

# **CUDECO SHAREHOLDER RESEARCH**

## **CHAPTER 8:**

### **ASIC COMPLAINTS CONCERNING CuDECO TRADING**

#### **8.3 A Review of CuDeco Trading Issues**

**from January 2013 through May 2013**

***DISCLAIMER:** All Information presented as shareholder research has been sourced from broker trading records and Cudeco registry records. While the author considers the data to be accurate and the summaries presented as also being an accurate reflection of trading, no guarantees are given as to the reliability of data or any conclusions put forward. Shareholders and investors are encouraged to do their own Due Diligence and to make up their own minds in regard to any trends present in the trading data.*

## REFERENCE LINKS TO PUBLISHED RESEARCH

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[1.1 Why Blog?](#)

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### Chapter 2: An Overview of Trends Associated With 15 Months of Trading

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## OVERVIEW

Research into trading of CuDeco shares during the period January 2013 through May 2013 has identified further trading anomalies during a period where trading resulted in falls of 27% (i.e., January 1 to April 4), before recovering to finish 12% down by the end of May.

The falls came in lack-lustre trading irrespective of the strong developments achieved by the Company during the 5-month period. The falls set the scene for the share price slump that occurred mid-June coinciding with M&G departing the register. The trading of Morgan Stanley comes under notice as it was prominent in trading both through the period January to May 2013, and again on behalf of M&G, as their substantial holding was sold down from mid-June onwards.

The trading concerns brought to attention in previous complaints are also abundantly evident in each of the five months reviewed. Complaint 2013-3 extends the period where CuDeco trading has been seriously compromised over 3.5 years. The issues of particular concern for trading throughout 2013 include:

- control over trading and pricing outcomes that is not being addressed by regulators and which is made possible by a lack of transparency with trading and settlements. Control is facilitated by HFT trading algorithms, short selling, dark pools, off-market transfers and high levels of co-operation between entities which is suggestive of collusion and/or cartel activity.
- the need for audits to identify the entities responsible for anomalous trends; the trading data enables the brokers associated with highly dubious trading trends to be easily identified;
- control by institutional broker algorithms over normal trading activity has resulted in a market weighed down by non-genuine buying and selling. There can be no doubt that algorithmic trading has been instrumental in setting and maintaining artificial pricing levels. High frequency algorithms are at the heart of manipulation concerns as they provide the mechanism for brokers to choose who they deal with. Accordingly, they can link preferred sellers to preferred buyers and avoid trades with others. One of the major outcomes of technological innovation is that market rigging is now eminently achievable in ways previously not possible;
- manipulative activity being camouflaged by entities rotating trading activity that delivers control over the market (e.g., control over auction prices and Downtick movements via algorithms) through a small group of brokers, and on occasions, using the services of brokers with reduced trading profiles;
- large volumes of churn trading by institutions implemented to exercise control over the market, but where the register shows holdings being retained at reasonably static levels despite the large volumes put through the market;
- short-selling being used as a means to manipulate prices, especially where shares are short sold on-market, and then covered off-market without price discovery. A case in point is mid-January 2013;
- dark pools and off-market transfers being used to manage/adjust holdings between entities likely to be colluding with their trading in a way that also avoids price discovery;
- control over market sentiment by ensuring that all positive news released by the company and positive news emerging from the financial markets in general, are met by subdued market responses.

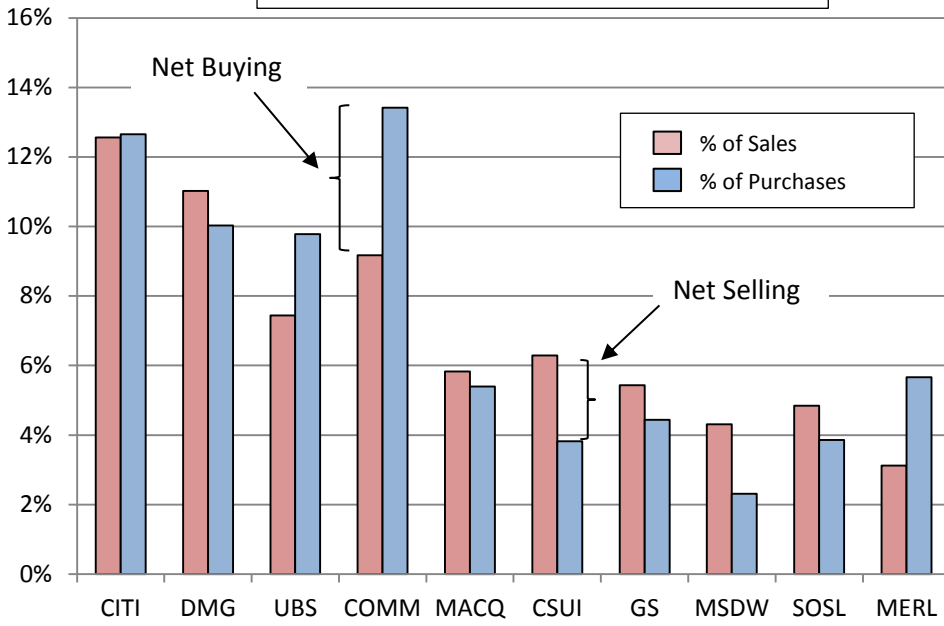
Share price manipulation issues throughout 2013 has meant that price discovery has again become a reflection of the trading agendas of powerful financial interests rather than a fair appraisal of CuDeco's true worth based on Company fundamentals and progress being made with the development of a major new mine.

### **TRADING SUMMARIES:** January through May 2013

The overall trading trends for the five months are summarized in the following charts. The charts compare buying and selling profiles of brokers in active trading and during auctions, and also the influences they have had in regard to forcing DTs as sellers and facilitating DTs as buyers. Influences over pricing (i.e. auctions and Downticks) are where anomalous trends have become particularly evident.

**COMPARISON CHARTS - January through May 2013**

**ACTIVE BUYING & SELLING**



**ACTIVE BUYING and SELLING**

Active trading refers to normal trades during the course of the day. CITI led the way followed by DMG, UBS and COMM. CITI churned stock, DMG net sold and UBS and COMM were net buyers.

With the exception of COMM all leading brokers identify with institutional trading. Their buying and selling however, generally doesn't result in changes to institutional ownership as a group.

Neither does short selling as the shares lent out and short sold are re-purchased and thereby retained within the group. Collusion by entities then enables covering of short positions to occur via off-market transfers but without true price discovery. The situation is clearly manipulative.

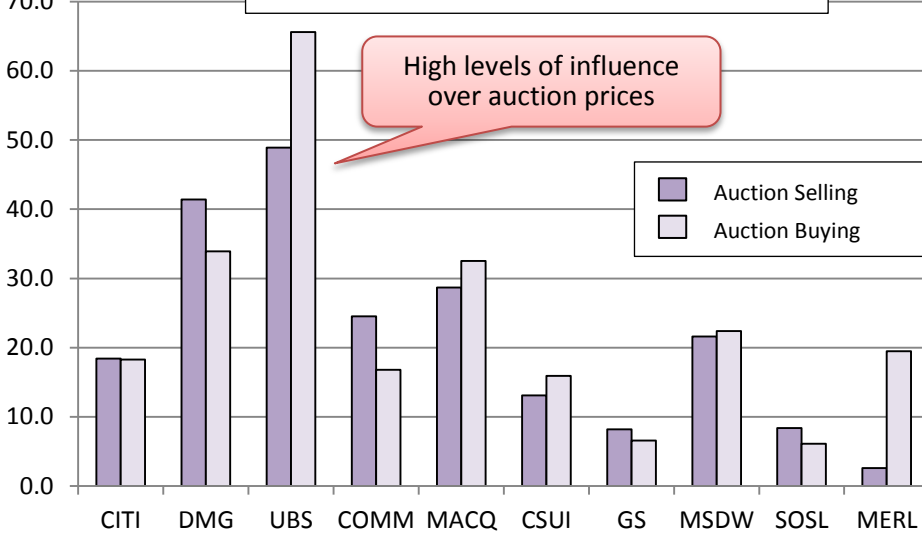
**AUCTION BUYING and SELLING**

The chart summarizes selling and buying performances at auctions as gauged by an auction index that takes into account all auction buying and selling averages, together with auction attendances. The index identifies the brokers who have had the most influence in determining auction pricing outcomes.

UBS was by far the most influential broker during auctions, both as a buyer and as a seller, despite a lower market profile than CITI, DMG and COMM in normal trading. To consistently dominate auctions month after month is highly suspicious.

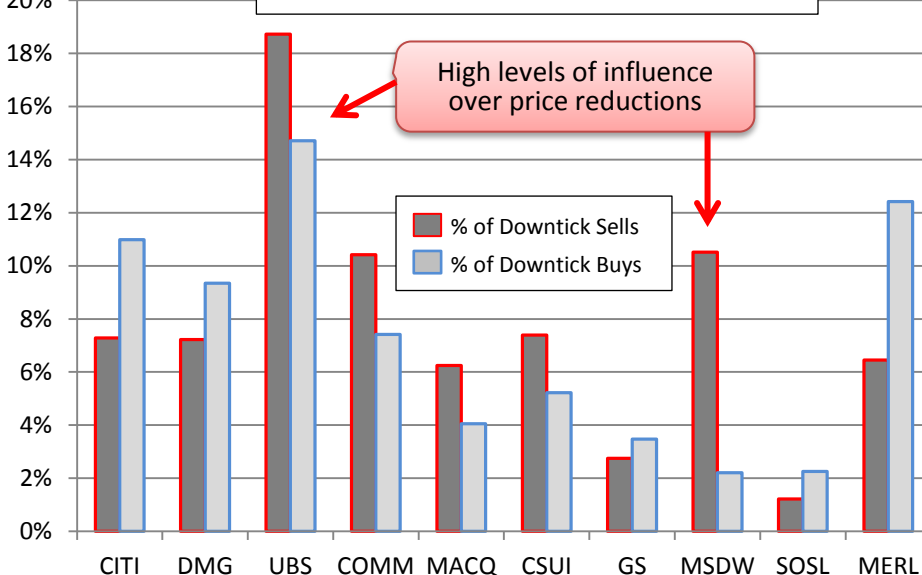
**AUCTION INDEX**

**AUCTION BUYING & SELLING**



High levels of influence over auction prices

**BUYING & SELLING OF DOWNTICKS**



High levels of influence over price reductions

**DOWNTICKS**

UBS was also the leading seller and buyer of Downtick trades, further revealing their dominance over the setting of prices. Whereas UBS was a net buyer in active trading and auction trading their extensive numbers of small DT trades tended to support lower prices.

Morgan Stanley was particularly noticeable as a seller of Downticks as well, and so was COMM. The COMM activity has been shown by research to identify with institutional interests rather than retail sales which further suggests attempts to camouflage dubious levels of selling that has targeted lower prices.

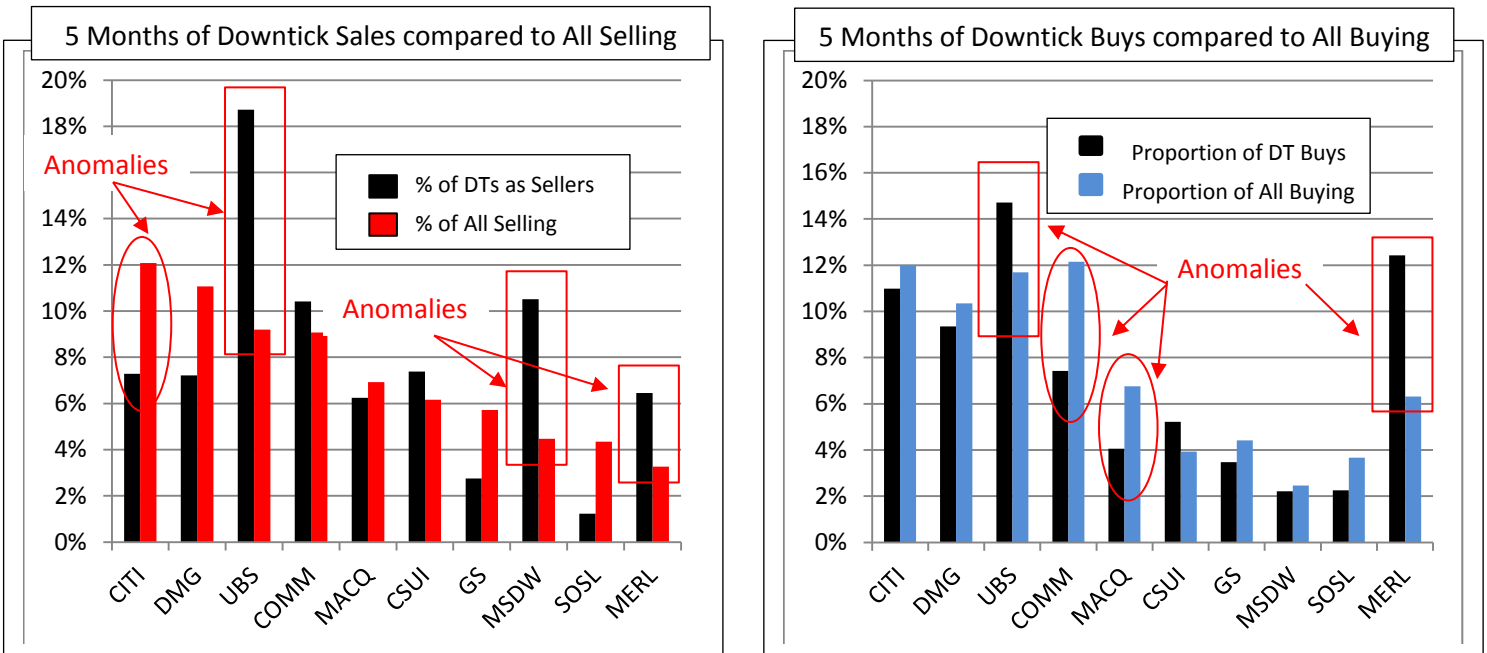
**DOWNTICK TRENDS** (Refer to Page 15 for a full explanation of Anomalous DT trends)

The comparison of Downtick sales with selling generally over 5 months of trading shows up anomalies with both UBS and MSDW who both appear to have targeted lower prices with their selling. Such behaviour is manipulative as genuine selling looks to maximize returns from sales, not generate maximum price impact regarding price falls.

Similarly, the comparison of Downtick purchases with buying generally shows up anomalies with UBS and MERL. It is not reasonable to expect success at buying DT sales as often as has been achieved by certain brokers buying CuDeco shares. The success comes from the preferential selling of DT trades by designated sellers to preferred buyers and is prevalent across a range of brokers throughout all monthly data. The exclusive trading, directed by algorithms, that take place between entities who are effectively colluding with their trading, is revealed by trading data as being both non-genuine and manipulative.

Further issues concern the tendency to avoid Downticks when selling such as is evident with CITI, DMG, GS and SOSL. There is also the tendency to avoid Downtick purchases despite strong buying profiles in the market which is evident in daily data and to an extent over the longer term by COMM and MACQ.

**BROKER COMPARISONS**



**ISSUES CONCERNING ALGORITHMS**

Official rhetoric concerning algorithms often involves statements such as the following which was written by an ASIC Officer in response to the concerns of a CuDeco shareholder:

*It is important to note that the small value transactions to which you refer in your letter, are largely the result with algorithmic trading which often break down larger orders to minimise market impact by trading a large number of small orders throughout the day. While the transactions can appear unusual when looked at in isolation, they are not necessarily indicative of market manipulation.*

The reality in 5 months of trading for CuDeco is that the leading sellers of Downticks used algorithms to generate trades of small parcel sizes that relentlessly targeted lower prices and in fact maximized the impact of their selling through such transactions. The ASIC advice is definitely not supported by research findings.

Also, there is no way that such trades could represent genuine selling as defined recently by the Australian High Court in a recent judgement pertaining to share price manipulation, viz.;

*The forces of “genuine supply and demand” are those which are “created in a market by buyers whose purpose is to acquire at the lowest available price and sellers whose purpose is to sell at the highest realisable price”.*

A summary of the leading Downtick sellers for the 5 months period is provided in the table that follows. Downtick trades have been compared to each broker’s selling profile for all trading. Also the proportion of DT trades represented by broker crossings has also been included.

DT trades involving parcel sizes fewer than 400 shares have been segregated in the second table. The data shows average parcel sizes for the majority of Downtick trades have ranged between just 32 shares and 109 shares suggesting a strategic targeting of lower prices rather than genuine selling.

**DOWNTICK STATISTICS: January 2013 through May 2013**

Broker	Downticks		Sell Profile	Trades <= 400 shares		Crossing Data		
	DTs	% DTs	% Sells	%	Avg. <400	% of DT Trades	% < 400	Average <=400
UBS	1,692	18.7%	9.2%	87.0%	58	25.7%	77.8%	70
MSDW	951	10.5%	4.5%	90.5%	86	5.9%	92.9%	83
COMM	942	10.4%	9.1%	77.8%	93	13.4%	71.4%	112
CSUI	668	7.4%	6.2%	83.7%	73	47.5%	89.3%	73
CITI	659	7.3%	12.1%	78.6%	93	15.0%	56.9%	147
DMG	653	7.2%	11.1%	77.3%	83	28.5%	31.4%	57
MERL	583	6.4%	3.3%	94.9%	55	62.8%	98.4%	52
INST	571	6.3%	2.8%	95.6%	32	4.6%	100.0%	34
MACQ	565	6.2%	6.9%	87.3%	86	16.1%	90.1%	53
GETCO	300	3.3%	2.8%	88.0%	109	0.0%	-	-
GS	249	2.8%	5.7%	72.3%	74	18.5%	47.8%	72
JPM	134	1.5%	0.7%	94.8%	32	2.2%	0.0%	-

