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We have updated the first screen of our website. You can now visit popular sections of our site (ASIC Searches, Company Forms and eRegisters) from the first screen. You can also now search the site using the Search this Site button.

Do you have any comments or suggestions about our site? We want to hear them. Fill in the survey on our first screen.

Netting your best

Internet-based trading now comprises about 20% of all retail share trading. We've issued tips to investors thinking of using the internet to buy and sell shares. Before you trade, we recommend you find out:

- how your internet broker places your share orders
- the difference between "limit" and "at market" orders
- how you will confirm that your order has been placed
- if your privacy is protected.

These, and other tips, are in our consumer alert on the Investors and Consumers page of our website.

You can't bank on it!

An old trick with a electronic age spin? This telephone swindle started in the USA, then targeted UK bank customers. Who knows when it will hit Australia? This is the latest winner in our Gull of the Month on our website.

The scam exploits peoples' fear about the safety of banks in the run-up to the millennium. Bank customers received a phone call from a person supposedly working in their bank. The caller claims that the bank is having difficulty getting ready for the change-over from 1999 to 2000. They ask the customer to transfer their money to a "safe" account to protect their cash until the bank is ready for the year 2000.

Customers are then asked to provide account information and authorise the transfer of funds to the "safe" account.

Appointed an auditor yet?

We have reviewed the records of all building societies, friendly societies and credit unions to make sure they have an auditor which is registered

with us. This was a requirement imposed on these financial institutions when they converted to a company structure on 1 July.

As a result of this review, we identified 94 financial institutions where the information provided to us about the current auditor was either missing or incomplete. In the majority of these cases, the financial institution has now confirmed that they do have a registered company auditor. For those, however, that do not have a registered company auditor, we have provided information on the correct process for making a new appointment.

Collateral benefits

We have released Policy Statement 145, clarifying the prohibition on collateral benefits clauses in takeovers funding and pre-bid purchases. The policy statement follows the decision in *Aberfoyle v Western Metals* (1998) 28 ACSR 187. For a copy of the policy statement, visit the Policy and Practitioners page of our website.

New NT Regional Commissioner

Following a four year stint in Papua New Guinea, Anthony Bevan returns to ASIC as the Regional Commissioner for Northern Territory.

Anthony Bevan was with us in 1991 as a legal officer and then Acting Director of Operations in our NT office.

He was founding Chairman of the PNG Securities Commission, where he helped to rewrite and implement the PNG companies and securities legislation and establish a stock exchange in PNG.

Statistics

Here is a summary of our insolvency and incorporation statistics for the month ending 31 July 1999.

If you would like more information please contact Infoline on 1300 300 630.

	Insolvencies	New Incorporations
NSW	245	4,146
VIC	123	3,380
QLD	109	1,705
SA	40	479
WA	45	867
TAS	12	79
NT	4	35
ACT	24	184
Total	602	10,875

Educating consumers

There is a great deal of information available for educating consumers about financial services. The strengths and weaknesses of this information, as well as its coverage (see table), was studied in a recent research project.

ASIC and the Consumer Advisory Panel commissioned the project and the research was done by the Financial Services Consumer Policy Centre. The centre's findings were released in *Stocktake of consumer education in financial services* which was launched by the Hon Joe Hockey MP, Minister for Financial Services and Regulation. Copies of the report are available at www.asic.gov.au.

Researchers compiled a database of brochures, books and videos from about 150 organisations around Australia, including:

- financial institutions
- industry associations
- government departments
- regulators
- community organisations
- educational institutions.

They also searched for websites. Information that was only marketing material was excluded from their study, but information that blended education and marketing was included.



Alan Cameron (ASIC Chairman), Barbara Cail (Chairperson, Consumer Advisory Panel) and Joe Hockey (Minister for Financial Services and Regulation)

This is the first comprehensive database of Australian consumer educational materials. We are looking at ways of meeting the study's recommendation that the database should be kept up to date and be made widely available.

We will be asking financial institutions for permission to list their material on a publicly available database. This will be a useful resource for financial institutions when they are developing educational materials for their clients. ■

Managed investments

Operators of managed investments schemes and their compliance committees have serious obligations under the Corporations Law. This warning has come from Pauline Vamos, National Compliance Adviser, Managed Investments ASIC, after the Supreme Court in NSW appointed two temporary responsible entities to operate managed investment schemes. This is the first time that temporary responsible entities have been appointed since the Managed Investments Act commenced last year.

