ATTACHMENT A

AREAS OF CONCERN RELATING TO DYLAN CHRISTOPHER RANDS

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s 47E (d), s 47G (1)(b), s 45, s 47F

[redacted]

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s 47E (d), s 47G (1)(b), s 45

[redacted]

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A. ASIC'S CONCERN

1. The Australian Securities and Investments Commission (**ASIC**) is concerned that as a result of your conduct on 27 March 2018 and during the period 7 December 2018 to 4 June 2019, while you were an employee of Regal Funds Management Pty Ltd ACN 107 576 821 (**Regal**):

   a. You may not have complied with a financial services law (s920A(1)(e)[1]);
   b. ASIC may have reason to believe that you are not adequately trained, or not competent, to provide one or more financial services, perform one or more functions as an officer of an entity that carries on a financial services business, or control an entity that carries on a financial services business (s920A(1)(da); and
   c. ASIC may have reason to believe that you are likely to contravene a financial services law (s920A(1)(f)).

2. Schedule 1 to this document contains a glossary of terms and abbreviations used.

B. BACKGROUND

B1. Regal

3. Regal holds AFS licence number 277737[2], [redacted]

[redacted]

[redacted]

[redacted].

[1] References to sections are to sections of the *Corporations Act 2001*
[2] RFM.0003.0008.0042 – Australian Financial Services Licence No: 27737

s 47E (d), s 47G (1)(b), s 45

s 47E (d), s 47F, s 47G (1)(b), s 45

[redacted]

C. YOU MAY NOT HAVE COMPLIED WITH A FINANCIAL SERVICES LAW (s920A(1)(e))

C1. Outline of basis for ASIC's concern

14. Under s1041A:

> *A person must not take part in, or carry out (whether directly or indirectly and whether in this jurisdiction or elsewhere):*
>
> *(a) a transaction that has or is likely to have; or*
> *(b) 2 or more transactions that have or are likely to have;*
>
> *the effect of:*
>
> *(c) creating an artificial price for trading in financial products on a financial market operated in this jurisdiction; or*
> *(d) maintaining at a level that is artificial (whether or not it was previously artificial) a price for trading in financial products on a financial market operated in this jurisdiction.*

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s 47E (d), s 47F, s 47G (1)(b), s 45 [redacted]

15. Under s1041B(1):

> *A person must not do, or omit to do, an act (whether in this jurisdiction or elsewhere) if that act or omission has or is likely to have the effect of creating, or causing the creation of, a false or misleading appearance:*
>
> *(a) of active trading in financial products on a financial market operated in this jurisdiction; or*
> *(b) with respect to the market for, or the price for trading in, financial products on a financial market operated in this jurisdiction.*

16. Under s1041B(2):

> *For the purpose of subsection* [1041B]*(1), a person is taken to have created a false or misleading appearance of active trading in particular financial products on a financial market if the person:*
>
> *(a) enters into, or carries out, either directly or indirectly, any transaction of acquisition or disposal of any of those financial products that does not involve any change in the beneficial ownership of the products; or*
> *(b) makes an offer (the **regulated offer**) to acquire or dispose of those financial products in the following circumstances:*
>
> > *(i) the offer is to acquire or dispose of at a specified price; and*
> >
> > *(ii) the person has made or proposes to make, or knows that an associate of the person has made or proposes to make:*
> >
> > > *(A) if the regulated offer is an offer to acquire – an offer to dispose of; or*
> > > *(B) if the regulated offer is an offer to dispose of – an offer to acquire;*
> >
> > *the same number, or substantially the same number, of those financial products at a price that is substantially the same as the price referred to in subparagraph (i).*

17. These provisions are financial services laws within the meaning of s761A.

s 47C, s 47E (d), s 47F, s 47G (1)(b), s 45

[redacted]

C2. Clearview

20. Clearview is a financial services company with businesses that specialise in life insurance, wealth management and financial advice. Since 11 December 2003, Clearview's shares have been listed for trading on the ASX, under the code '**CVW**'[18] and able to be bought and sold on the financial markets known as ASXT, ASXC and Chi-X (CXAC)[19].