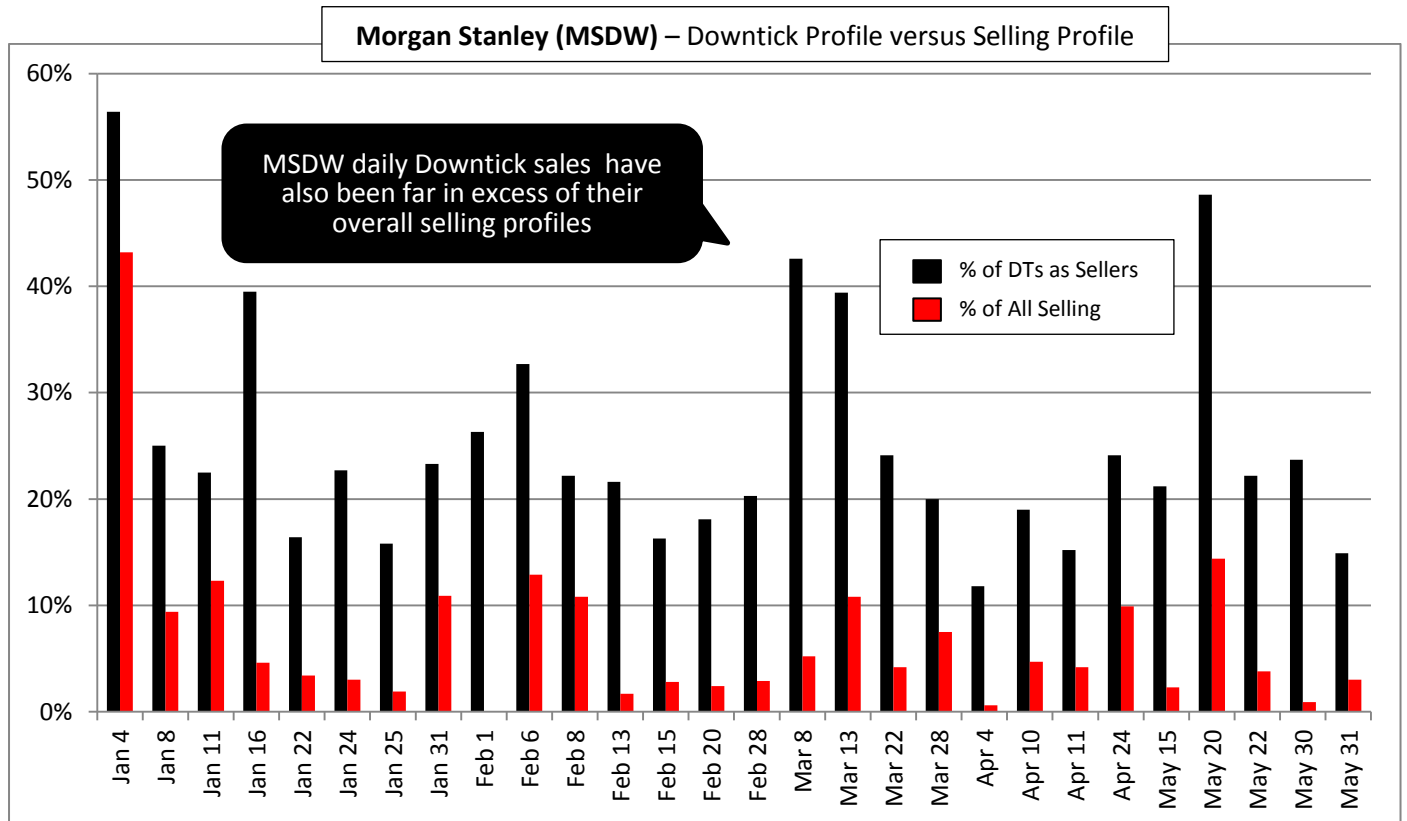
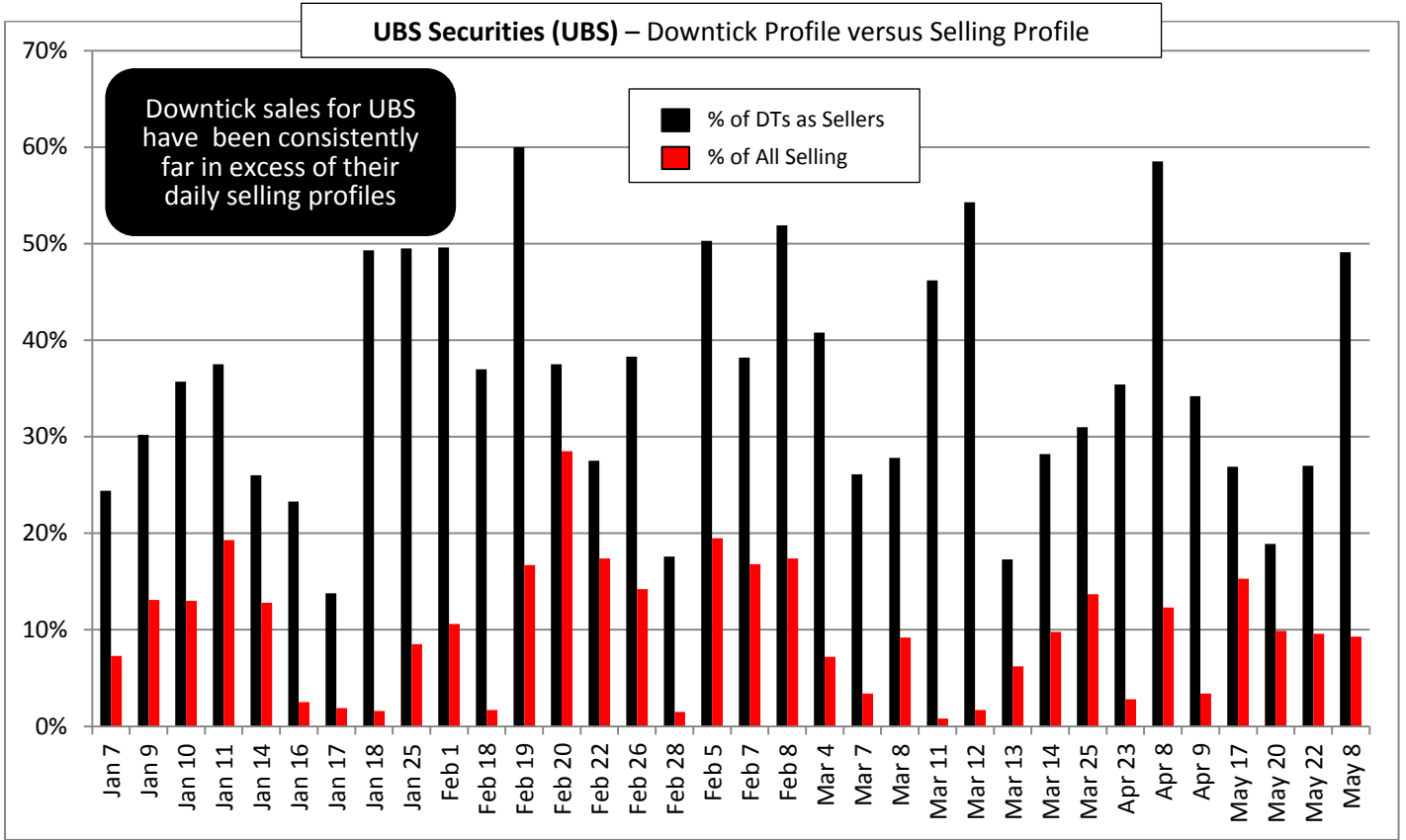
The largest seller of DT trades by a very wide margin, UBS Securities, averaged only around 58 shares for the majority of its sell trades that had the effect of reducing the CuDeco share price. The second largest DT Seller, Morgan Stanley, averaged parcel sizes of 86 shares. Quite critically, both brokers also had market shares for Downticks that were substantially larger than their overall selling profiles in the market. (i.e., UBS 18.7% cf. 9.2%, and MSDW 10.5% cf. 4.5%). It demonstrates a strong tendency to target price falls with their trading. Their profiles are in contrast to say COMM where DT profiles and selling profiles were commensurate, and CITI, DMG and GS where they tended to manage their selling in a way that avoided Downticks.

The large numbers of DT crossings put through the market represent another area of concern. Brokers who were prominent in supplying small cross trades at reduced prices included UBS (25.7% or 435 DT trades), Credit Suisse (47.5% or 317 DT trades) and Merrill Lynch (62.8% or 366 DT trades). Citigroup and Deutsche Bank were relatively prominent as well. Small cross trades being used over and over and resulting in share price falls are difficult to explain in terms other than share price manipulation.

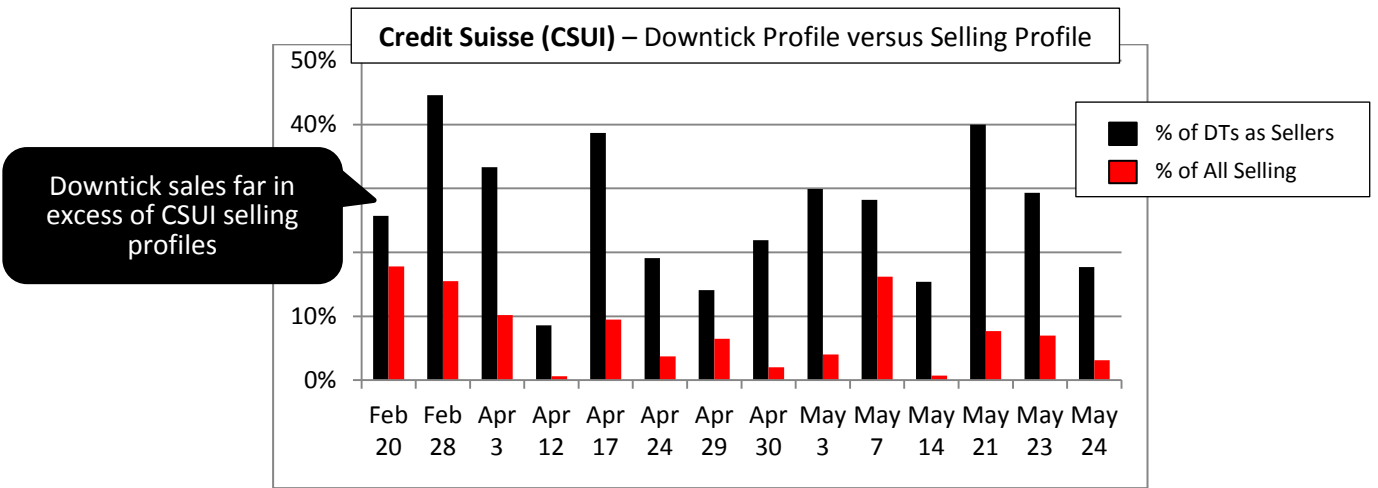
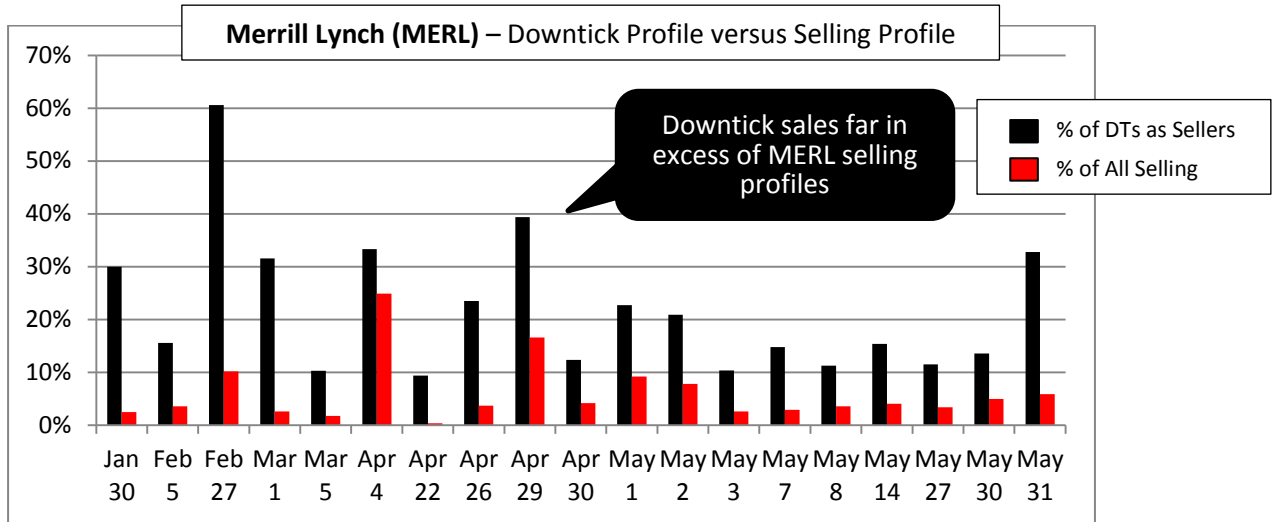
Overall, the patterns reveal an emphasis on large numbers of small trades that have provided downward pressure on the CuDeco share price. Such trades over such an extended period of time represent a systematic and persistent targeting of pricing levels. Certainly the trades identify more with share price manipulation than genuine selling for clients.

**DUBIOUS TRADING ANOMALIES BY LEADING BROKERS UBS AND MSDW**

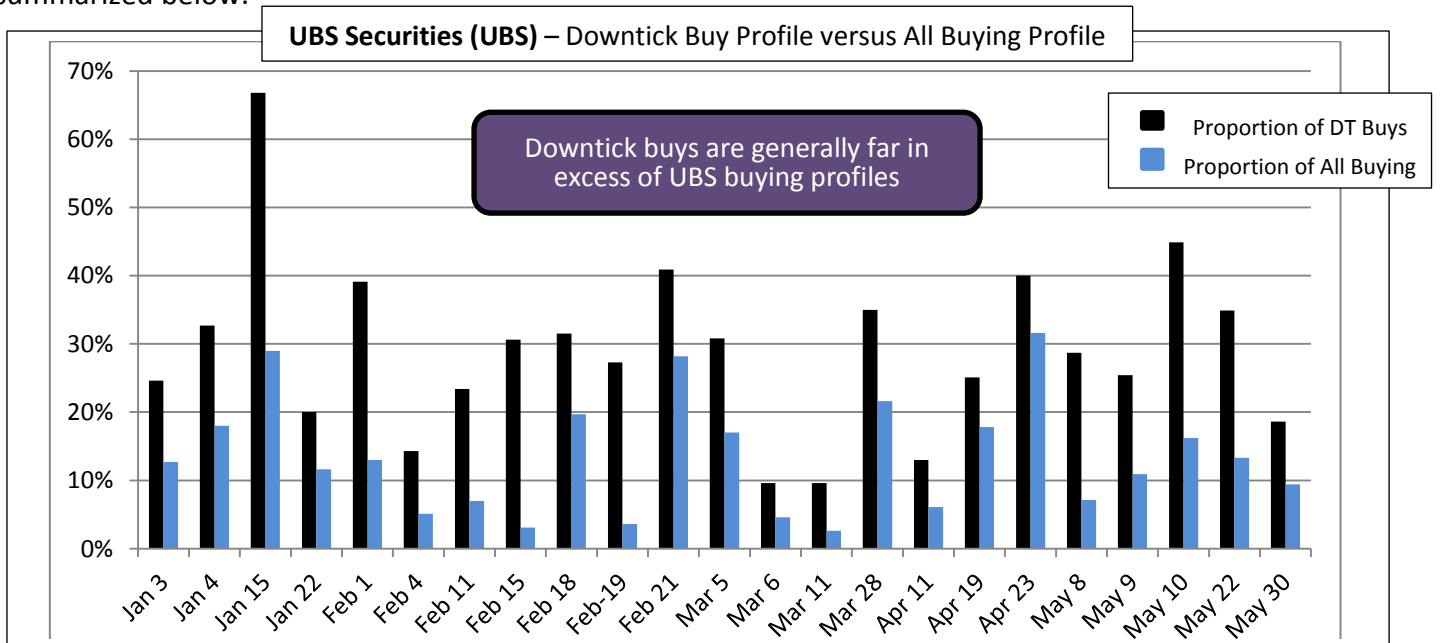
The following charts highlight some of the trading undertaken by prominent brokers UBS and MSDW where there has been a tendency to target lower prices with their selling throughout the 5-month period.



Also prominent in regard to targeting Downticks, particularly with crossings put through the market, were brokers Merrill Lynch and Credit Suisse.



Another theme revealed by research is that on days where a single broker has dominated DT sales, invariably there will be a broker showing anomalous purchases of DT trades. Again it is broker algorithms that are responsible. Buying that is able to consistently achieve large number of purchases at lower prices is just as dubious as trading that consistently forces Downticks in price. UBS ranks as a large seller of DT trades but also as a large buyer of DT trades, some of which are associated with crossings, (i.e., crossings represented 25.7% of UBS DT Sells and 35.7% of UBS DT Buys). Anomalous DT purchases by UBS are summarized below.





## SUMMARY – CuDeco Trading January 2013 through May 2013

The main features of trading in CuDeco shares over the 5-month period are summarized as follows:

- Trading over the 5-month period has been extremely lacklustre despite a strong operational performance by the Company and external markets not having any great impact on Company fundamentals. Trading has been associated with wide scale anomalies that indicate a deliberate targeting of lower prices by brokers. Trading led by M&G broker MSDW, together with UBS, set the scene for the M&G sell-out mid-June.
- Trading again consisted of a 'wolf pack' approach with a small group of brokers controlling trading through the use of algorithms, collusive short selling practices, large volumes of buying and selling washing back and forth between the same interests, control over auction pricing and advantage taken of the camouflage afforded by dark pools, off-market dealings and a substantially opaque trading and settlement system. Dubious trading practices couldn't occur if settlements were truly transparent.
- Despite the roles of brokers changing from one day to the next in respect to being the leading broker forcing prices lower, and the averaging out that occurred, glaring anomalies still exist in long term data.
- Practically every day through the period January to May, one or more brokers from a small group led by UBS and MSDW, actively sold to reduce the share price in a manner that can only be deemed non-genuine and manipulative.
- Corresponding to the active selling down of the share price, some brokers also managed to purchase high volumes of Downtick trades at levels that strongly suggest collusion, not superior trading skills.
- The selective selling of Downticks and the securing of Downticks trades as buyers, are the result of algorithms preferentially distributing trades from designated sellers to preferred buyers, a function that is manipulative because the buying and selling is strategic and non-genuine. The selectivity is made available through programmed 'choices' coded into automated trading software that heavily relies on the higher execution speeds made available to institutional trading desks.
- Morgan Stanley (MSDW) actively sought lower prices with their trading, as did UBS. It would be of great relevance to identify who they were acting for.
- MERL and CSUI were also active in targeting lower prices, particularly through the use of Downtick crossings. Again it would be of great relevance to identify who they were acting for.
- UBS was the most dominant broker in controlling auction prices with all auction participants likely to be working in tandem and overall results akin to wash trades, with no changes to beneficial ownership.
- The impact of positive announcements was again limited by selling that either capped prices or resulted in price falls. Attempts to always minimize the effect of positive announcements have now been demonstrated by research data spanning 3.5 years of trading. The prominent sellers of Downticks in response to announcements include the institutional brokers UBS, MSDW, MERL and CSUI.
- Institutions have paid share price premiums to gain exposure to the Company yet are actively involved in suppressing prices, at a time when the Company is making the transition from explorer to miner. Traditionally it is the time for accumulation and share price appreciation, not price weakness.
- Short selling has again been a constant manipulative presence hanging over the market.
- UBS engaged in settlement of trades far in excess of its market share in normal trading (i.e. 37.7 % of settlements compared to 10.5% of all buying & selling). The support offered to other broker trades via settlements is likely to be reflected in its trading where it was the most active broker by a very wide margin in forcing Downticks. Yet strangely, UBS was one of the leading accumulators of stock as well.
- Despite the churn trading and obvious price suppression, institutions increased their stake on the register with a gain of around 2 million shares.
- Curiously, the register had share flows around 10 million shares in excess of buying & selling volumes.
- Shares flowing in and out of broker nominee accounts generally relate to securities lending. However around 2 million shares exited broker nominee accounts and effectively ended up with institutions.

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### **Section 8.3.1**

## **BACKGROUND**

# **Relevant Market Information for the Period January to May 2013 and Anomalous Data as an indicator of Manipulative Trading Behaviours**

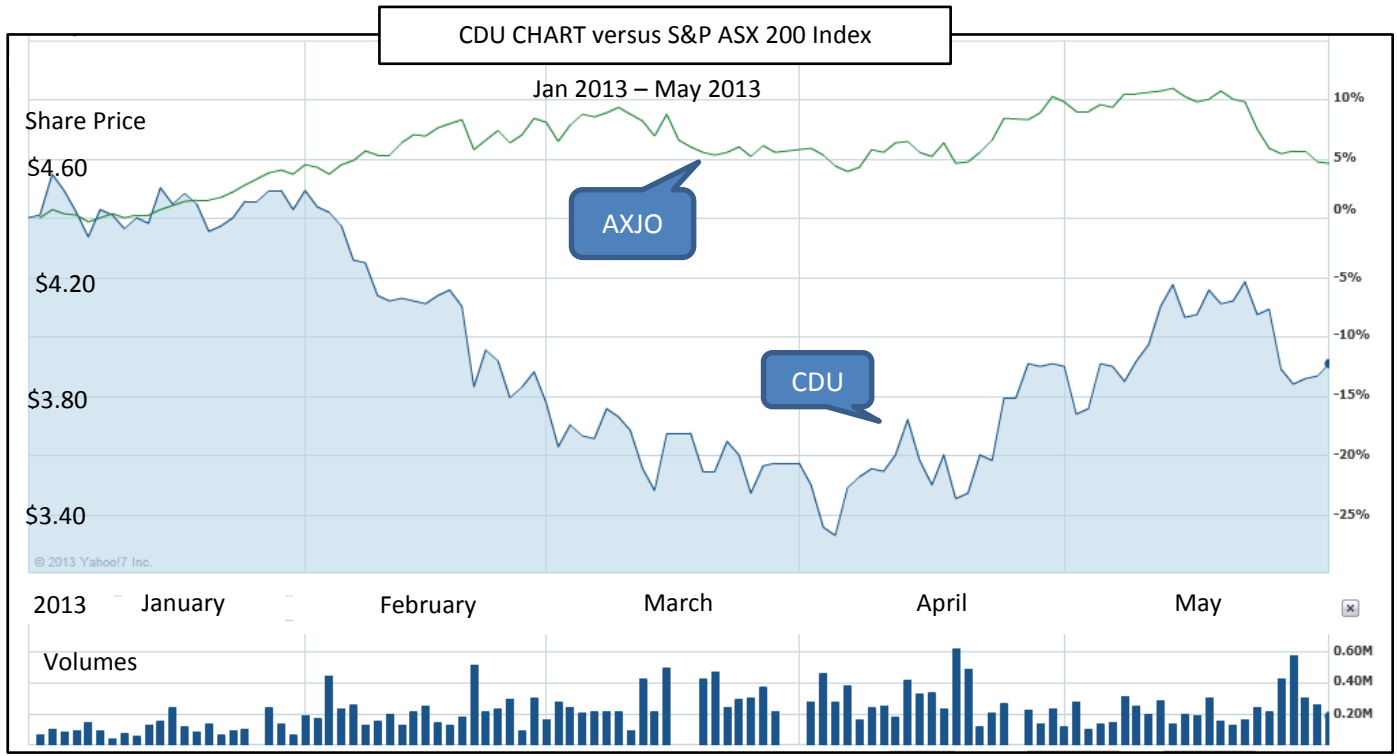
In reviewing CuDeco trading over the period January 2013 through May 2013, consideration needs to be given to the market conditions in place throughout the period and the manipulative trading behaviours that were evident in trading. It provides the backdrop from which to view the disposal of a substantial holding by the M&G Group which commenced mid-June 2013.