The court appointed temporary responsible entities to replace Monpro Management Ltd and Australian Tea Tree Management Ltd after applications from us. Our application to appoint a temporary responsible entity to replace Monpro came after our surveillance on Monpro which was a licensed responsible entity for the Australian Irrigated Timber Project No 1 and Australian Biotechnology Joint Venture No 1.

Ms Vamos also said compliance committees have an obligation to report to us any suspected breaches of the Law if they feel that the responsible entity had not acted appropriately to deal with a breach of the law. ■

ASIC infoline 1300 300 630 ♦ ASIC homepage www.asic.gov.au

Table of consumer education – strengths and weaknesses

Consumer education is strongest	Education material is weakest	Education material is average
Credit and debt	Superannuation choice *	Life insurance
Consumer rights and how to make a complaint	New technology and financial services	General insurance
Budgeting	Tax effective investment schemes	Investments
	Retirement savings accounts	Super
	Deeming	Banking
	Internet transactions	Scams and swindles
	Direct share investment	Home lending

* The ASIC/ASFA booklet on housing a superannuation fund came out after the completion of the project.

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ANNUAL IOSCO CONFERENCE

Preparations are well under way for the 25th Annual Conference of the International Organisation of Securities Commissions (IOSCO) which ASIC will host at Darling Harbour, Sydney from 14 to 19 May 2000.

The first days of the conference will be taken up by meetings of IOSCO members. Members include securities regulators from almost 100 countries, major exchanges, industry associations and international financial institutions.

The public sessions of the conference begin with a major social function on the evening of 16 May. Sessions continue on 17 and 18 May. Speakers will include

representatives of international financial organisations and regulators; and participants in some of the world's largest and most innovative markets.

The Australian Financial Markets Association will hold its TechnoFuture 2000 Exhibition of the latest developments in information technology for financial markets in conjunction with the IOSCO conference.

ASIC News will keep you updated about the conference. For further information email iosco2000@infosalons.com.au



AUSTRALIAN BANKING AND FINANCIAL SYSTEM "Y2K OK"

The Council of Financial Regulators (made up of the Reserve Bank of Australia, the Australian Prudential Regulation Authority and ASIC) has reported that the Australian financial system is well prepared for the Year 2000.

The latest version of its booklet *Year 2000 preparations in the Australian banking and financial system* released in September 1999 confirms that updating and testing of systems is now virtually complete and contingency planning is well advanced. Industry-wide testing in the payments system, equities and futures markets have been successfully completed.

The booklet describes the Y2K preparations of regulated financial institutions operating in Australia (banks, building societies, credit unions, life and general insurance companies, superannuation funds and friendly societies) and the role of the financial sector regulators. It also outlines preparations in the payments system and in securities markets.

The booklet is available on our website at www.asic.gov.au or by contacting the Reserve Bank on (02) 9551 9743. ■

SURVEYING FINANCIAL DISCLOSURE

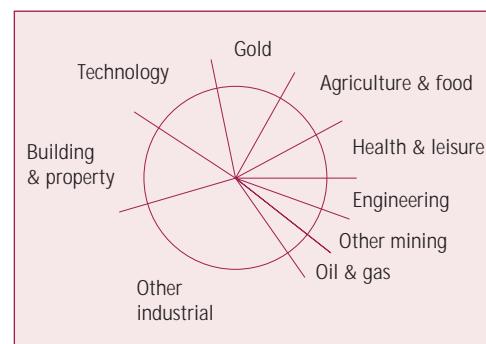
Disclosures by listed companies in their financial accounts give investors confidence and fosters market integrity. Therefore, during October we will be reviewing financial accounts for the year ended 30 June 1999 to see if companies are meeting the requirements of both accounting standards and financial disclosures.

We have found that the most cost effective way of monitoring compliance with accounting standards is to run a carefully focused and targeted surveillance program.

This year's review will focus on the following seven issues that are of interest to us:

- amortising intangibles
- providing for future maintenance and other provision

- disclosing directors' and senior officers' emoluments
- including environmental performance information in directors' reports
- disclosing share capital
- valuing assets by independent persons and directors
- recognising revenue.



Activities of listed entities under surveillance. Financial accounts surveillance June 1999. ■

Electronic applications

A fully electronic system for electronic offers of securities moved a step closer last month with the release of our policy proposal paper on electronic applications.

The proposal aims to give Corporations Law relief so that electronic applications for securities need not use the forms or processes required for paper applications.

