

1980

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

THE HOUSE OF REPRESENTATIVES

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SECURITIES INDUSTRY AMENDMENT  
BILL (NO. 2) 1980

EXPLANATORY MEMORANDUM

(Circulated by The Hon. R. V. Garland M.P.,  
Minister for Business and Consumer Affairs)

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## INTRODUCTION

1. The Securities Industry Amendment Bill (No. 2) 1980 (hereafter referred to as 'the Amendment Bill') makes various amendments to the Securities Industry Act 1980 consequential on the enactment of the proposed Companies Bill 1980. The Companies Bill 1980, which will repeal the A.C.T. Companies Ordinance 1962, sets out the substantive provisions of the new companies code and applies those provisions in the A.C.T.

2. Background material on the Securities Industry Act and its relationship to the co-operative companies and securities scheme is contained in paras 1 to 9 of the separate explanatory memorandum on the Securities Industry Amendment Bill 1980.

3. The Amendment Bill alters references to provisions of the A.C.T. Companies Ordinance 1962 in the Securities Industry Act to references to the relevant provisions in the Companies Bill 1980. These amendments will come into effect only when the proposed Companies Act comes into operation.

SECURITIES INDUSTRY AMENDMENT BILL (NO. 2) 1980

Cl. 1 : Short title &c.

4. When enacted the Bill will be cited as the Securities Industry Amendment Act (No. 2) 1980 and the Securities Industry Act 1980 is referred to as the 'Principal Act'.

Cl. 2 : Commencement

5. The Bill will come into operation on the day on which the Companies Act 1980 comes into operation.

Cl. 3 : Interpretation

6. Section 4 of the Principal Act contains a series of terms for the purposes of the Act. Clause 3 of the Bill amends two references to the Companies Ordinance 1962 in section 4 of the Principal Act.

Cl. 4 : Disclosure to Commission

7. The reference in para. 12(3A(c) of the Principal Act to "Division 3A of Part IV of the Companies Ordinance 1962" will be replaced by "Division 4 of Part IV of the Companies Act 1980".

Cl. 5 : Grant of dealers licence or investment advisers  
licence

8. Section 48 of the Principal Act is concerned with the granting of a dealers licence or an investment advisers licence. Clause 5 of the Bill replaces two sub-paragraphs of section 48 order to change references to the Companies Ordinance 1962.

Cl. 6 : Dealings as principal

9. Section 66 of the Principal Act prohibits, except in certain circumstances, a dealer from dealing as principal unless he first informs the person with whom he is dealing, that he is acting as principal in the transaction and not as agent. Clause 6 of the Bill will amend a reference to the Companies Ordinance 1962 which appears in sub-section 66(6).

Cl. 7 : Dealers' accounts

10. Section 78 of the Principal Act lays down the requirement for dealers to keep accounts and lodge them with the NCSC. Clause 7 changes the reference in sub-section 78(1) of the Principal Act from "Companies Ordinance 1962" to "Companies Act 1980".

Cl. 8 : Deposits to be invested by stock exchange

11. Section 97 of the Principal Act lays down requirements for the investment of deposits received by the stock exchange under S.95 of the Act. Clause 8 of the Amendment Bill amends sub-section 97(1) by referring to the "Companies Act 1980" instead of to the "Companies Ordinance 1962."

Cl. 9 : Investment of fund

12. Section 110 of the Principal Act deals with the manner of investing moneys held by the stock exchange in its fidelity fund. Clause 14 of the Bill changes the reference to "Companies Ordinance 1962" where it appears in section 110 of the Principal Act.

Cl. 10 : Prohibition of dealings in securities by insiders

13. Section 128 of the Principal Act prohibits insider trading. Clause 10 of the Bill replaces two references to the "Companies Ordinance 1962" in section 128, with references to the "Companies Act 1980".

Cl. 11 : Compensation for loss &c

14. Section 130 of the Principal Act provides for the payment of compensation in certain circumstances to persons who suffer losses from some of the contraventions of the basic prohibitions in relation to trading in securities. Clause 11 of the Bill provides a new paragraph to replace para. 130 (3)(b) of the Principal Act. The new paragraph changes the reference to the "Companies Ordinance 1962" and also provides for actions taken before the Companies Act 1980 comes into existence.