Two key indicators for share price manipulation are provided by the trends evident throughout auctions, and the trends associated with Downticks in price. Both rely on churn trading by sophisticated investors where trading is non-genuine, whereby ownership of shares is retained within the group irrespective of the volumes put through the market.

The background information in Section 8.3.1 is provided to better understand whether price weakness during the period is legitimately market related or the result of a largely artificial market brought about by manipulative trading activity.

**8.3.1.1 CuDECO (CDU) SHARE PRICE CHART – January 2013 through May 2013**

The chart of the CuDeco share price during the five month period is compared to the AXJO an index for the top 200 ASX stocks, also referred to as the S&P ASX200 Index. CuDeco is a member of the Index indicating that the CDU share price has under performed most stocks included in the index. Also, the S&P ASX 200 index closely tracked the All Ordinaries over the same period, again pointing to underperformance by CuDeco.



**8.3.1.2 COPPER PRICE TRENDS (Australian Dollar Based) – January 2013 to May 2013**

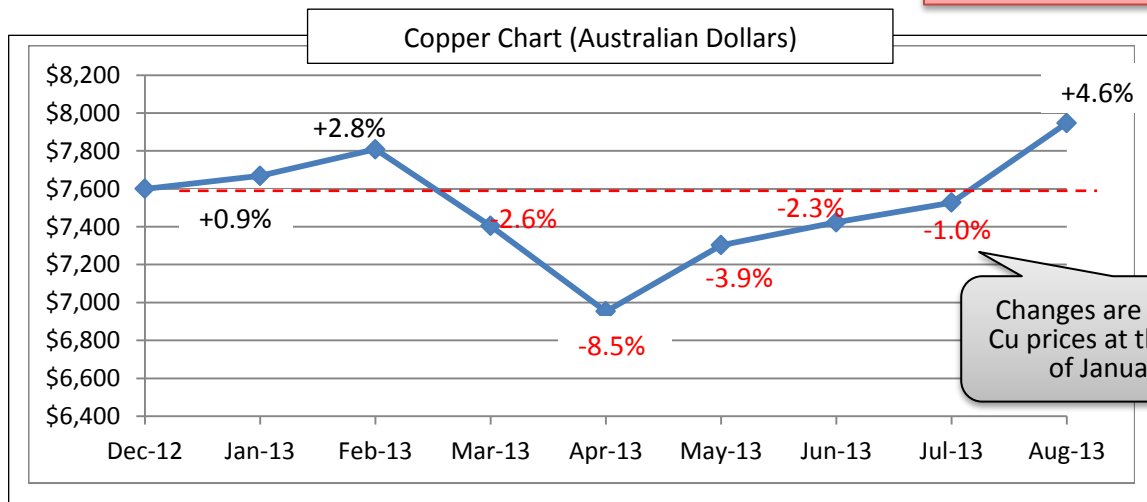
Although commodity prices generally weakened throughout the period, a corresponding weakening in the Australian Dollar meant that the copper price was insulated to a certain extent from global trends. The end of month copper price (in Australian Dollars) and the CuDeco share price are summarized below.

Month	\$AUD Cu Price	CDU Share Price
Dec-12	\$7,599.53	\$4.30
Jan-13	\$7,668.40	\$4.33
Feb-13	\$7,808.65	\$3.71
Mar-13	\$7,404.20	\$3.41
Apr-13	\$6,952.44	\$3.73

Month	Monthly Changes	
	Cu Price	Share Price
Jan-13	+0.9%	+0.7%
Feb-13	+2.8%	-13.7%
Mar-13	-2.6%	-20.7%
Apr-13	-8.5%	-13.3%

Cudeco share price falls were far larger than fluctuations in the Cu price

The share price trend in February and again in March is highly dubious



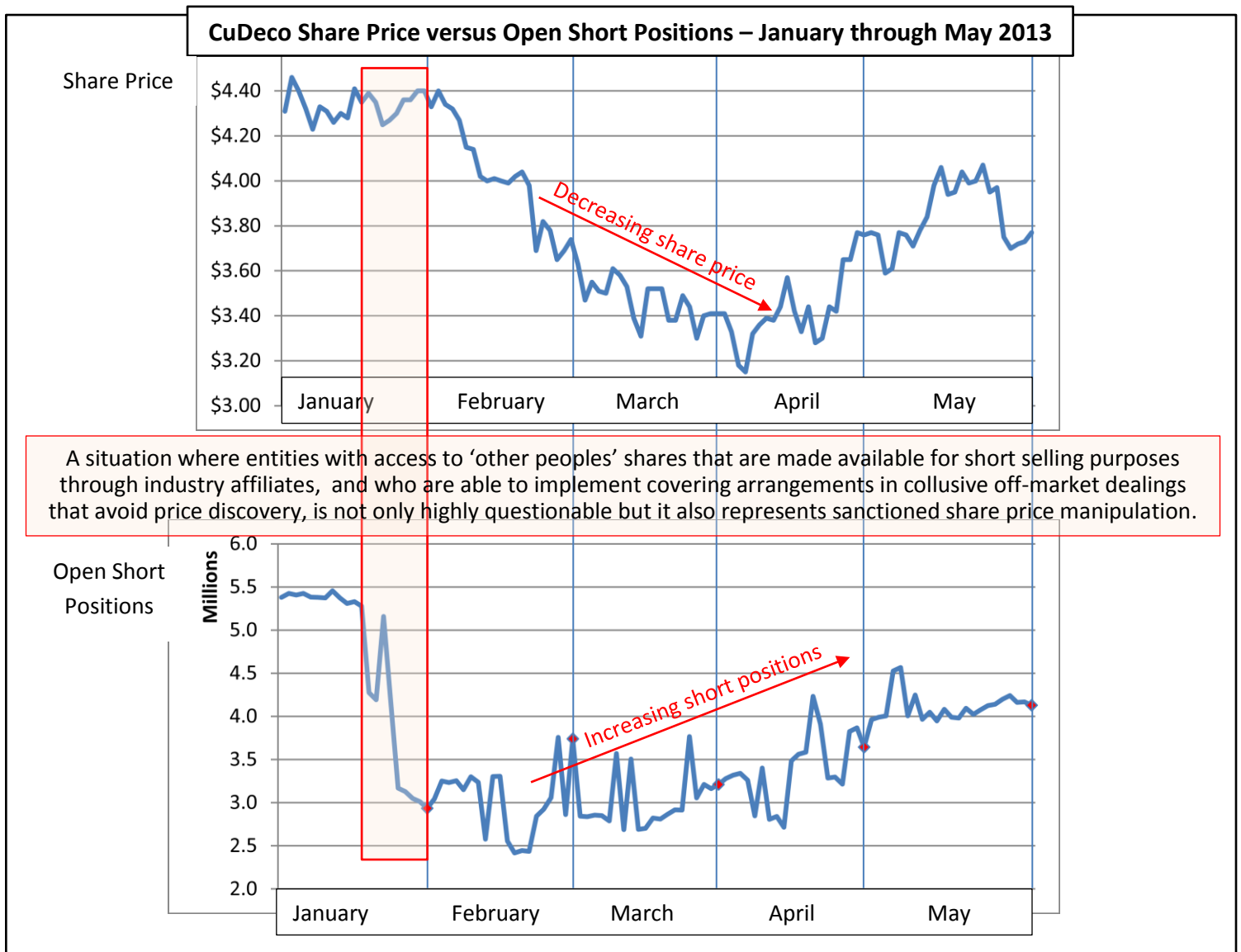
Changes are all based on Cu prices at the beginning of January 2013

**8.3.1.3 CuDECO (CDU) SHARE PRICE VERSUS OPEN SHORT POSITIONS - January 2013 through May 2013**

The share price chart over the 5 month period is compared below to the fluctuations in open short positions as reported by ASIC on their website.

The shaded rectangle highlights the period January 17 to the end of January 2013 during which time almost 2.5 million shorts were reduced without any impact to the share price. It was quite extraordinary that the share price actually fell while a large number of short positions were being reduced, that is, bought back. The behaviour is completely counterintuitive to what free market theory would suggest between genuine buyers and genuine sellers.

The covering of shorts was obviously achieved in off-market dealings. The current system condones short selling which provide continuous downward pressure to prices in all daily trading, and it also condones the avoidance of fair price discovery when major positions are covered outside the transparent market. Official claims of fair markets are seen as farcical in that context, as trading is seen to be extremely manipulative and to the benefit of those engaged in shorting activity who are not the legitimate owners of shares.

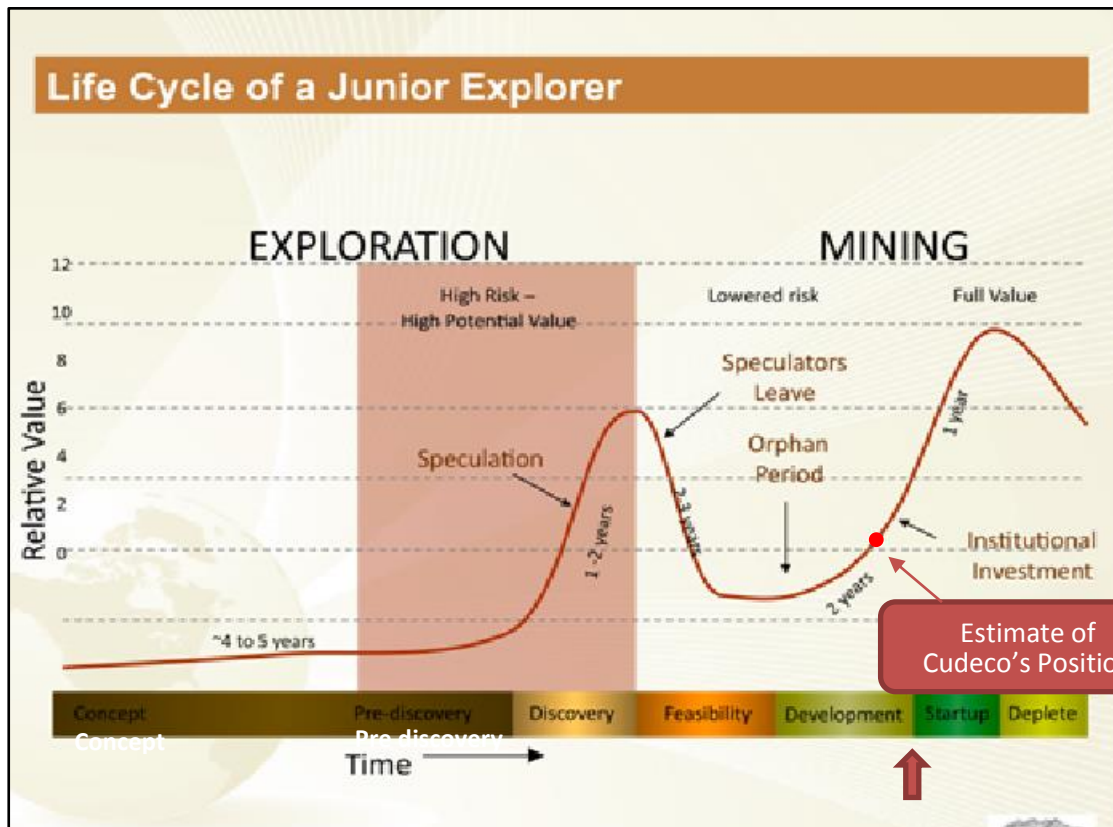


Irrespective of the sharp reduction in open short positions, the re-instatement of a substantial number of those positions through short selling in trading from March 2013 through to May 2013, is also highly questionable given the enormously positive news flow from the Company. Announcements confirmed the Company's expectations about the Rocklands resource and reported on rapid mine development.

### 8.3.1.4 CuDECO'S POSITION IN THE DEVELOPMENT CYCLE OF AN EXPLORER TRANSITIONING TO MINING

The chart is extracted from an article that discusses the process of an explorer transitioning into mining after discovering an ore body that warrants development [<REFERENCE LINK>](#). The decision to proceed obviously requires favourable economic studies in order to set up the necessary infrastructure to extract minerals.

CuDeco is positioned well into the development phase where traditionally there is an increase in share prices as the project is de-risked and institutional investors acquire stock in anticipation of capital growth and dividends. Mining can start almost immediately given the Company's intentions of shipping high grade ore now that the crushing circuit has been completed and commissioned. The plan is to separate rich native copper and high grade chalcocite ore for shipping, while stockpiling lower grade ore until the full processing circuit is operational. An estimate of CuDeco's position on the chart is provided.



The Company's position on the chart ought to be accompanied by share price appreciation, not the reductions in price that have occurred throughout 2013 and which escalated in June, July and August. Even allowing for a major shareholder exiting the register, the fundamentals of the company in a genuine market should have provided an orderly exit, not a collapse in the share price as has occurred. The share price action accompanying the unwinding of the M&G holding further supports assertions of share price manipulation particularly in the way the sell down was implemented. The situation is addressed in ASIC Complaint 2013-4.

CuDeco share price weakness through January to May 2013 therefore needs to be viewed against general market trends, commodity trends, the future outlook for commodities (copper in particular) and the status of project development at Rocklands. All in all, the outlook for CuDeco has been and remains very positive which suggests other reasons for a share price that has been somewhat stagnant and unresponsive to positive news released by the Company.

Share price trends are analysed fully in the sections that follow with an emphasis on Downtick Data and Auction data which represent two key mechanisms for impacting prices. Anomalies in empirical data enable any untoward trading activity to be identified and assessed.

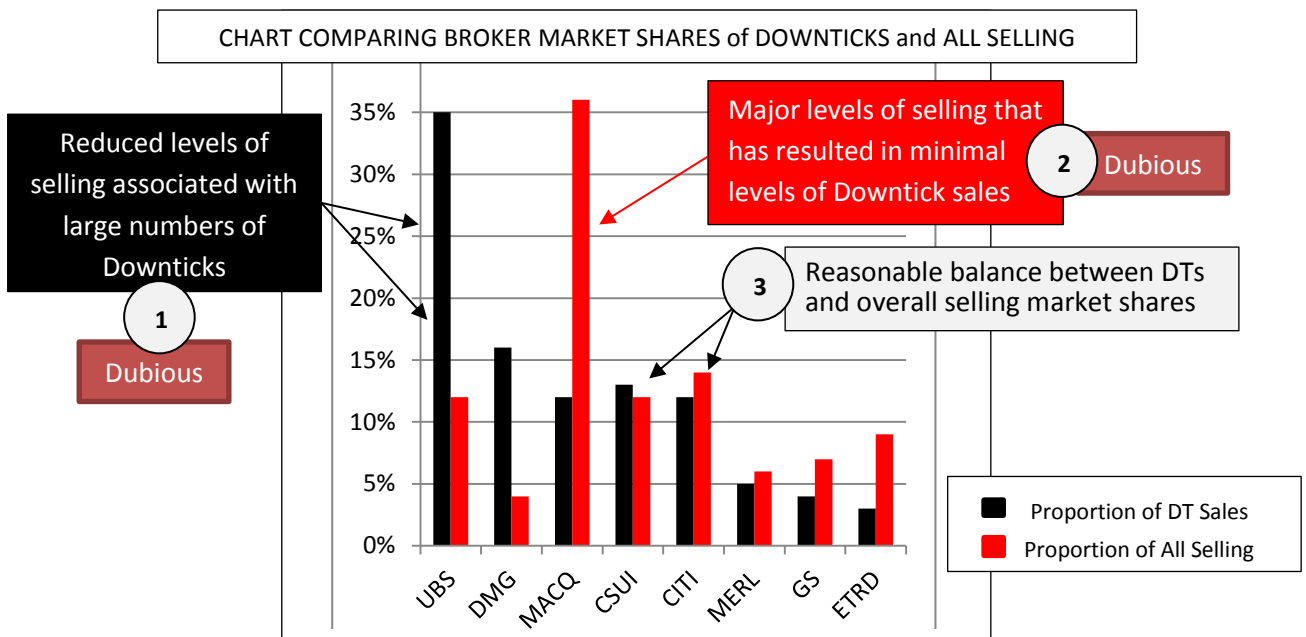
### 8.3.1.5 ANOMALOUS DOWNTICK TRENDS AS AN INDICATOR OF MANIPULATIVE ACTIVITY

A comparison of Downticks achieved by brokers with their selling, against their market share of selling generally, provides a range of scenarios that can be used to assess the genuineness of trading.

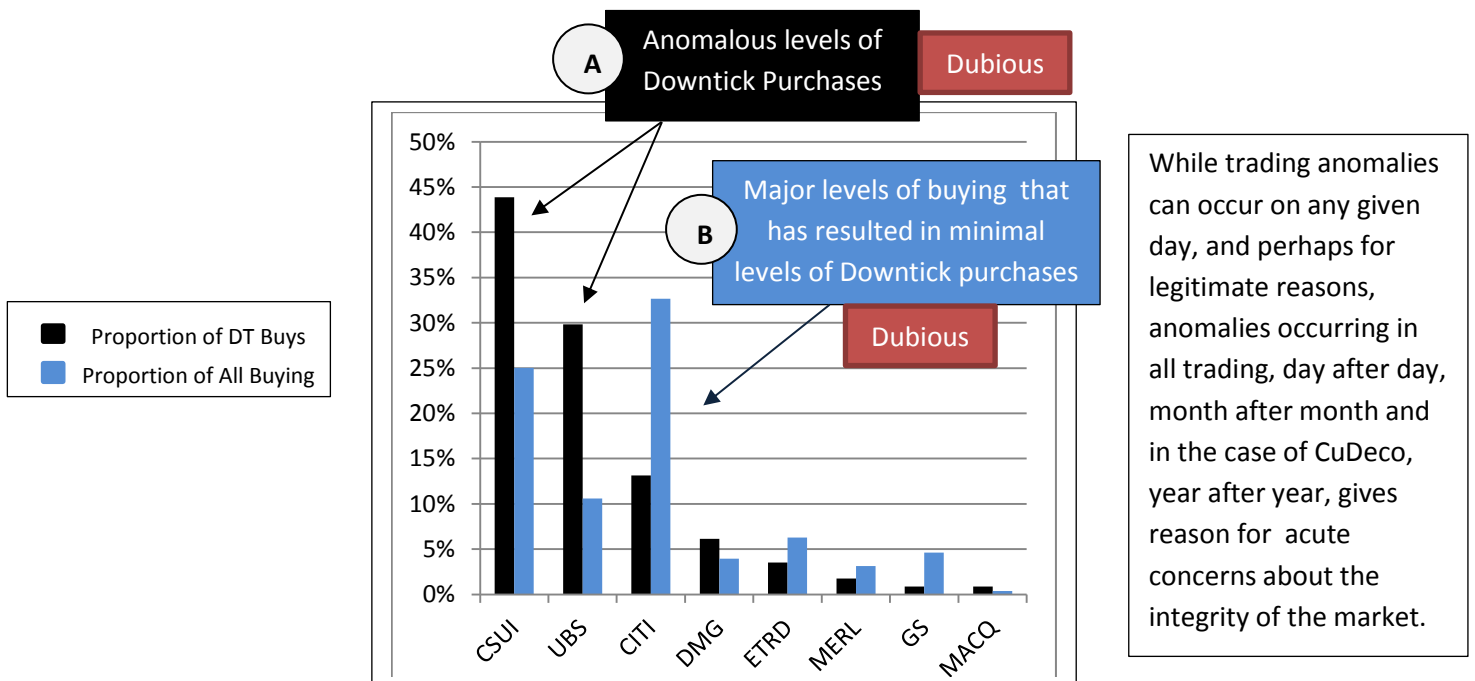
Downtick transactions proportionately much larger than a broker's selling profile as (shown by 1 below), is achieved through large numbers of small trades put through the market at lower prices. Such transactions are completely contradictory to what the High Court has referred to as genuine selling activity. [<REFERENCE LINK>](#)

*The forces of "genuine supply and demand" are those which are created in a market by buyers whose purpose is to acquire at the lowest available price and sellers whose purpose is to sell at the highest realizable price.*

Small amounts of selling that deliberately targets lower prices in a very substantial way can only be regarded as manipulative. Heavy selling that avoids Downtick transactions is similarly dubious (Refer 2 below), while selling levels that are commensurate with the proportion of Downticks achieved appears reasonable. (Refer 3).