21. Clearview's Annual Report for 2017[20], dated 24 August 2017, referred to:

    a. a total of 659,473,127 fully paid ordinary shares being on issue, equating to a market capitalisation of approximately $936 million[21];
    b. Clearview's substantial shareholders including:

        i. CCP Bidco Pty Ltd and Associates (**CCP**), who held 252,897,269 CVW or 38.4% of issued capital;
        ii. Perpetual Corporate Trust Limited (**Perpetual**), who held 63,828,308 CVW or 9.7% of issued capital; and
        iii. Sony Life Insurance Co., Ltd (**Sony Life**), who held 98,067,795 CVW or 14.9% of issued capital; and

    c. Crescent Capital Partners Management Pty Ltd (**Crescent Capital**) representing the interests of CCP and Perpetual.

s 47E (d), s 47G (1)(b), s 45

[redacted]

[18] Unless otherwise stated, a reference to CVW is a reference to the fully paid ordinary shares of Clearview.
[19] Unless otherwise stated, a reference to 'trading in', 'traded on' or 'traded' is a reference to trading in CVW on ASXT, ASXC and CXAC.
[20] RFM.0003.0009.0132 – FY17 – Part 3 Annual Report - CVW
[21] The market capitalisation of $936m is based on the ASX's closing price of $1.44 on 4 August 2017

s 47E (d), s 47G (1)(b), s 45
[redacted]

s 47C, s 47E (d), s 47F, s 47G (1)(b), s 45

E. ASIC MAY HAVE REASON TO BELIEVE THAT YOU ARE LIKELY TO CONTRAVENE A FINANCIAL SERVICES LAW (s920A(1)(f))

195. The matters set out above under the heading '*You may not have complied with a financial services law (section 920A(1)(e))*' are repeated.

196. The matters set out above under the heading '*ASIC may have reason to believe that you are not adequately trained, or not competent (section 920A(1)(da))*' are repeated.

197. By reason of the matters referred to above, ASIC has reason to believe that you are likely to contravene a financial services law as:

a. your conduct took place while you were an employee of an AFS licensee;
b. you have not complied with laws applicable to providers of financial services;
c. you have not maintained the high standards expected of a provider of financial services;
d. you do not understand the duties and obligations imposed by the *Corporations Act 2001* on a provider of financial services;
e. you cannot be relied upon to discharge the duties and obligations imposed by the *Corporations Act 2001* on a provider of financial services.

Schedule 1 – GLOSSARY

TERMS AND ABBREVIATIONS USED IN AREAS OF CONCERN[212]

Ask Order to sell a particular security.

ASX Limited is a market licensee under the *Corporations Act 2001* and the operator of a financial market, the Australian Securities Exchange. It is sometimes referred to as the Stock Exchange or Stock Market and it provides a marketplace for the trading of financial products, clearing house and payments system facilitator.

ASXC An abbreviation for '*ASX Centrepoint*'. Refers to the Matching System facilitated by the ASX for participants to anonymously enter transactions in respect of shares and other financial products.

ASXT An abbreviation for '*ASX TradeMatch*'. Refers to the Trading Platform facilitated by the ASX to enter into transactions in respect of shares and other financial products.

ASX Code Unique code used to identify companies listed for trading on the ASX.

Bid Order to buy a particular security.

Bid/Ask/Spread The value of the best (highest) Bid, the best (lowest) Ask.

Block Trade As defined in Rule 6.2.1 of the *ASIC Market Integrity Rules (Securities Markets 2017)*.

s 47E (d), s 47

Broker Trader or trading company given responsibility for the acceptance and/or execution of an order. Also known as a Trading Participant.

Broker Code Individual broker identification number allocated by the ASX to Trading Participants.

s 47E (d), s 47G (1)(b), s 45

[212] ASX website http://www.asx.com.au/glossary/index htm and/or witness statement of Mr Dent.

