

Guidance Note: Broker Records

References: Chapter 11 CMAEC Business Rules

Introduction

This guidance note has been provided to assist Exchange brokers to understand and meet their responsibilities under the CMAEC Business Rules in relation to the retaining of documents.

Maintenance of Documents

CMAEC Business Rule 11.13 states that:

Any documents or information that an Exchange broker is required to prepare under the rules must be maintained in the manner and for the period of time prescribed by the Exchange from time to time.

Record Keeping

An Exchange broker must maintain proper records of business activities. These records include:

- Records required to be maintained under the laws;
- Trust Account details;
- Monthly trial balances; and
- Annual accounts.

Trust Account

Exchange brokers need to maintain a running ledger of client balances capable of being reconciled to the banking records of the Exchange broker.

Trial Balances and Annual Accounts

Exchange brokers need to be able to perform a trial balance on a monthly basis and provide to the Exchange not later than 2 months following year end, a set of audited accounts that give a true and fair view of the state of affairs of the Exchange broker's business.

Audit Arrangements

An Exchange broker must appoint an accountant or a firm of accountants to act as their auditors. An auditor's report must be lodged with the Exchange for each financial year.

Other Records

Investments schedule

Exchange brokers are required to keep and return annually a record of investments held. This return is in the format specified in Annexure 2A.

Complaints log

A register of complaints both written and verbal received from clients and the Exchange broker's response must be kept for at least five years. This register must be accessible to the Exchange.

Underwriting register

If an Exchange broker underwrites a securities issue then the information specified in Business Rules 2.23 to 2.25 must be kept in relation to each underwriting agreement.

Insurance

An Exchange broker must provide a certificate of currency for insurance policies required under Business Rule 5.3(a), (b) and (c) within 14 business days of the end of each financial year.

Discretionary Accounts

An Exchange broker must maintain details of any discretionary account held on behalf of clients. Every quarter a report on the account must be forwarded to the client concerned.

Approved Representatives and Authorised Trading Representatives

A register of persons who are approved representatives and a register of authorized trading representatives must be maintained by an Exchange broker. The Exchange must be notified immediately if an Exchange broker cancels the appointment of an approved representative or authorised trading representative.

Scope of Guidance Note

This guidance note is intended to assist Exchange brokers to comply with their obligations under the CMAEC Business Rules. It is not exhaustive, does not in any way act as a substitute for any CMAEC Business Rules and is not binding on the Exchange in its application of the Rules in any particular case.

This guidance note does not constitute legal advice by the Exchange. Where appropriate, Exchange brokers should obtain their own professional advice about compliance with their obligations under the CMAEC Business Rules.