Similarly, buying that consistently attracts large numbers of 'fortuitous' DT purchases (Refer A below) suggests non-genuine trading and possible broker collusion via their algorithms. Also, strong buying that tends to avoid Downticks (Refer B) is unusual and again the result of dubious trading actions by algorithms.





## **Section 8.3.2**

### **MONTHLY DOWNTICK TRENDS REGARDING CuDECO TRADING**

January 2013 and February 2013

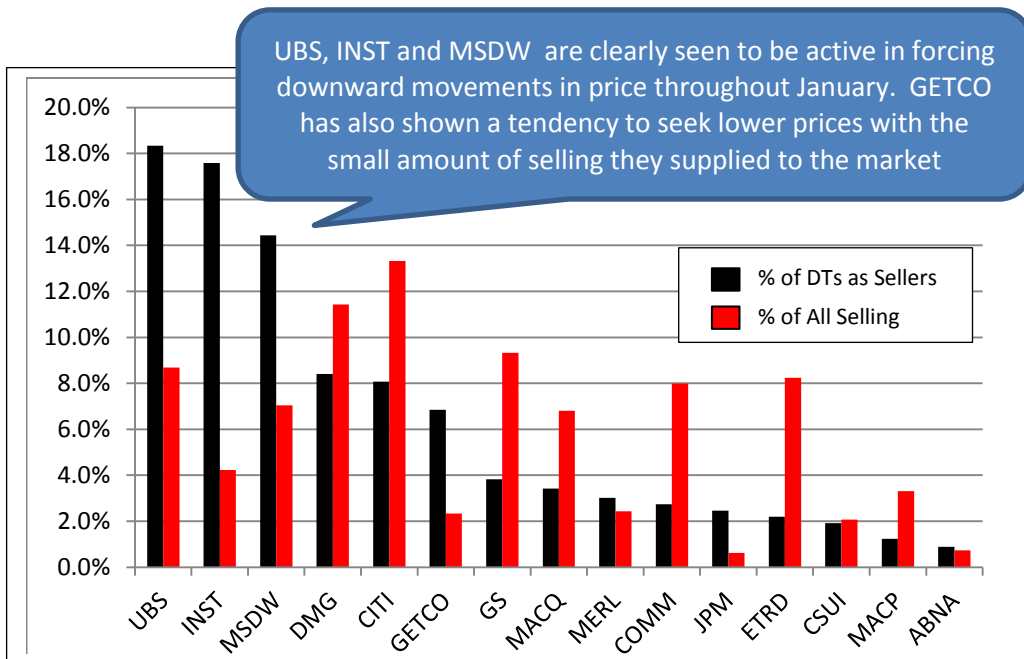
The following section summarizes daily Downtick trends throughout the months of January and February 2013, and includes extensive detail on the brokers responsible for persistent trading anomalies.

Monthly summaries of all buying and selling of Downticks are included together with a comparison of broker buying and selling profiles. Also included are daily summaries that identify the leading brokers associated with dubious trading trends.

### 8.3.2.1.1 JANUARY TRADING 2013

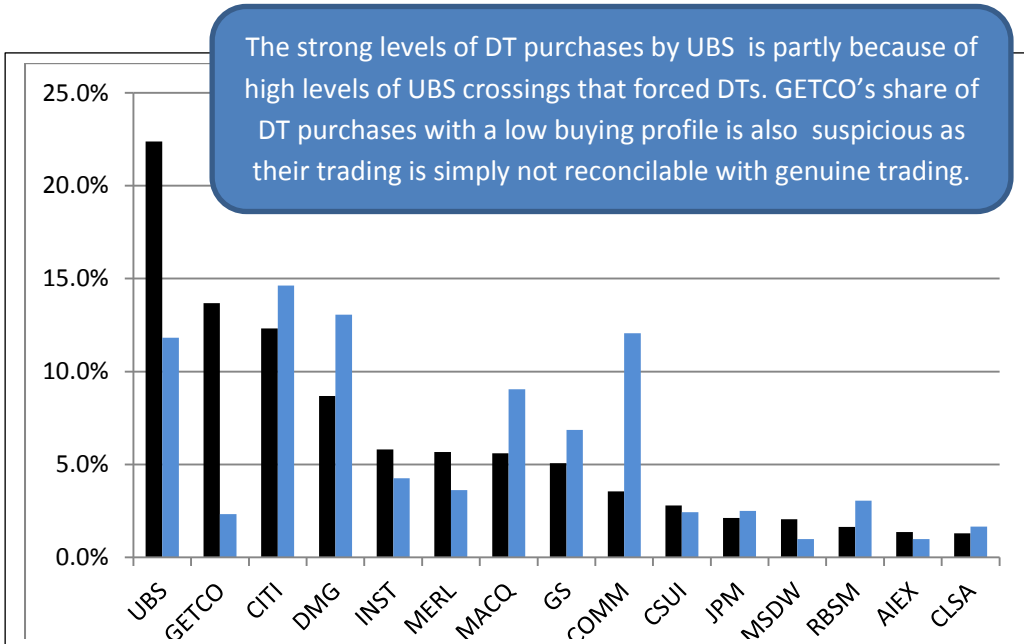
The table and chart contrast the involvement of brokers with forcing Downticks in price as sellers of CDU shares throughout January 2013 trading, and also compares broker profiles regarding all selling.

DT Involvement as Sellers		
Broker	DT %	% Sells
UBS	18.3%	8.7%
INST	17.6%	4.2%
MSDW	14.4%	7.0%
DMG	8.4%	11.4%
CITI	8.1%	13.3%
GETCO	6.8%	2.3%
GS	3.8%	9.3%
MACQ	3.4%	6.8%
MERL	3.0%	2.4%
COMM	2.7%	8.0%
JPM	2.5%	0.6%
ETRD	2.2%	8.2%
CSUI	1.9%	2.1%
MACP	1.2%	3.3%
ABNA	0.9%	0.7%



The involvement of brokers as buyers of Downticks transactions throughout January 2013 are compared below together with their profiles regarding all buying for the month.

DT Involvement as Buyers		
Broker	DT %	% Buys
UBS	22.4%	11.8%
GETCO	13.7%	2.3%
CITI	12.3%	14.6%
DMG	8.7%	13.1%
INST	5.8%	4.3%
MERL	5.7%	3.6%
MACQ	5.6%	9.1%
GS	5.1%	6.9%
COMM	3.6%	12.1%
CSUI	2.8%	2.4%
JPM	2.1%	2.5%
MSDW	2.1%	1.0%
RBSM	1.6%	3.1%
ALEX	1.4%	1.0%
CLSA	1.3%	1.7%



### 8.3.2.1.2 UBS SECURITIES - DOWNTICK DATA

UBS was the most prominent broker as both a seller of DT transactions and as a buyer of DT transactions from the selling by other brokers. Iress broker data reveals that UBS cross-trades represented 19.8% of all UBS Downtick sales and averaged fewer than 9 shares in size. All Downtick sales averaged fewer than 18 shares in size which raises immense concerns about the setting of artificial prices.

The Downtick data clearly represents strategic transactions designed to lower the share price rather than the genuine matching of client buying and selling orders.

### 8.3.2.1.3 ANOMALOUS DAILY DOWNTICK SELLING – January 2013

The brokers associated with the most anomalous levels of Downticks sales each day are those who recorded high levels of Downtick trades but with relatively small volumes of selling put through the market. Such selling behaviours suggest a deliberate targeting of lower prices by the brokers concerned, which then relates to obvious share price manipulation concerns.

The leading brokers regarding anomalous DT sell trades are listed for each day throughout January 2013.

Day	Sell Broker	DT%	%Sells
Jan-02	GETCO	14.1%	1.8%
Jan-03	GS	19.3%	6.9%
Jan-04	MSDW	56.4%	43.2%
Jan-07	UBS	24.4%	7.3%
Jan-08	MSDW	24.2%	9.4%
Jan-09	UBS	30.2%	13.1%
Jan-10	UBS	35.7%	13.0%
Jan-11	UBS	37.5%	19.3%
Jan-14	INST	50.0%	12.9%
Jan-15	INST	68.0%	11.1%
Jan-16	MSDW	39.5%	4.6%
Jan-17	INST	37.7%	21.1%
Jan-18	UBS	49.3%	1.6%
Jan-21	CITI	40.0%	17.2%
Jan-22	MSDW	16.4%	3.4%
Jan-23	CITI	50.0%	25.3%
Jan-24	MSDW	22.7%	3.0%
Jan-25	UBS	49.5%	8.5%
Jan-29	DMG	51.0%	19.1%
Jan-30	MERL	30.0%	2.5%
Jan-31	MSDW	23.3%	10.9%

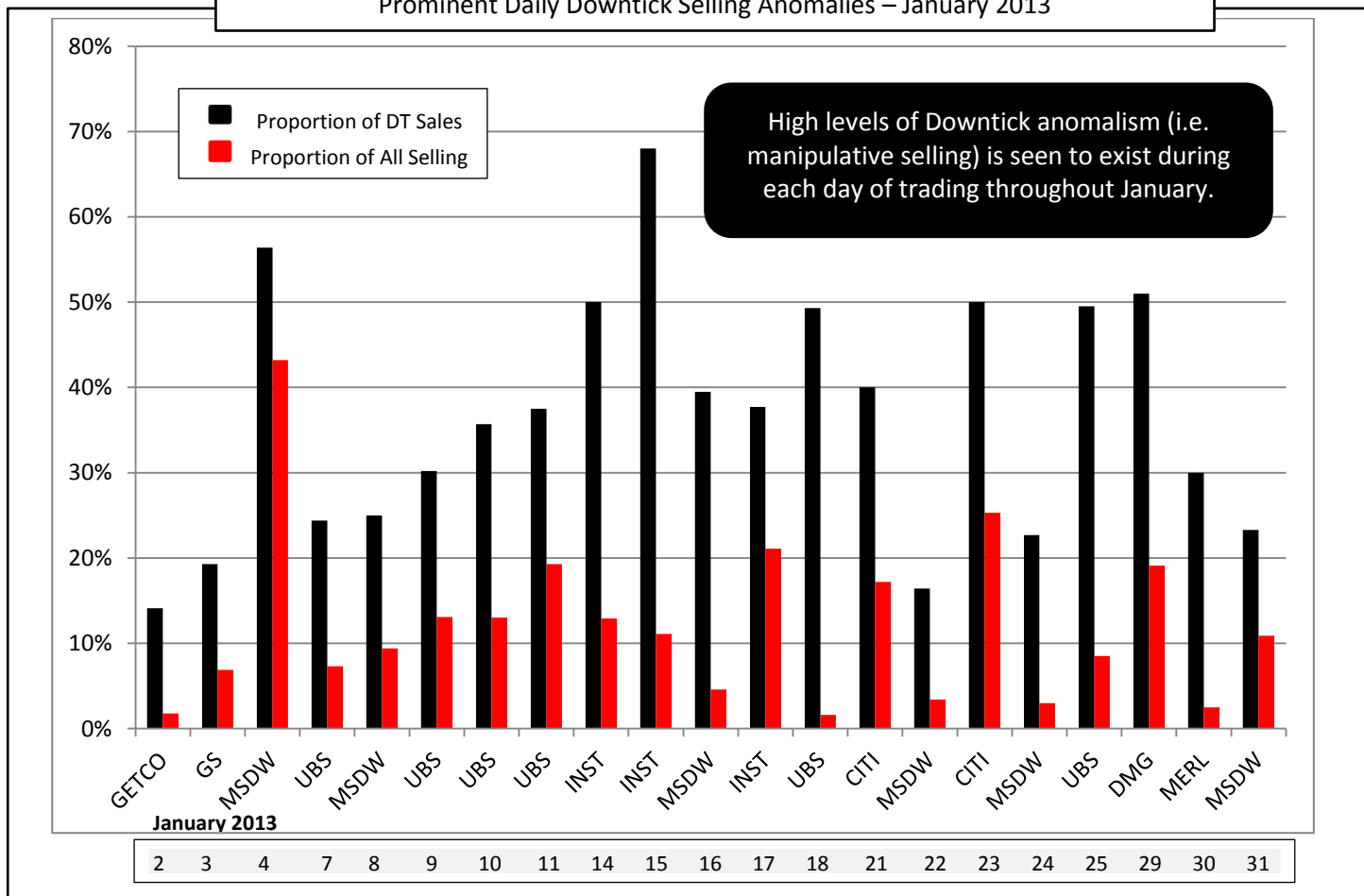
Brokers who have had the most influential impact on lower prices, but with relatively small amounts of selling have been:

- UBS Securities (UBS) – 6 times;
- Morgan Stanley (MSDW) - 6 times;
- Instinet (INST) – 3 times; and
- Citigroup (CITI) – 2 times.

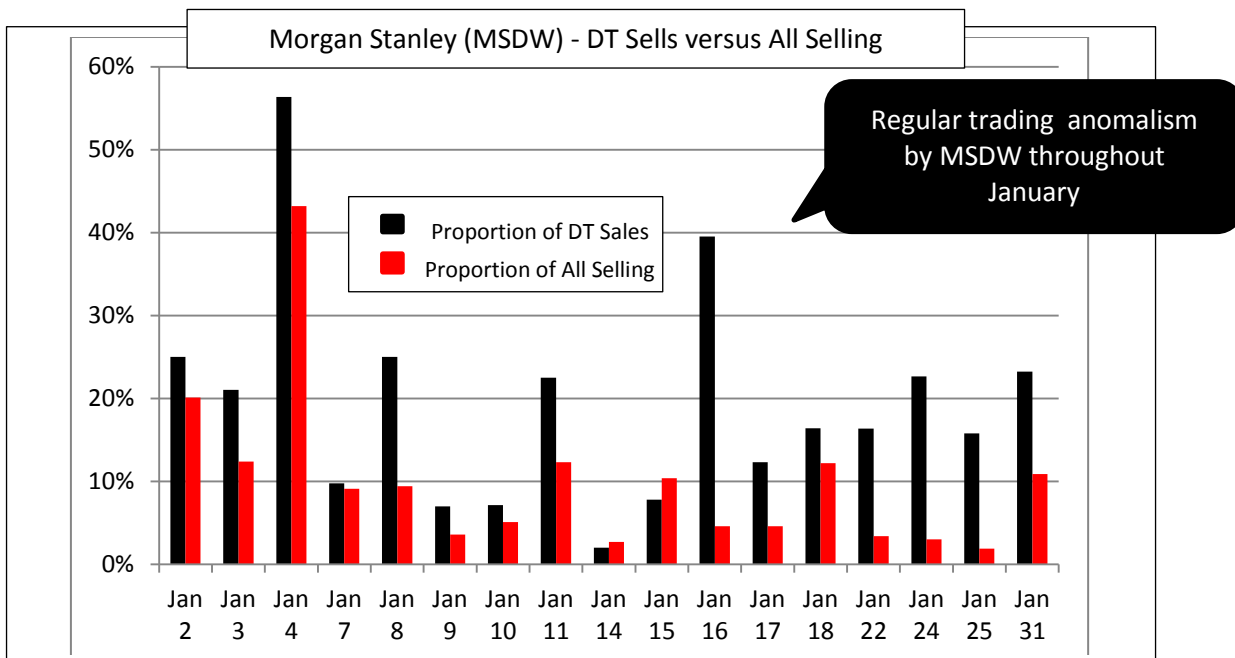
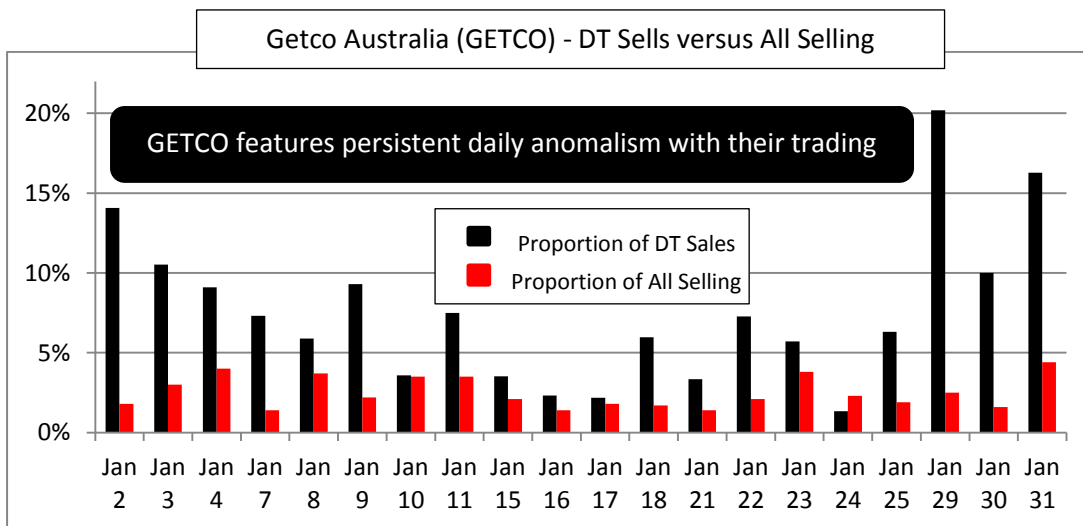
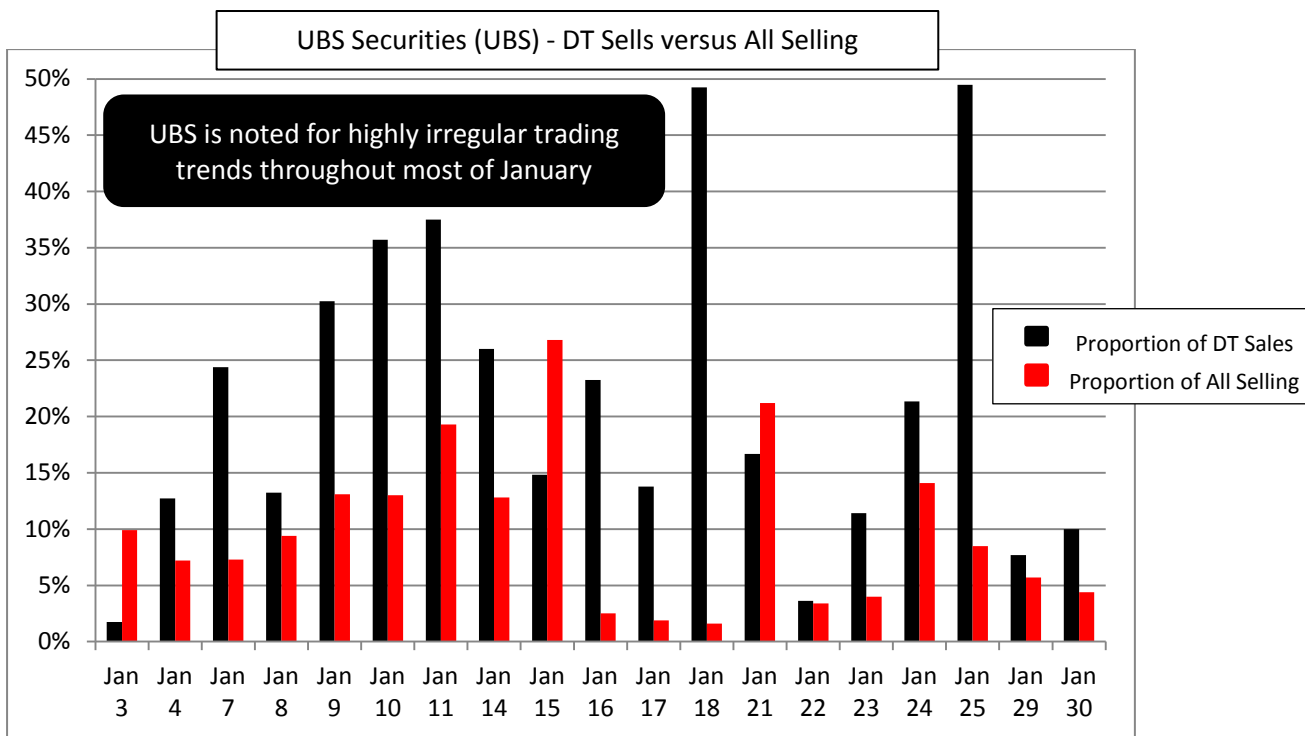
The continual rotation of roles in providing maximum impact to prices on the downside, but with limited selling, is unlikely to be a chance occurrence but rather, suggests high levels of co-ordination by entities colluding with their trading in a cartel-like manner.

