

- (ii) in the case of an Exchange Broker which is a partnership, individual or unincorporated association, the credit balances on partners' and proprietors' accounts;
- (iii) deferred taxation relating to fixed assets which have been excluded from the calculation of Allowable Assets;
- (iv) approved subordinated loans where these have been subordinated to the satisfaction of the Business Conduct Committee in an approved standard form;
- (v) the aggregate amount of secured loans for land and buildings; and for the purposes of this Rule 29.4(b)(v):
 - (aa) the amount of secured loans to be excluded from liabilities shall not exceed 75% of the "value" of land and buildings which are used as security for loans;
 - (bb) "value" shall be the lower of the amount of an independent valuation made not earlier than twelve months before the relevant date, and the net book value at which the land and buildings were included in the latest audited balance sheet of the Exchange Broker.

29.5 The Business Conduct Committee may from time to time:

- (a) exempt any Exchange Broker or class of Exchange Broker from compliance with all or any of the provisions of this Rule 29; or
- (b) vary any of the provisions of this Rule 29 insofar as they relate to any Exchange Broker or class of Exchange Broker; or
- (c) vary any of the provisions of Rule 29.2(b) insofar as they relate to the initial margin requirements of any client, or group or category of clients, of any Exchange Broker or class of Exchange Broker; or
- (d) require an Exchange Broker, in calculating its Financial Resources, to make such deduction as the Committee considers appropriate and reasonable after consultation with the Exchange Broker in respect of any contingent liability or commitment of the Exchange Broker, whether by way of a guarantee, or undertaking, or of any other nature.

30. ACCOUNTING RECORDS AND FINANCIAL REPORTING

30.1 An Exchange Broker, unless it is a registered bank or an Australian bank (in which case it shall be exempt from this Rule) shall provide the Business Conduct Committee with a copy of the Exchange Broker's balance sheet and a statement of the Exchange Broker's Financial Resources calculated in accordance with Rule 29:

- (a) as at the last day of the months of March, June, September and December in each year, within one month after each of such dates; and
- (b) as at such other dates as may be requested in writing by the Business Conduct Committee, within the time requested.

30.2 A Public Broker, unless it is a registered bank or an Australian bank (in which case it shall be exempt from this Rule), shall provide the Business Conduct Committee with a monthly return of the Public Broker's position with regard to client funds by the second business day following the last business day of each month.

31. CLIENT ACKNOWLEDGEMENTS

31.1 Subject to Rule 31.3 an Exchange Broker shall not provide any services to a client unless the client has completed a Client Acknowledgement, which, subject to the provisions of Rule 31.2, shall:

- (a) in the case of a Public Broker, be in the form set out in Schedule 1 of these Rules or contain as a minimum the matters set out in that form;
 - (b) in the case of an Introducing Broker, be in the form set out in Schedule 2 of these Rules or contain as a minimum the matters set out in that form;
- and a signed copy of the Client Acknowledgement is held by the Exchange Broker.

31.2 The Business Conduct Committee may in its discretion, on the application of an Exchange Broker, approve a form of Client Acknowledgement which does not comply strictly with the requirements of Rule 31.1, for use by that Exchange Broker in respect of all or any of its clients, provided that the Committee shall not, without prior consultation with the Commission, approve any such form which departs in any material respect from the principles underlying these Rules.

31.3 Where a client of an Exchange Broker is a Clearing Member, a Client Acknowledgement need not be completed in accordance with Rule 31.1(a) unless the Exchange Broker is to be authorised to trade on a discretionary basis for the client. Where by virtue of this Rule 31.3 a Client Acknowledgement is not required to be completed, the client shall in lieu thereof be deemed to have given an acknowledgement to the Exchange Broker in the form set out in Schedule 1 of these Rules with effect from the time the Exchange Broker accepts the first instruction from the client to trade in Contracts. The Exchange Broker shall forthwith give to the client written notice that the acknowledgement is deemed to have come into effect, together with a copy of the form of Client Acknowledgement set out in Schedule 1, and shall retain satisfactory evidence of the giving of such notice and copy.

32. MARKET CONTRACTS AND CLIENT CONTRACTS

32.1 When a Public Broker who is a Trading Permit Holder has an order to buy and an order to sell Contracts, at the same price, for the same commodity, and in the same month, the Public Broker may only make a Market Contract with itself if it has complied with the procedures for such transactions approved by the Company from time to time.

32.2 (a) Where a Public Broker who is a Trading Permit Holder has traded a Market Contract in consequence of an order received from a client there shall, by virtue of this Rule 32.2(a), simultaneously with such trade arise:

- (i) a Client Contract between the Public Broker and the client (each as principal) in the same terms as the Market Contract except that the Public Broker shall have the opposite position from that which it has in the Market Contract; and
- (ii) if the client is an Exchange Broker who is itself acting for a client, a Client Contract between that Exchange Broker and its client (each as principal) in the same terms as the Client Contract referred to in paragraph (i) except that the Exchange Broker shall have the opposite position from that which it has in the Client Contract referred to in paragraph (i).

(b) Where a Public Broker who is a Trading Permit Holder has entered into a Market Contract in consequence of an order received from a client who is a Clearing Member and allocates that contract to that Clearing Member client in