

Guidance Note

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18 March 2021
Version: 3.1

Key concepts

Financial records required to be kept

Related information

FGL Operating Rules

Part 3

FEX Guidance Notes

GN 4 - Net Tangible Assets

GN 15 - Investment of Segregated Clients' Account

GN 20 - Segregation of Client Property

Recommended Audience

Compliance Managers

Operations Managers

Derivatives Staff Members

Previous Issues:

Nil

GN 19 - Accounting and Financial Records

Introduction

Under the ASIC Market Integrity Rules (Futures Markets) 2017 and Part 3 of the Operating Rules, Trading Participants and Clearing Entities are required to establish and maintain accounting and financial records and these records must (on request) be made available for inspection by the Exchange.

This Guidance Note provides more detail on what financial records must be kept and made available to the Exchange.

Guidance

Each Trading Participant and Clearing Entity is required to establish and maintain up to date and complete records to record and explain:

- the financial position of the Trading Participant or Clearing Entity; and
- all money and property used in connection with the Trading.

Participant's or Clearing Entity's Exchange Business - including records relating to Segregated Clients' Account and segregated Client property.

The Exchange may request to inspect and/or copy the accounting and financial records, and a Trading Participant or Clearing Entity is required to produce the records, or make them available, to the Exchange within the time specified.

Each Trading Participant and Clearing Entity must maintain these records:

- in writing (in English) or in a form capable of being reduced to writing (in English); and
- in a form that will enable them to be conveniently and properly audited and retained for at least 7 years.

Generally, FGL will only request to inspect or copy records relating to the financial position of the Trading Participant or Clearing Entity in order to ascertain compliance with Rule 3.3.4 - Duty of Compliance.

However, the Exchange may request accounting and financial records for other purposes where it considers appropriate - for example, to determine whether a Trading Participant or Clearing Entity has complied with the requirements in relation to conducting an Exchange for Physical transaction.

FGL has issued this Guidance Note to give general assistance to Trading Participants and Clearing Entities in their compliance with the Operating Rules. FGL is not bound by this Guidance Note in any particular case. This Guidance Note is not legal advice and Trading Participants and Clearing Entities should seek their own professional advice on their obligations under the Operating Rules in their particular circumstances. FGL may replace this Guidance Note at any time. Current Guidance Notes are available at www.fex.com.au/Guidance or by contacting FGL on enquiries@fex.com.au or on +61 2 8024 5200

Defined terms in this Guidance Note have the meaning given in the Operating Rules.