Such trading is a common theme that is evident in all research undertaken.

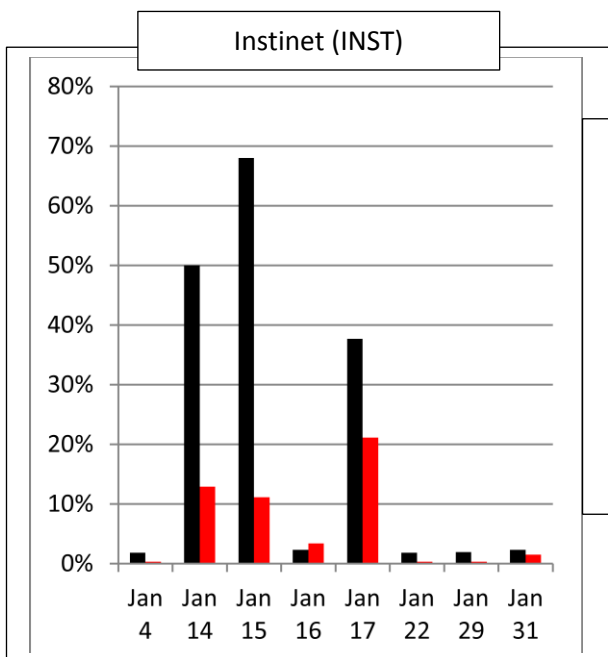
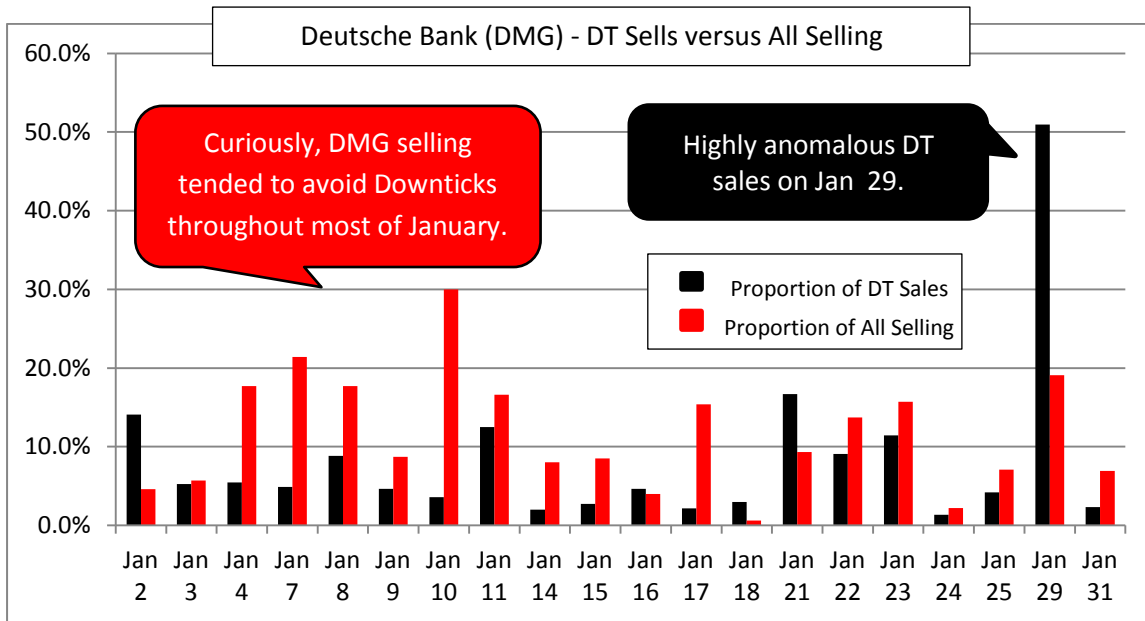
Prominent Daily Downtick Selling Anomalies – January 2013



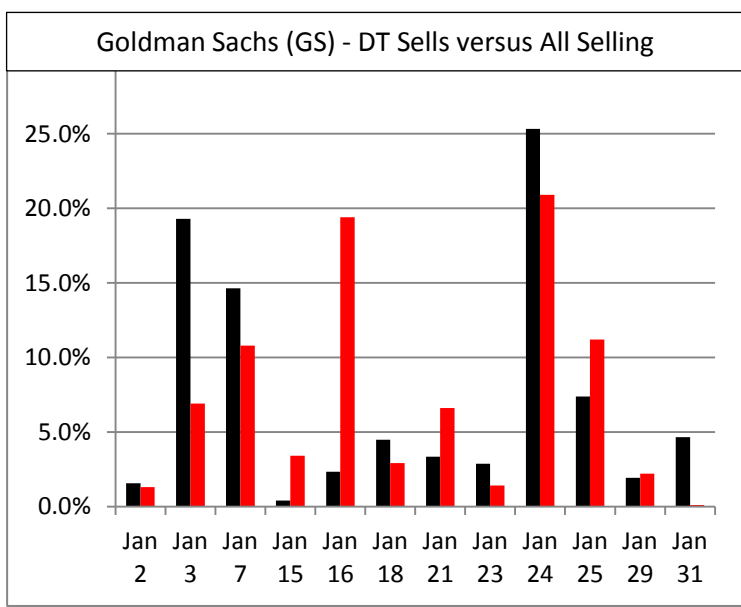
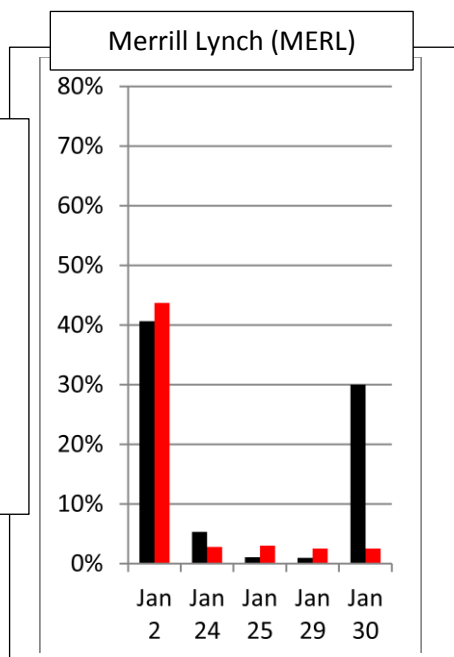
8.3.2.1.4 CHARTS OF PROMINENT BROKERS REGARDING DOWNTICK ANOMALIES – DT Sales January 2013



8.3.2.1.4 CHARTS OF PROMINENT BROKERS REGARDING DOWNTICK ANOMALIES cont'd



The trading by INST, MERL and GS (below) during January features occasional anomalism which when overlaid on top of other anomalous trades builds the case for cartel activity. It is why audits are required to get to the bottom of all unusual/manipulative trading trends.



### 8.3.2.1.5 ANOMALOUS DAILY DOWNTICK BUYING – January 2013

The brokers associated with the most anomalous levels of Downtick purchases each day are those who recorded high levels of Downtick buys but with relatively small volumes of buying in the market. It is highly unusual that success with buying parcels of shares at lower prices can occur as frequently as it does with institutional trading.

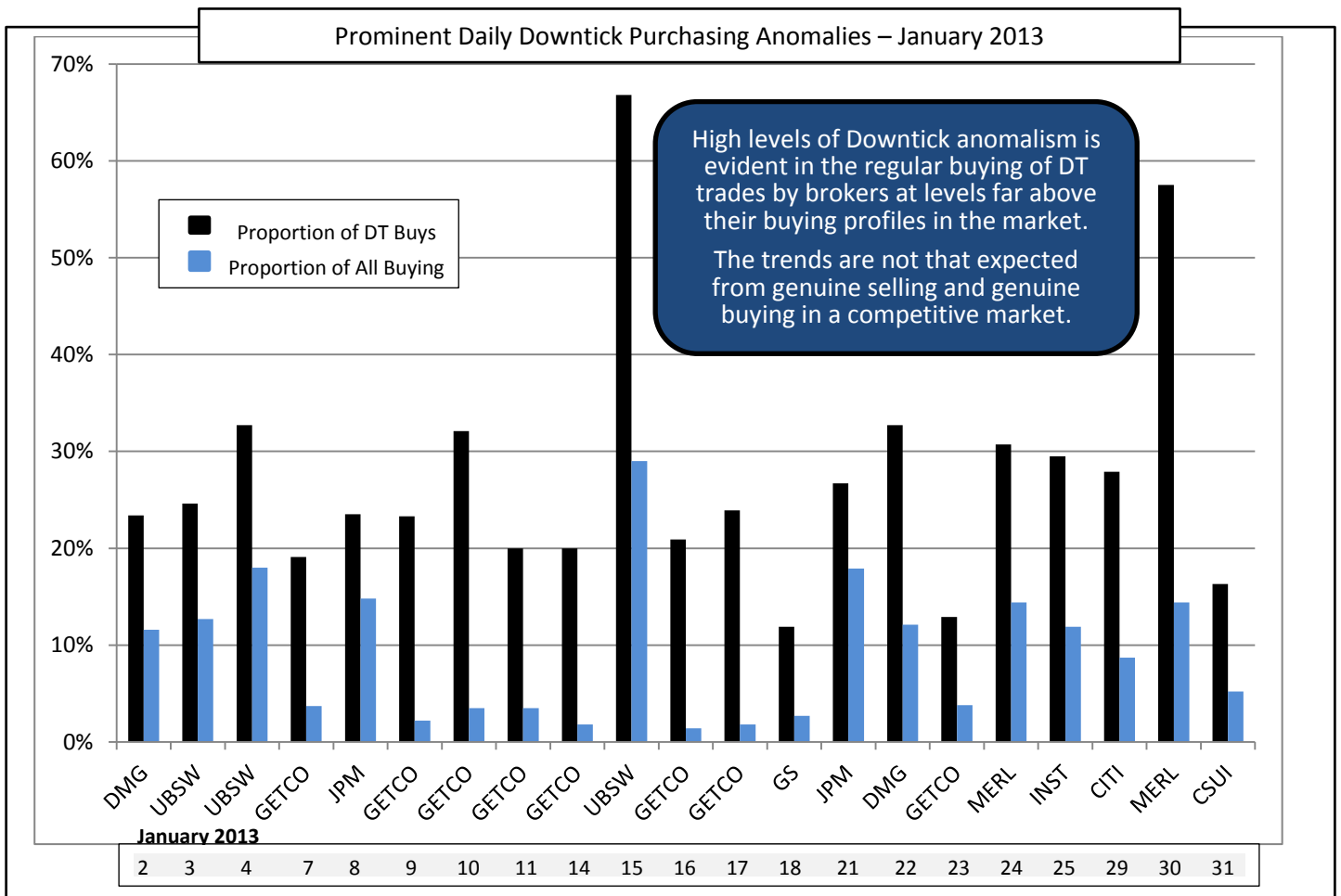
The leading brokers regarding anomalous DT buy trades are listed for each day throughout January 2013.

Day	Buy Broker	DT%	%Sells
Jan-02	DMG	23.4%	11.6%
Jan-03	UBS	24.6%	12.7%
Jan-04	UBS	32.7%	18.0%
Jan-07	GETCO	19.1%	3.7%
Jan-08	JPM	23.5%	14.8%
Jan-09	GETCO	23.3%	2.2%
Jan-10	GETCO	32.1%	3.5%
Jan-11	GETCO	20.0%	3.5%
Jan-14	GETCO	20.0%	1.8%
Jan-15	UBS	66.8%	29.0%
Jan-16	GETCO	20.9%	1.4%
Jan-17	GETCO	23.9%	1.8%
Jan-18	GS	11.9%	2.7%
Jan-21	JPM	26.7%	17.9%
Jan-22	DMG	32.7%	12.1%
Jan-23	GETCO	12.9%	3.8%
Jan-24	MERL	30.7%	14.4%
Jan-25	INST	29.5%	11.9%
Jan-29	CITI	27.9%	8.7%
Jan-30	MERL	57.5%	14.4%
Jan-31	CSUI	16.3%	5.2%

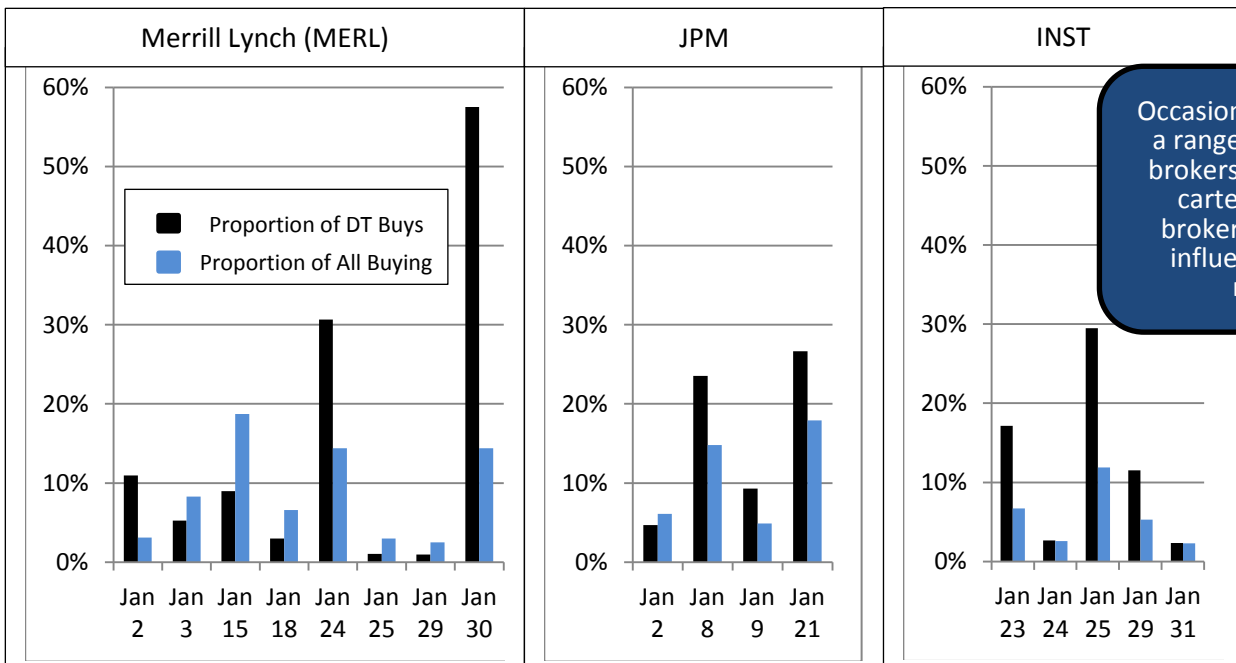
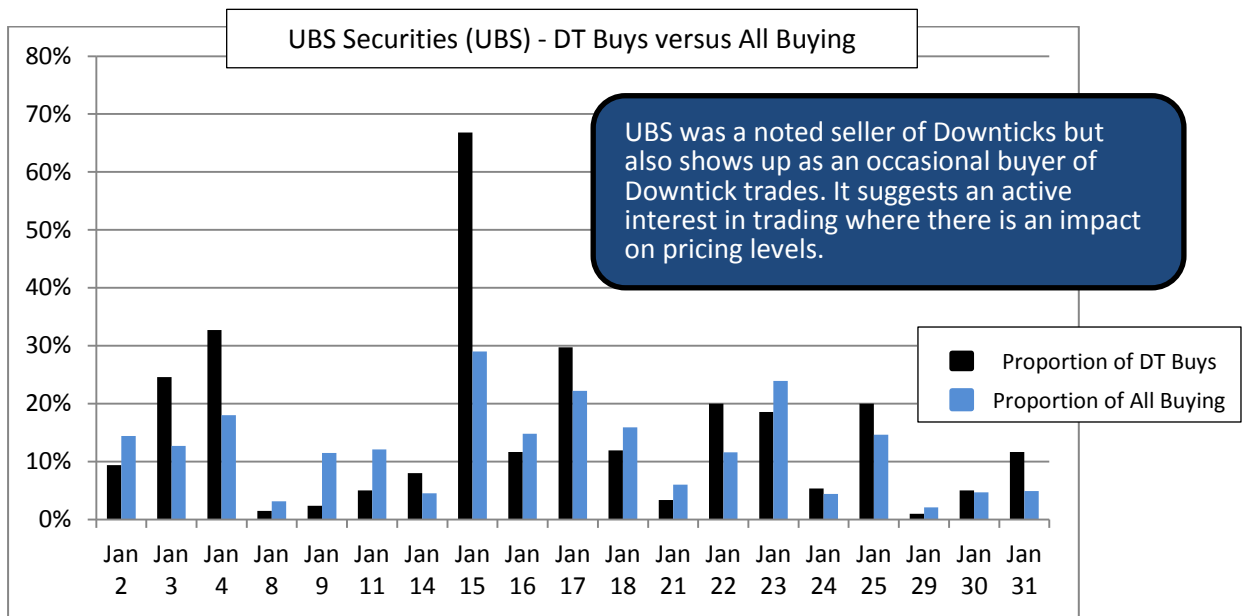
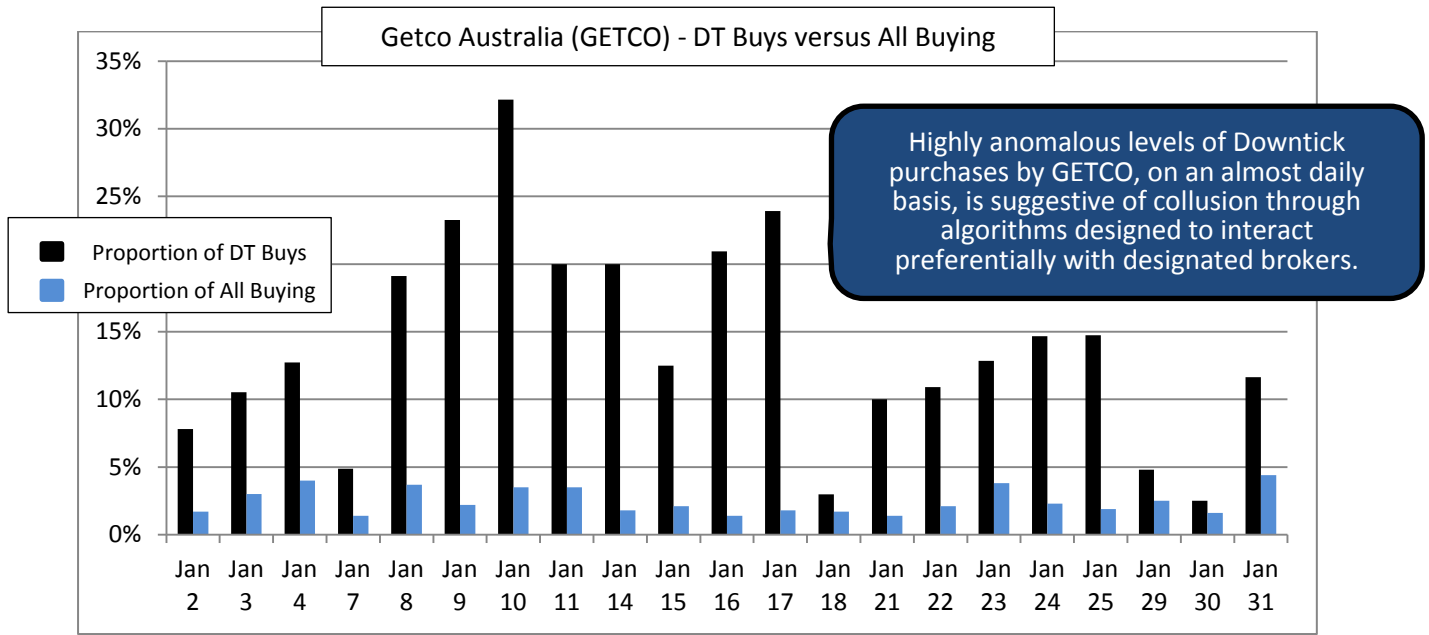
Brokers who have been the most successful in purchasing Downtick trades despite relatively smaller buying profiles in the market have been:

- Getco Australia (GETCO) – 8 times;
- UBS Securities (UBS) – 3 times;
- Deutsche Bank (DMG) – 2 times;
- Merrill Lynch (MERL) – 2 times; and
- JP Morgan (JPM) – 2 times.