Under the proposed policy, a prospective investor must have access to a prospectus (paper or electronic) when they apply for the securities and be given the same information as an investor using a paper application form.

Where the prospectus is in electronic form, an investor can ask the issuer for a free copy of the paper prospectus and a paper application form.

The proposed policy focuses on the concept of an electronic application and recognises the differences between paper and electronic environments.

Licensed dealers would be allowed to design their own electronic application processes and use personalised application forms for clients, as long as they comply with the conditions of the proposed relief and do not engage in misleading or deceptive conduct.

According to ASIC Commissioner Jillian Segal, the policy proposals are less prescriptive than our current policy on electronic applications, but don't relax investor protection.

"The proposals are another example of an extensive program ASIC has undertaken to facilitate electronic commerce," Ms Segal says. "This is one of a range of e-commerce proposals ASIC is currently working on and plans to roll-out during the next year."

The paper is available on our website at www.asic.gov.au or from Infoline on 1300 300 630. ■

In a statement today...

In our continuing surveillance of the Internet, we obtained an agreement from Australian Olives Ltd to remove some advertising from its website. On the website www.olives.net, Australian Olives included advertising that was in breach of the Corporations Law and the company's own compliance plan. The website offered information on after-tax cash flows which was not contained in Australian Olives' prospectus.

The appeals of former company director Samuel John Papotto against conviction and the severity of his six-month prison sentence were dismissed in the Supreme Court of WA.

Mr Papotto had appealed against his conviction for managing a corporation without leave of the court, less than five years after conviction. He was sentenced on 23 June 1998 and will serve the balance of his sentence. The conviction followed our investigation into Mr Papotto and his management of Power Engine Flush Australia Pty Ltd.

One of the promoters of the Wattle Group investment scheme, Geoffrey Robert Dexter, was committed to trial in the next sittings of the Brisbane District Court. We alleged that Mr Dexter induced people to invest in securities on the basis of promises that he knew to be misleading, false or deceptive and/or dishonestly concealed material facts from investors.

Our investigation into Wattle Group activities follows an action in the Supreme Court of Queensland in March last year where we obtained injunctions restraining Mr Dexter from operating the investment scheme which was in breach of the Corporations Law.

Brisbane Airport Corporation Limited has decided to change its method of amortising its right to operate the Brisbane Airport in its 30 June 1999 financial reports and those of subsequent years. BACL does not accept that its previous accounting method breaches any accounting standard or law, however, we believed that the accounts of BACL for the year ended 30 June 1998 did not comply with the Corporations Law.

Simon Gautier Hannes was sentenced in the Sydney District Court to two years and two months gaol and fined \$110,000. He was found guilty last month of one ASIC charge of insider trading in the securities of TNT Limited and two charges under the Financial Transactions Reports Act. The judge fixed a recognisance release order of 18 months after which time he will be released if he complies with certain conditions.

The Supreme Court of Queensland has dismissed an application by an Australian promoter of a high yield trading scheme to leave the country, after we opposed the application. Gold Coast resident, Malcolm Bartley Troy, was banned in June 1999 from operating any managed investment scheme. Mr Troy, who did not hold a securities or investments licence, raised approximately \$17 million from Australian investors for a Hong Kong based investment scheme which offered returns of up to 40% per month. ■

Training standards for authorised reps

We released our new Interim Policy Statement (IPS 146) in September, setting out guidelines for licensees and principals on the minimum standards for the training of their authorised representatives.

The interim policy is the result of consultation with 25 industry focus groups around the country since February. Participants were drawn from the following industries: financial planning, superannuation, general and life insurance and banking, as well as from the training industry.

IPS 146 will apply to securities and futures licensees currently regulated by us, and to life insurance companies and brokers regulated under relevant insurance legislation and codes. These representatives will have to be trained in accordance with the policy by 1 October 2001.

Other people who have to be licensed under Corporate Law Economic Reform Program (CLERP) No 6 will have two years after it is enacted to comply. We will review IPS 146 after CLERP 6 is enacted to make sure it is consistent with the new legislation. We will consult with industry again at this time.

The interim policy offers licensees and principals a range of options for assessing whether their representatives and training programs meet our requirements. We also plan to establish a small training advisory committee to help in the accreditation process and provide general advice on training issues.

Interim Policy Statement 146 is available on our website at www.asic.gov.au or from Infoline on 1300 300 630. ■