compliance framework. Finally, OpenMarkets has coverage on non-settlement days (generally State only holidays) and its recommended that the Reconciliations are performed every working day except when the ASX is closed (National holiday) to help identify and address any reconciliation issues timely.</p> | Yes | No further recommendations |
| 4. Supervision and Testing | | | |
| | Testing –Pre-trade filters & AOP | | |
| 4.1 | <p>Testing of enabled pre-trade filters & proposed changes</p> <p>Periodic testing of all currently enabled filters as well as proposed changes (in accordance with a testing plan) to ensure they operate as expected followed by subsequent sign off by OpenMarkets' management</p> | Yes | No further recommendations |
| 4.2 | Broader testing of AOP key components | Yes | No further recommendations |

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| | Implementation and documentation of a structured procedure to conduct on-going periodic testing (in accordance with a test plan) of the key OpenMarkets' AOP system components. This testing is to assist OpenMarkets to conduct its Annual AOP review. | | |
| 4.3 | Testing Policy Drafting of a 'testing policy' specifically pertaining to OpenMarkets' AOP system. This policy would be an overarching document governing testing of OpenMarkets' AOP system | Yes | No further recommendations |
| | Post-trade monitoring and surveillance | | |
| 4.4 | Supervision of issues and incidents Progress of any live investigations, matters or incidents identified through the post-trade monitoring to be discussed at the Risk and Compliance Committee | Yes | No further recommendations |
| | Client Monies | | |
| 4.5 | Independent/ Compliance Review OpenMarkets should document their compliance procedure around the independent review of the Trust Account and should also include testing frequency, sample size and approach. | Yes | It is recommended that OpenMarkets update their "Compliance Monthly Trust Account Review" checklist to include both the Westpac and ANZ trust accounts. |
| 5. Record Keeping and Governance | | | |
| 5.1 | Pre-trade filters policy Drafting of a 'Pre-trade filters policy' that outlines the | Yes | No further recommendations |

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| | <p>approach taken to calibrating OpenMarkets’ automated pre-trade filters, as well as the on-going review and change management of pre-trade filters and the documentation required at each stage of the change management process. This policy will also document the details of the proposed recommended procedures abovementioned in 2.2 and 2.4 above</p> | | |
| | <p>Monitoring and surveillance</p> | | |
| 5.2 | <p>Re-drafting of the Monitoring and Surveillance procedure to clearly outline processes (including any record keeping requirements) occurring as part of the post-trade monitoring and surveillance program. This includes documentation of the recommended procedures pertaining to post-trade monitoring and surveillance abovementioned in 2.6-2.9</p> | Yes | No further recommendations |
| 5.3 | <p>AOP Control Document The drafting of an overarching document that consolidates and centralises all the main provisions of AOP related policies and procedures. This would serve as the main document governing AOP policy and would also serve to assist in performance of the AOP Annual Review and assessment of any Material Changes.</p> | Yes | No further recommendations |
| | <p>Client Monies</p> | | |
| 5.4 | <p>Record Keeping process and timeline A timeline should be put in place for implementation of</p> | Yes | It is recommended that the Trust Account Policy is updated to include a delegation who is responsible |

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| | <p>record keeping processes. In 2017 OpenMarkets plan to maintain soft copies of their reconciliations by scanning these to a central location/ drive for easy access. The Record Keeping process should be documented to ensure that historical reconciliations or any audit item can be easily located in the future. Currently only hard copies are maintained of their Reconciliations onsite. After 2 years the hard copies are provided to Paritech who will then archive the documents.</p> | | <p>for maintaining the reconciliation files in case the Operations Manager is on leave.</p> |
| 6. Human and Technological Resources | | | |
| 6.1 | <p>Compliance Framework, Pre-trade filters, Post-trade Monitoring and Surveillance & Client Monies In light of all the above recommendations and their adequate implementation, execution and generation of respective documentation it is recommended that OpenMarkets has:</p> <ul style="list-style-type: none"> • Two full time Compliance personnel • One contractual human resource for a minimum period of 3 months | Yes | No further recommendations |

DECLARATION

MIntegrity has made all inquiries in connection with its assessment that MIntegrity believes are desirable and appropriate taking into account the requirements of the ASIC AFS Licence conditions imposed on OpenMarkets.

To MIntegrity's knowledge, no material information which would be regarded as relevant to this assessment has been withheld from MIntegrity by OpenMarkets or any relevant third-party service provider.

DISCLAIMER

MIntegrity notes that all potential points of non-compliance related to the business of OpenMarkets may not have been identified during the Review. This is due to the existence of limitations inherent in reviewing the compliance framework of any AFS License holder, including the inconclusive nature of sample employee interviews or testing, which may not identify all instances of potential misconduct or other non-compliance with relevant regulatory obligations.

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