Algorithms appear to have been programmed to distribute Downtick sales from designated sellers to preferred buyers on a rotation basis. Once again anomalous trading trends suggest collusion and/or cartel activity.



8.3.2.1.6 CHARTS OF PROMINENT BROKERS REGARDING DOWNTICK PURCHASING ANOMALIES – January 2013

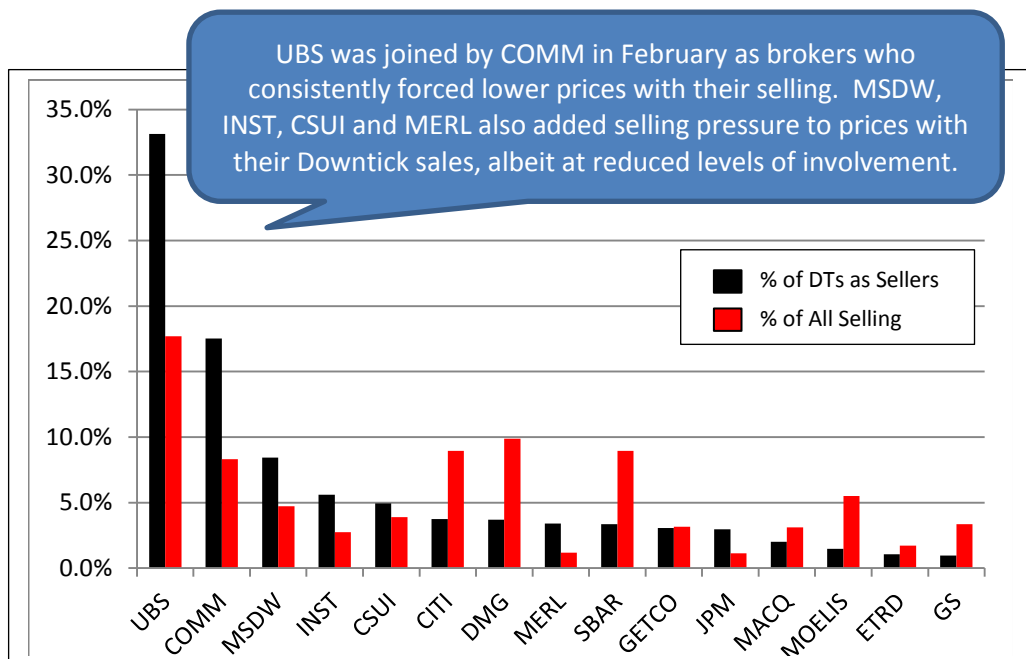


Occasional anomalism by a range of institutional brokers is suggestive of cartel activity with brokers brought in to influence trading as required.

### 8.3.2.2.1 CHARTS OF PROMINENT BROKERS FEBRUARY TRADING 2013

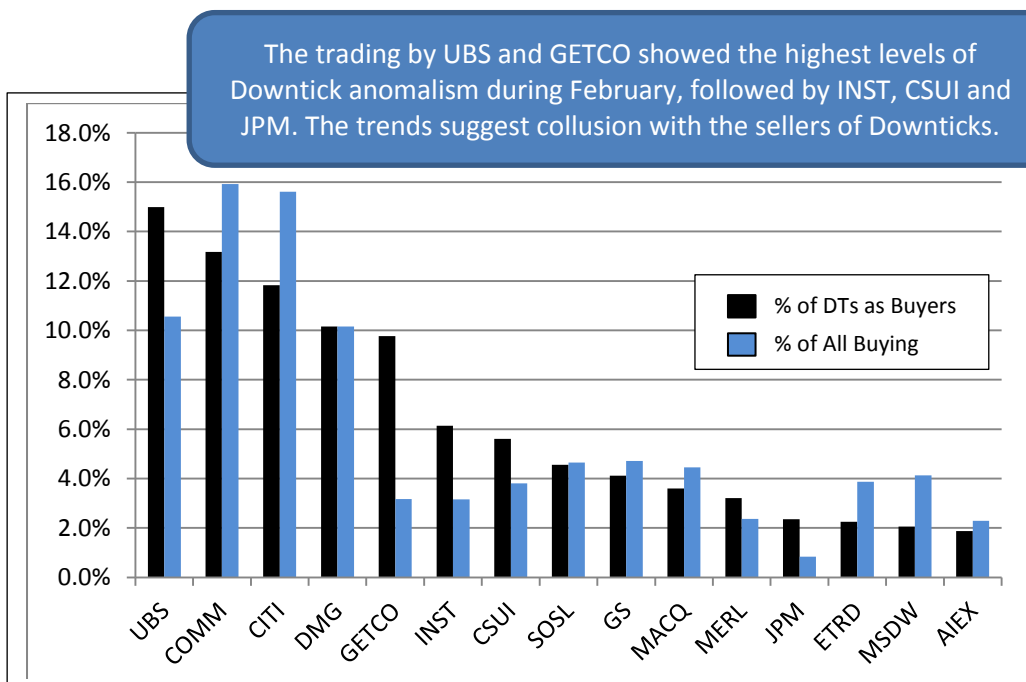
The table and chart contrast the involvement of brokers with forcing Downticks in price as sellers of CDU shares throughout February 2013 trading, and also compare broker profiles regarding all selling.

DT Involvement as Sellers		
Broker	DT %	% Sells
UBS	33.1%	17.7%
COMM	17.5%	8.3%
MSDW	8.4%	4.7%
INST	5.6%	2.7%
CSUI	4.9%	3.9%
CITI	3.7%	8.9%
DMG	3.7%	9.9%
MERL	3.4%	1.2%
SBAR	3.4%	8.9%
GETCO	3.1%	3.2%
JPM	3.0%	1.1%
MACQ	2.0%	3.1%
MOELIS	1.5%	5.5%
ETRD	1.1%	1.7%
GS	1.0%	3.3%



The involvement of brokers as buyers of Downticks transactions throughout February 2013 are compared below together with their profiles regarding all buying for the month.

DT Involvement as Buyers		
Broker	DT %	% Buys
UBS	15.0%	10.6%
COMM	13.2%	15.9%
CITI	11.8%	15.6%
DMG	10.2%	10.2%
GETCO	9.8%	3.2%
INST	6.1%	3.2%
CSUI	5.6%	3.8%
SOSL	4.5%	4.7%
GS	4.1%	4.7%
MACQ	3.6%	4.5%
MERL	3.2%	2.4%
JPM	2.3%	0.8%
ETRD	2.3%	3.9%
MSDW	2.1%	4.1%
AIEX	1.9%	2.3%



#### 8.3.2.2.2 UBS SECURITIES - DOWNTICK DATA

Iress broker data reveals that UBS cross-trades represented 24.3% of all UBS Downtick sales, and 53.7% of their Downtick purchases. Around 78% of UBS Downtick sales involved parcel sizes fewer than 400 shares where the average parcel was 80 shares in February compared to just 12 shares in January.

#### 8.3.2.2.3 COMMONWEALTH SECURITIES - DOWNTICK DATA

Institutions were very likely responsible for DT sales by COMM with 92% of transactions fewer than 400 shares in size with an average parcel size of these trades of just 53 shares.



### 8.3.2.2.4 ANOMALOUS DAILY DOWNTICK SELLING – February 2013

The brokers associated with the most anomalous levels of Downticks sales each day during February are summarized in the table.

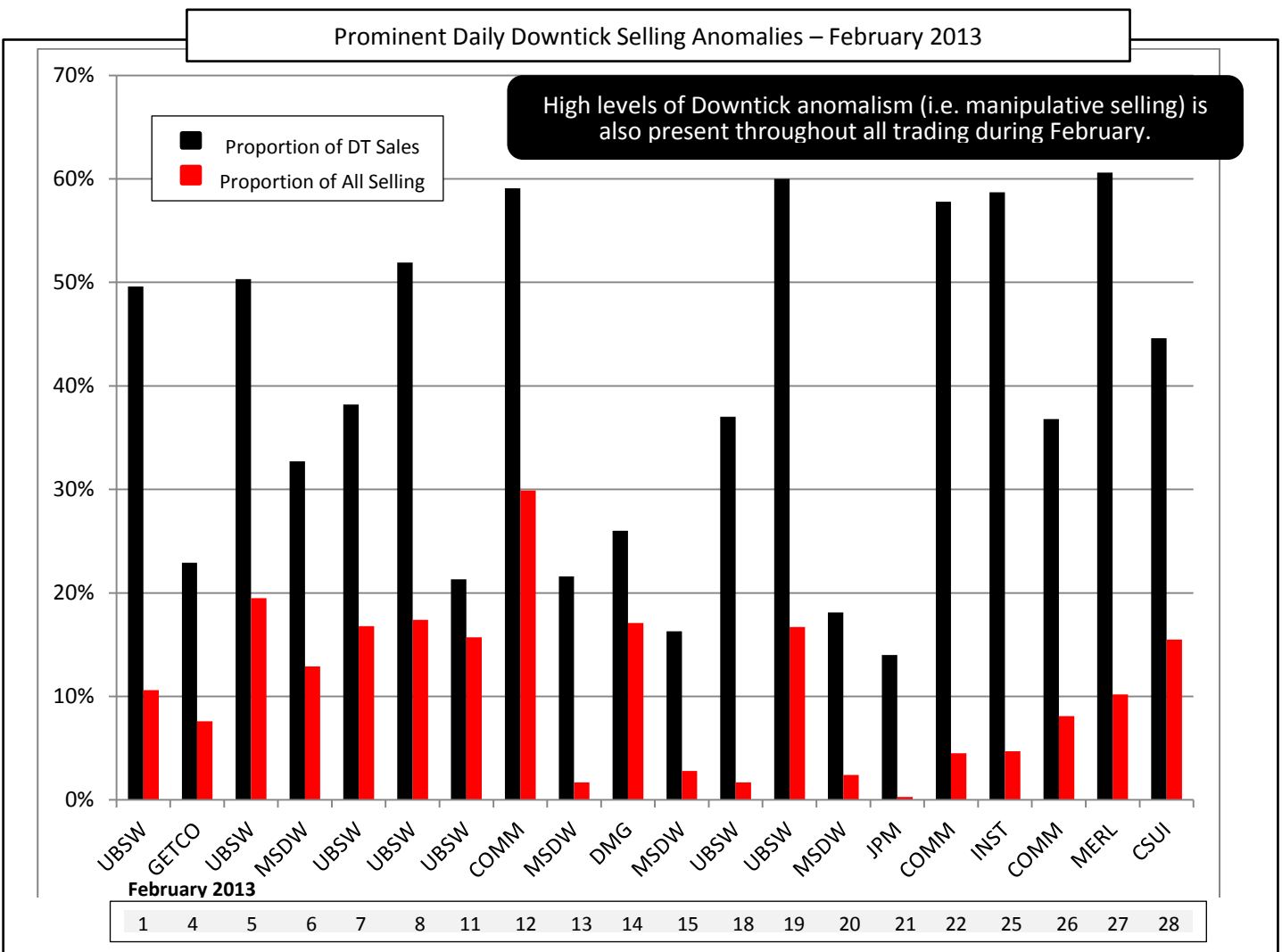
In each case there is a wide discrepancy between DTs achieved by brokers and their selling profiles in the market.

Day	Sell Broker	DT%	% Buys
Feb-01	UBS	49.6%	10.6%
Feb-04	GETCO	22.9%	7.6%
Feb-05	UBS	50.3%	19.5%
Feb-06	MSDW	32.7%	12.9%
Feb-07	UBS	38.2%	16.8%
Feb-08	UBS	51.9%	17.4%
Feb-11	UBS	21.3%	15.7%
Feb-12	COMM	59.1%	29.9%
Feb-13	MSDW	21.6%	1.7%
Feb-14	DMG	26.0%	17.1%
Feb-15	MSDW	16.3%	2.8%
Feb-18	UBS	37.0%	1.7%
Feb-19	UBS	60.0%	16.7%
Feb-20	MSDW	18.1%	2.4%
Feb-21	JPM	14.0%	0.3%
Feb-22	COMM	57.8%	4.5%
Feb-25	INST	58.7%	4.7%
Feb-26	COMM	36.8%	8.1%
Feb-27	MERL	60.6%	10.2%
Feb-28	CSUI	44.6%	15.5%

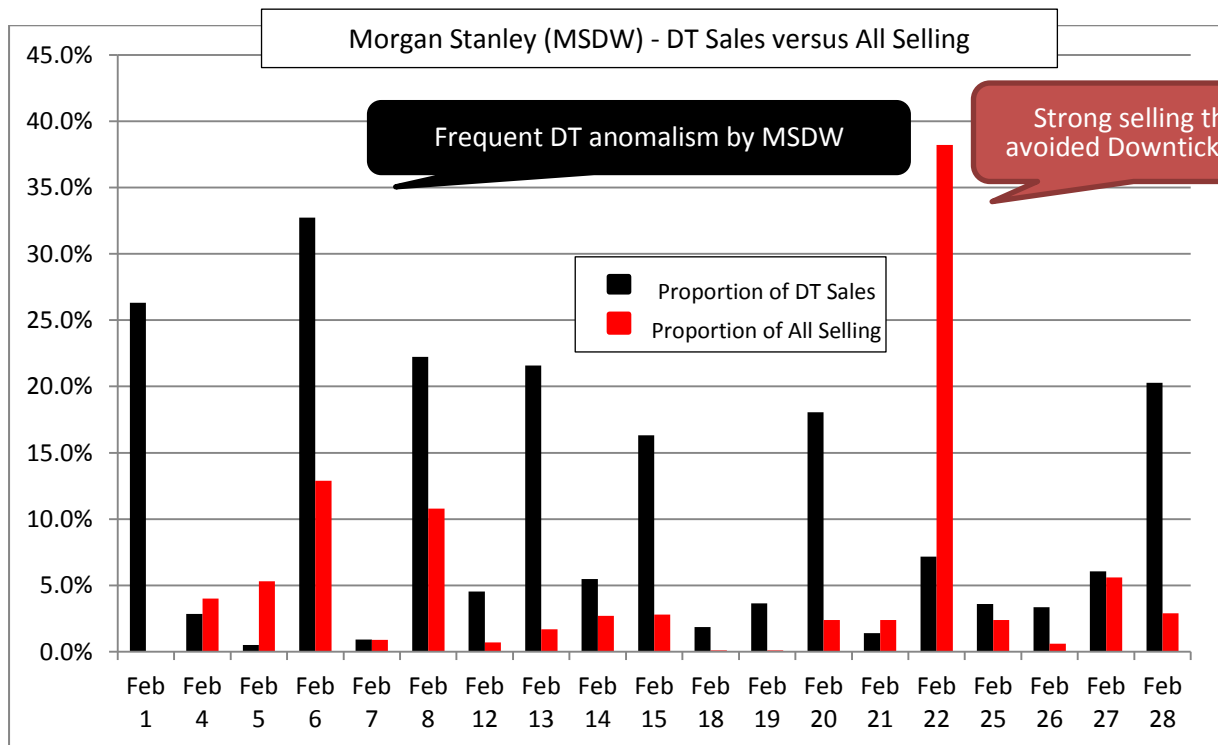
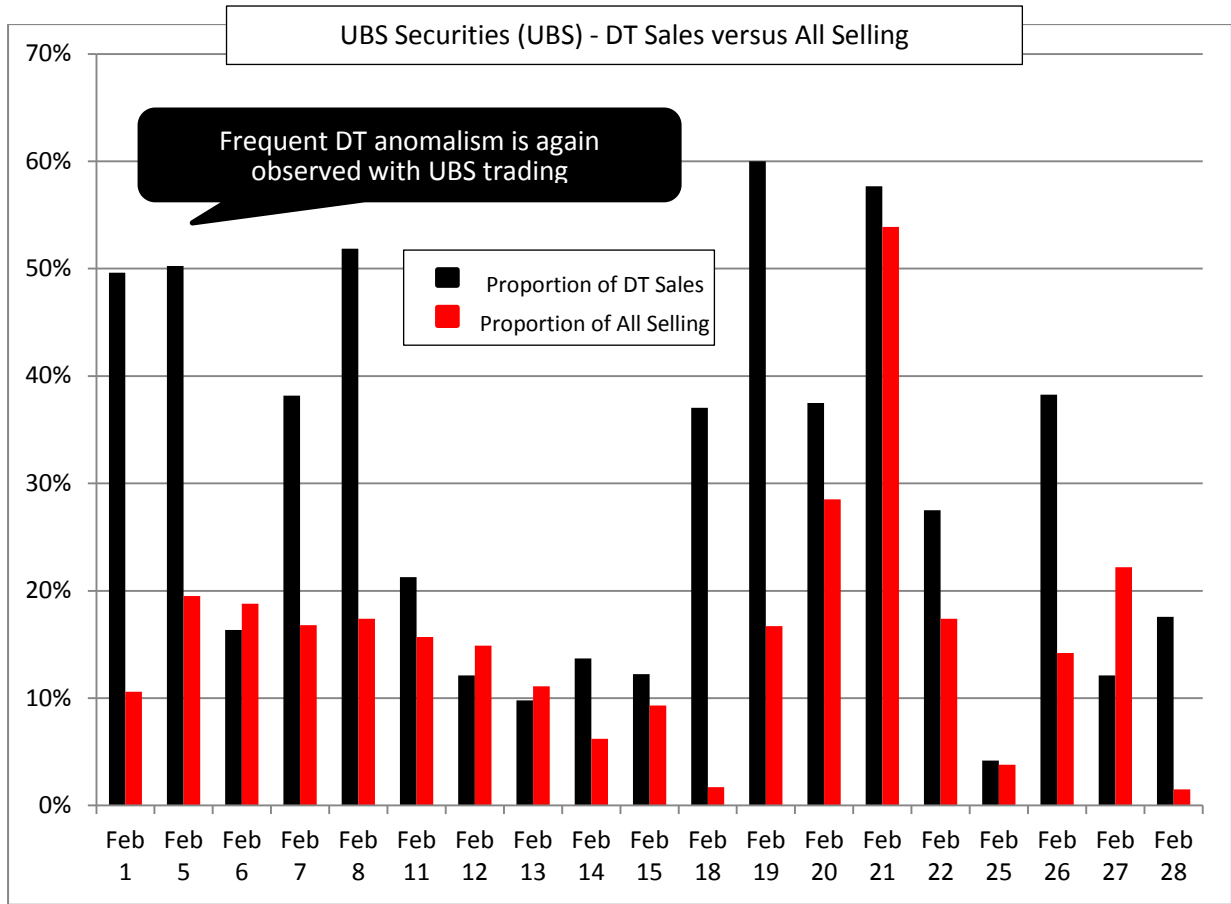
Brokers who had the most pronounced impact on prices through high levels of DT sales but with small overall selling profiles were:

- UBS Securities (UBS) – 7 times;
- Morgan Stanley (MSDW) - 4 times; and
- Commonwealth Securities (COMM) – 3 times;

The rotation of brokers through prominent roles as DT sellers is again evident in trading throughout February. Leading brokers are represented by a relatively small group who have been prominent with dubious trading over several months.