Creeping Provisions

Include s606(1) and s611.

s 47E (d), s 47G (1)(b), s 45

Crossing As defined in ASIC Market Integrity Rules (Securities Markets) 2017, that is

'a transaction in respect of which a Trading Participant acts:

(a) on behalf of both buying and selling clients to that transaction; or
(b) on behalf of a buying or selling client on one side of that transaction and as Principal on the other side'.

CSPA Closing Single Price Auction - See Trading phases of ASX, below.

CXAC Refers to the trading platform facilitated by Chi-X to enter into transactions in respect of shares and other financial products.

s 47E (d), s 47G (1)(b), s 4

DTR Designated Trading Representative approved by the ASX to act as the Trading Participant's operator.

s 47E (d), s 47G (1)(b)

s 47E (d), s 47G (1)(b)

Illiquidity A term used to measure the difficulty for which a stock can be sold by reference to its respective market.

Issued shares Shares of a company allotted to shareholders.

Liquidity A term used to measure the ease for which a stock can be sold by reference to its respective market.

s 47E (d), s 47G (1)(b), s 45

Market Depth The existing bids and asks of a security at a particular point in time.

s 47E (d), s 47G (1)(b), s 45

TradeMatch Computerised trading system used by ASX to trade shares, among other things. Also known as '*ASXT*' or '*ASX TradeMatch*'.

s 47E (d), s 47G (1)(b) [redacted]

OSPA Open Single Price Auction - See Trading phases of ASX.

Pre-Trade Filter A mechanism employed in trade execution software to prevent the entry of certain Bids or Asks. The purpose of the mechanism is usually to mitigate or prevent market misconduct.

Put Through As defined in the ASX Operating Rules Procedures, that is '*a Crossing that results in the Cash Market Products the subject of the transaction being sold by a nominee that holds those Cash Market Products on behalf of a Funds Manager to another nominee that holds those Cash Market Products on behalf of the same Funds Manager*'.

Quotation Securities in a listed entity are quoted on ASX for trading and defined in the ASX Listing Rules as Official Quotation.

s 47E (d), s 47G (1)(b), s 45 [redacted].

Regulated Offer Has the same meaning as '*Regulated Offer*' in s1041B.

s 47E (d), s 47G [redacted].

Special Crossing As defined in ASIC Market Integrity Rules (Securities Markets) 2017, that is:

(a) in relation to an Equity Market Product able to be traded on more than one Market, means a Block Trade of a Large Portfolio Trade, entered into other than by matching or Orders on an Order Book of a Market;

(b) in relation to a Product other than an Equity Market Product able to be traded on more than one Market, has the meaning given by the operating rules of the Market where the transaction occurs; and

(c) includes a transaction referred to as a negotiated transaction in the operation rules of a market where:

(i) a Market Participant acts on behalf of a selling client to that transaction or as Principal to that transaction;

(ii) another Market Participant acts on behalf of a buying client to that transaction or as Principal to that transaction; and

(iii) the transaction is effected other than by the matching of Orders entered into the Trading Platform of the relevant Market.'

Spread The difference between the highest bid and the lowest ask of a particular security.

s 47E (d), s 47G (1 [redacted].

Trade A trade occurs when the price of a Bid and an Ask (also known as an offer) for a security overlap on ASXT, ASXC or CXAC: that is, when the price of a Bid and an Ask are the same; or the price of a Bid is greater than the price of an Ask

Trading phases of ASX

Pre-Open – between 7am and approximately 10am (or until the security commences trading) the market is in '*Pre-Open*'. No trades can occur, however orders can be entered, amended or cancelled.

OSPA – from 10am, the Open Single Price Auction, in which securities open for trading on ASX in five groups, in alphabetical order.

Pre-CSPA – between 4pm and approximately 4.10pm the market is in '*Pre-CSPA*'. No trades can occur, however orders can be entered, amended or cancelled.

CSPA – between 4:10pm and 4:12pm, the Closing Single Price Auction, at just after the close of the market each trading day.

s 47E (d), s 4 [redacted]

VWAP Volume weighted average price (for a given period).