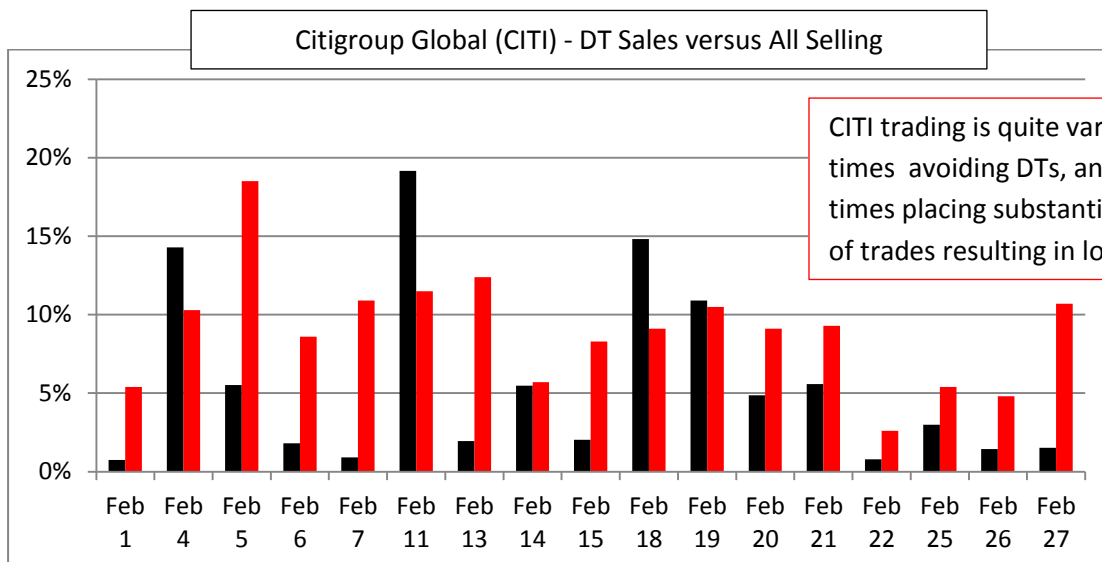
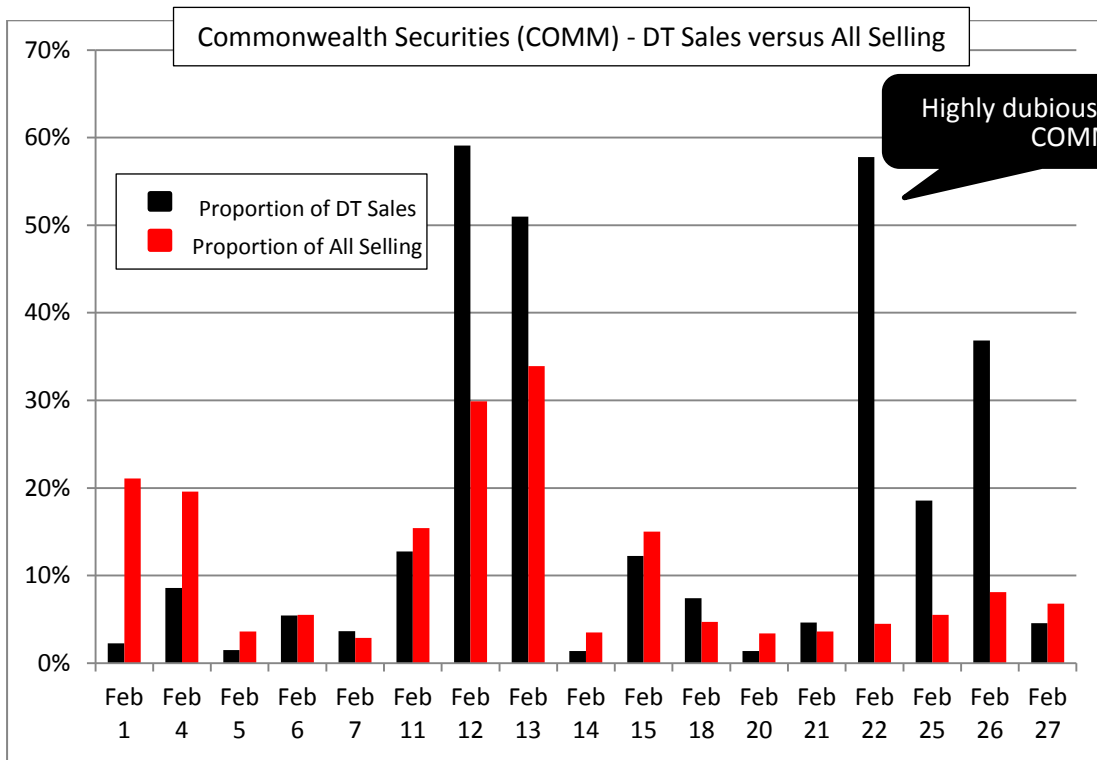


8.3.2.2.5 CHARTS OF PROMINENT BROKERS REGARDING DOWNTICK ANOMALIES – DT Selling February 2013



**8.3.2.2.5 CHARTS OF PROMINENT BROKERS cont'd**

Commonwealth Securities (COMM) Downtick anomalism clearly reveals the institutional manoeuvring that takes place within this large retail broker. Around 92% of all Downtick sales by COMM during February were for parcels fewer than 400 shares in size and 92% of these transactions averaged just 53 shares in size. Such trades are clearly the result of institutional algorithms acting in a way that is extremely manipulative, particularly on days where large numbers of DTs coincide with light selling volumes.



Other brokers who were associated with DT anomalism on an occasional basis as sellers include GETCO, Credit Suisse, JP Morgan, Instinet, Deutsche Bank, Goldman and Moelis Securities.

### 8.3.2.2.6 ANOMALOUS DAILY DOWNTICK BUYING – February 2013

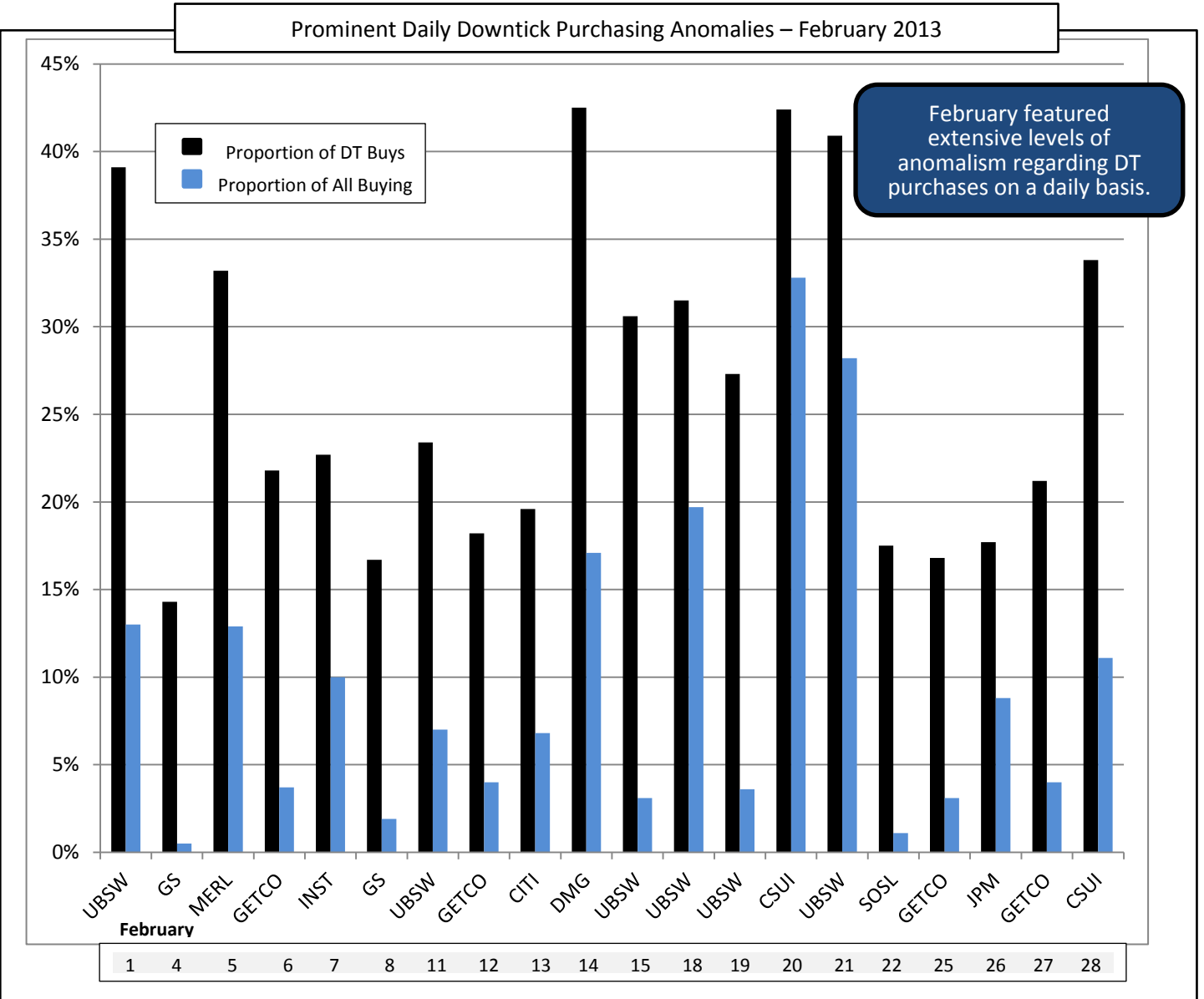
The leading brokers regarding anomalous DT buy trades are listed for each day throughout February 2013.

Day	Buy Broker	DT%	% Buys
Feb-01	UBS	39.1%	13.0%
Feb-04	GS	14.3%	0.5%
Feb-05	MERL	33.2%	12.9%
Feb-06	GETCO	21.8%	3.7%
Feb-07	INST	22.7%	10.0%
Feb-08	GS	16.7%	1.9%
Feb-11	UBS	23.4%	7.0%
Feb-12	GETCO	18.2%	4.0%
Feb-13	CITI	19.6%	6.8%
Feb-14	DMG	42.5%	17.1%
Feb-15	UBS	30.6%	3.1%
Feb-18	UBS	31.5%	19.7%
Feb-19	UBS	27.3%	3.6%
Feb-20	CSUI	42.4%	32.8%
Feb-21	UBS	40.9%	28.2%
Feb-22	SOSL	17.5%	1.1%
Feb-25	GETCO	16.8%	3.1%
Feb-26	JPM	17.7%	8.8%
Feb-27	GETCO	21.2%	4.0%
Feb-28	CSUI	33.8%	11.1%

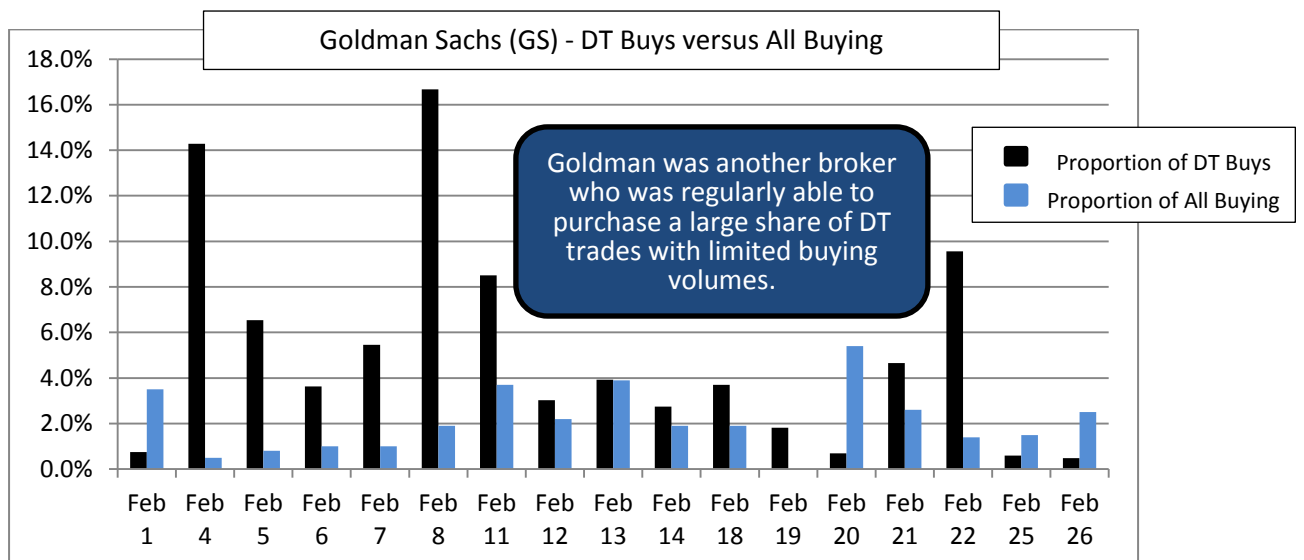
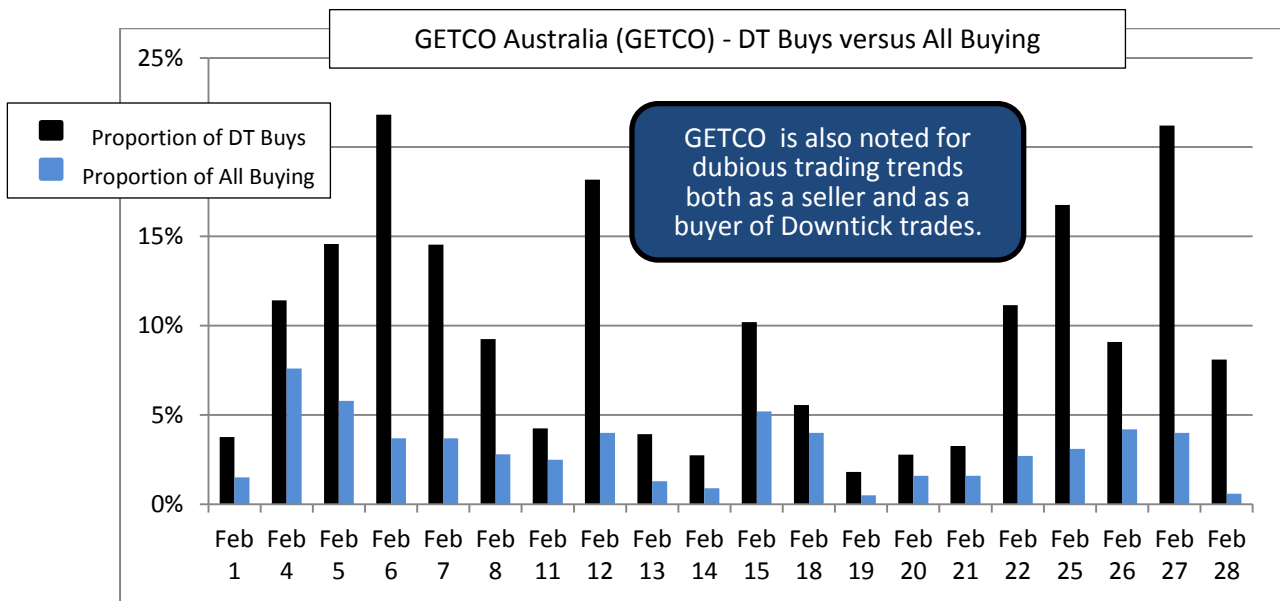
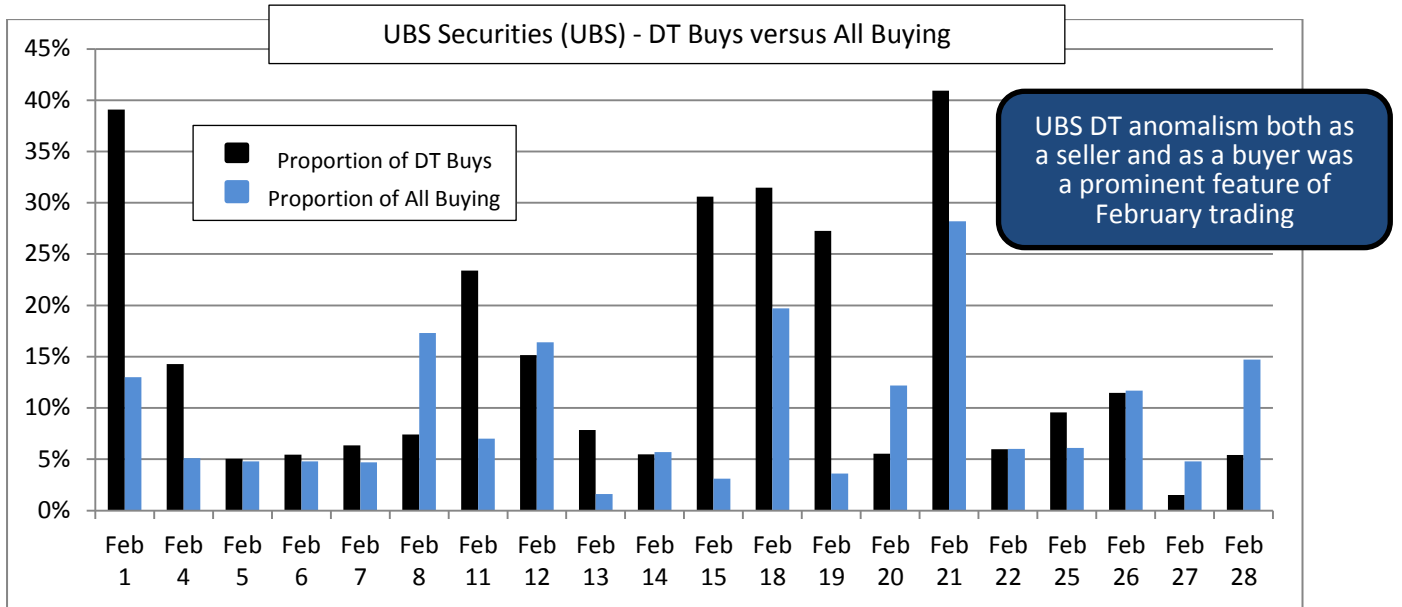
Brokers who have been the most successful in purchasing Downtick trades during February despite relatively smaller buying profiles in the market have been:

- UBS Securities (UBS) – 6 times;
- Getco Australia (GETCO) – 4 times;
- Goldman Sachs (GS) – 2 times; and
- Credit Suisse (CSUI) – 2 times.

Trading data again suggests that Downtick sells and Downtick buys are strongly co-ordinated between a group of brokers who dominate trading. The collusion looks to be the result of algorithms that are programmed to interact with each and to avoid trades with non-preferred brokers.



8.3.2.2.7 CHARTS OF PROMINENT BROKERS REGARDING DOWNTICK ANOMALIES – DT Purchases February 2013



### **Section 8.3.3**

## **MONTHLY DOWNTICK TRENDS REGARDING CuDECO TRADING**

March 2013 to May 2013

The following section summarizes daily Downtick trends throughout the months of March, April and May 2013, with a focus on brokers associated with dubious trading trends. Trading concerns arise when a broker's market share of Downticks as a seller (or buyer), is discordant with their market share of selling (or buying) generally.

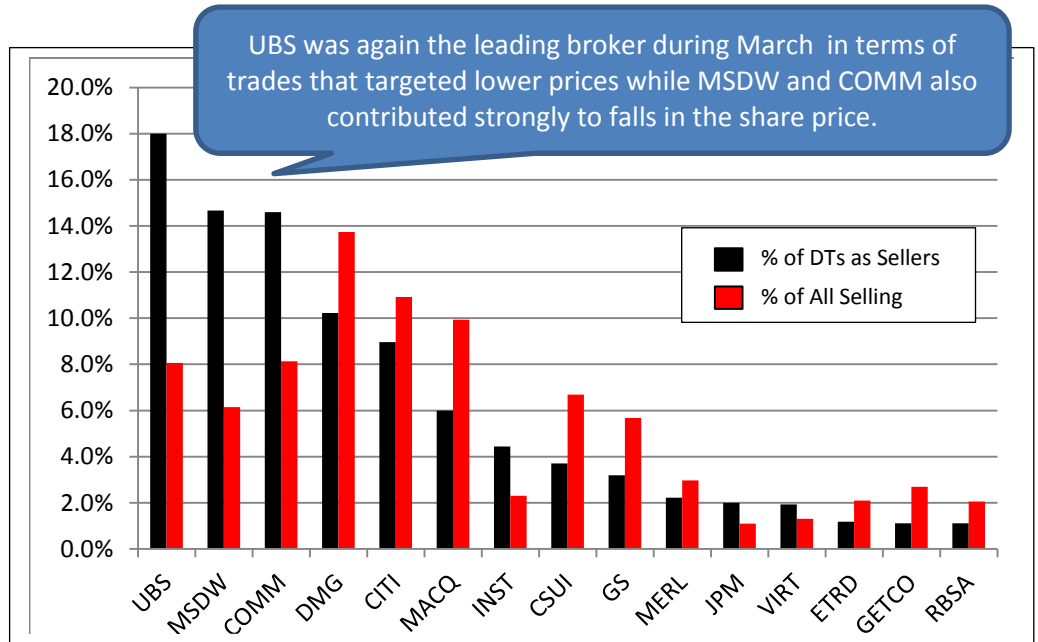
Generally it is institutions through their trading algorithms that are responsible for anomalous trends in trading data.

Algorithms appear to have the capacity to distribute trades preferentially between entities who are effectively colluding with their trading. That is, the data suggests that trades by designated sellers are directed to preferred buyers in delivering control over pricing outcomes. Pricing levels are therefore seen to be largely artificial because of their manipulative influences that permeate trading generally.

### 8.3.3.1.1 MARCH TRADING 2013

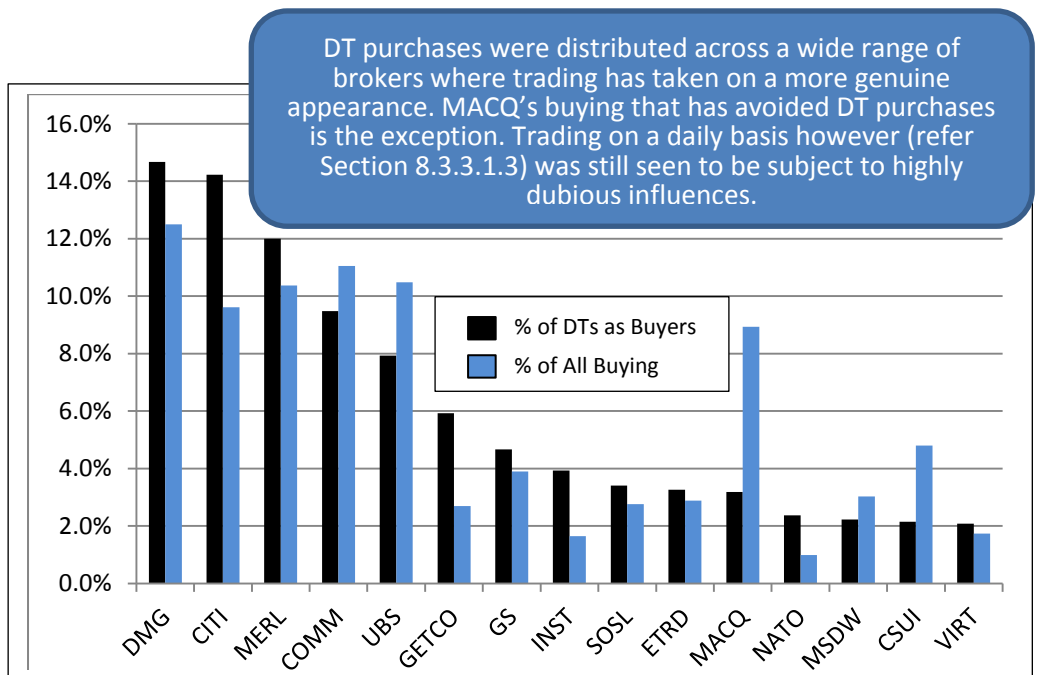
The table and chart contrast the involvement of brokers with forcing Downticks in price as sellers of CDU shares throughout March 2013 trading, and also compares broker profiles regarding all selling.

DT Involvement as Sellers		
Broker	DT %	% Sells
UBS	18.0%	8.1%
MSDW	14.7%	6.2%
COMM	14.6%	8.1%
DMG	10.2%	13.7%
CITI	9.0%	10.9%
MACQ	6.0%	9.9%
INST	4.4%	2.3%
CSUI	3.7%	6.7%
GS	3.2%	5.7%
MERL	2.2%	3.0%
JPM	2.0%	1.1%
VIRT	1.9%	1.3%
ETRD	1.2%	2.1%
GETCO	1.1%	2.7%
RBSA	1.1%	2.0%



The involvements of brokers as buyers of Downticks transactions throughout March 2013 are compared below together with their profiles regarding all buying for the month.

DT Involvement as Buyers		
Broker	DT %	% Buys
DMG	14.7%	12.5%
CITI	14.2%	9.6%
MERL	12.0%	10.4%
COMM	9.5%	11.0%
UBS	7.9%	10.5%
GETCO	5.9%	2.7%
GS	4.7%	3.9%
INST	3.9%	1.6%
SOSL	3.4%	2.8%
ETRD	3.3%	2.9%
MACQ	3.2%	8.9%
NATO	2.4%	1.0%
MSDW	2.2%	3.0%
CSUI	2.1%	4.8%
VIRT	2.1%	1.7%



### 8.3.3.1.2 DEUTSCHE BANK (DMG) DOWNTICK CROSSINGS

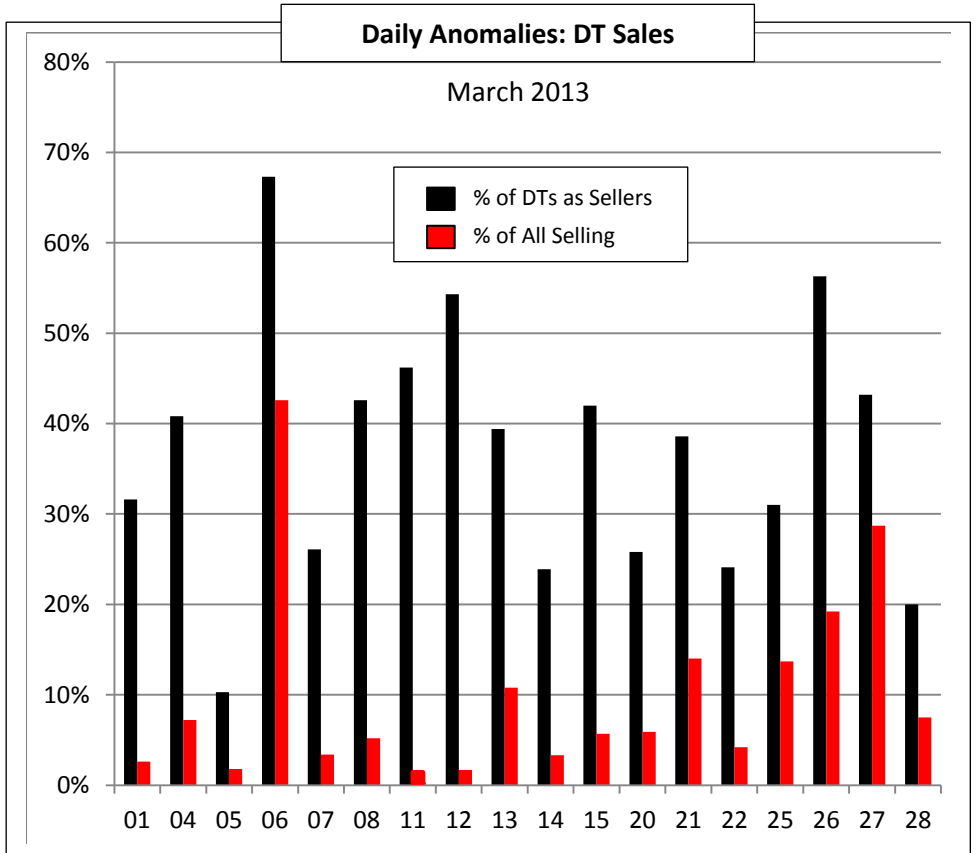
Iress broker data reveals that 73% of DMG purchases that were associated with Downticks in price represented crossings of one form or another. With the exception of two special crossings, all DMG crossings involved averaged a parcel size of just 26 shares. It is a revealing statistic that reflect the manipulative, non-genuine nature of trading programmed into algorithms.

**8.3.3.1.3 ANOMALOUS DAILY DOWNTICK SELLING – March 2013**

The leading brokers each day regarding anomalous DT Sell trades during March are summarized below.

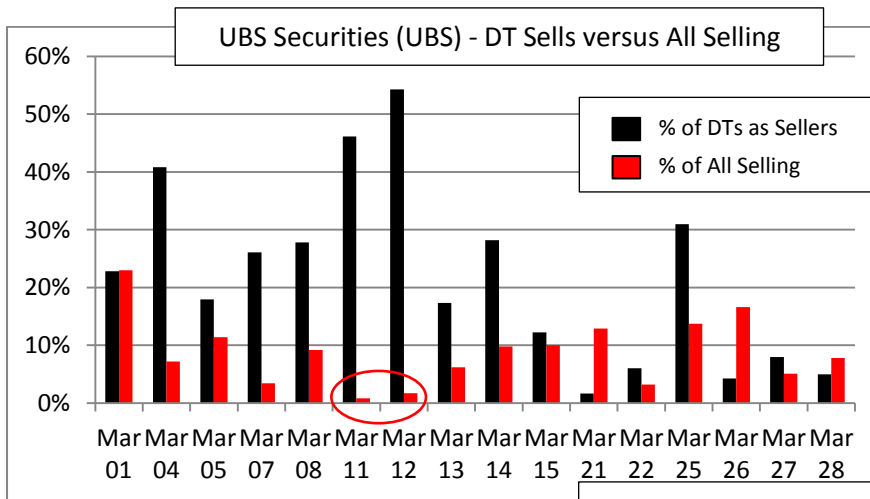
The brokers who were frequently associated with anomalous DT selling trends were UBS (5 times), MSDW (4 times), COMM (4 times) and MERL (2 times). The trends strongly identify with share price manipulation.

Day	Sell Broker	DT%	% Sells
Mar 01	MERL	31.6%	2.6%
Mar 04	UBS	40.8%	7.2%
Mar 05	MERL	10.3%	1.8%
Mar 06	DMG	67.3%	42.6%
Mar 07	UBS	26.1%	3.4%
Mar 08	MSDW	42.6%	5.2%
Mar 11	UBS	46.2%	0.3%
Mar 12	UBS	54.3%	1.7%
Mar 13	MSDW	39.4%	10.8%
Mar 14	CITI	23.9%	3.3%
Mar 15	INST	42.0%	5.7%
Mar 20	COMM	25.8%	5.9%
Mar 21	COMM	38.6%	14.0%
Mar 22	MSDW	24.1%	4.2%
Mar 25	UBS	31.0%	13.7%
Mar 26	COMM	56.3%	19.2%
Mar 27	COMM	43.2%	28.7%
Mar 28	MSDW	20.0%	7.5%



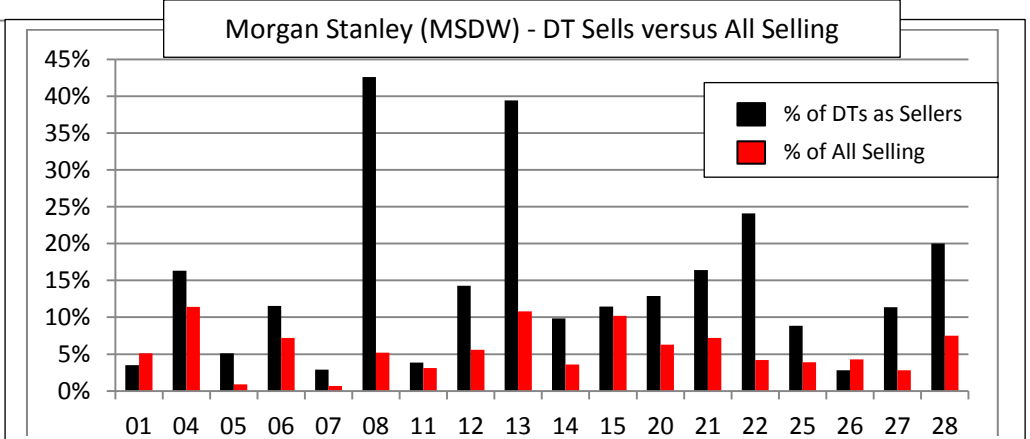
COMM Downtick trades were the result of algorithms not retail trades as 84% of them had parcel sizes averaging 144 shares

**8.3.3.1.4 PROMINENT BROKERS REGARDING DOWNTICK SELLING – March 2013**



Significant downward pressure to prices was supplied by UBS on 9 of 16 trading days. Curiously, they were absent on March 6 and March 20. Their trading on March 11 and March 12 was highly dubious.

Days where UBS's influence wasn't as pronounced, saw other brokers step up with dubious trades including MSDW, COMM, DMG, MERL, CITI & INST.



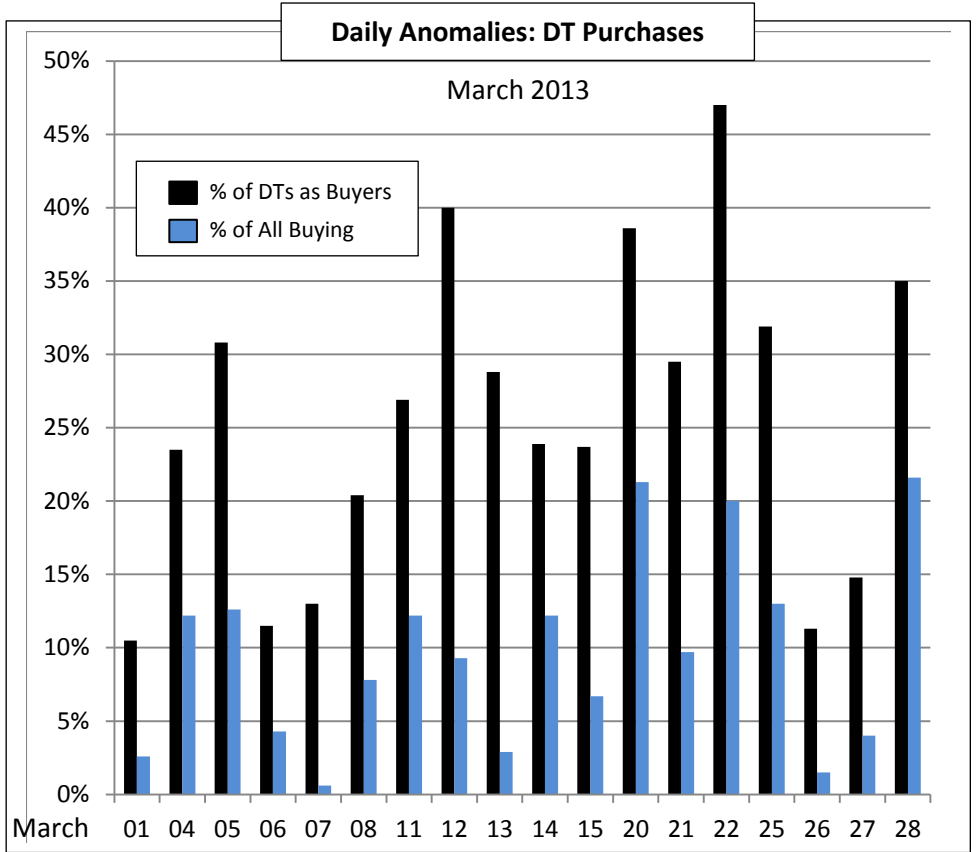


**8.3.3.1.5 ANOMALOUS DAILY DOWNTICK BUYING – March 2013**

The leading brokers regarding anomalous levels of DT purchases during March are summarized below.

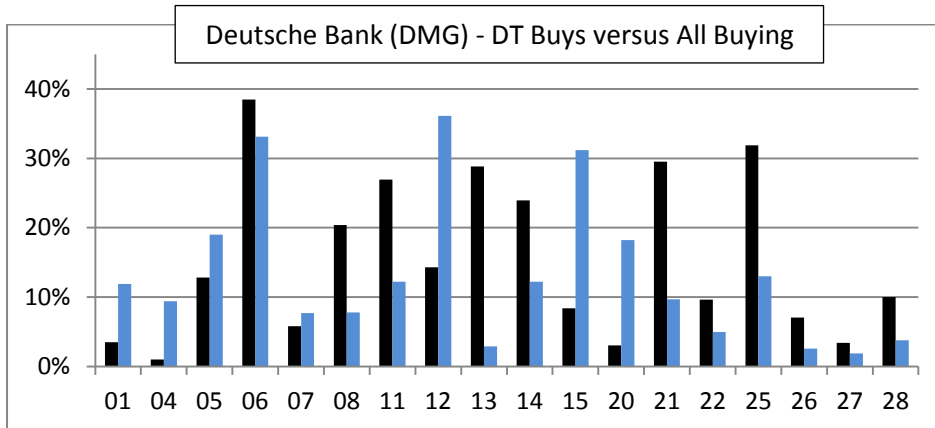
The brokers who were frequently associated with anomalous DT buying trends were DMG (6 times), CITI (4 times) and GETCO (2 times). The anomalous buying trends strongly suggest collusion with the brokers responsible for anomalous sales of Downticks.

Day	Buy Broker	DT%	% Buys
Mar 01	GETCO	10.5%	2.6%
Mar 04	CITI	23.5%	12.2%
Mar 05	CITI	30.8%	12.6%
Mar 06	COMM	11.5%	4.3%
Mar 07	INST	13.0%	0.6%
Mar 08	DMG	20.4%	7.8%
Mar 11	DMG	26.9%	12.2%
Mar 12	TPPM	40.0%	9.3%
Mar 13	DMG	28.8%	2.9%
Mar 14	DMG	23.9%	12.2%
Mar 15	CITI	23.7%	6.7%
Mar 20	MERL	38.6%	21.3%
Mar 21	DMG	29.5%	9.7%
Mar 22	CITI	47.0%	20.0%
Mar 25	DMG	31.9%	13.0%
Mar 26	ETRD	11.3%	1.5%
Mar 27	GETCO	14.8%	4.0%
Mar 28	UBS	35.0%	21.6%



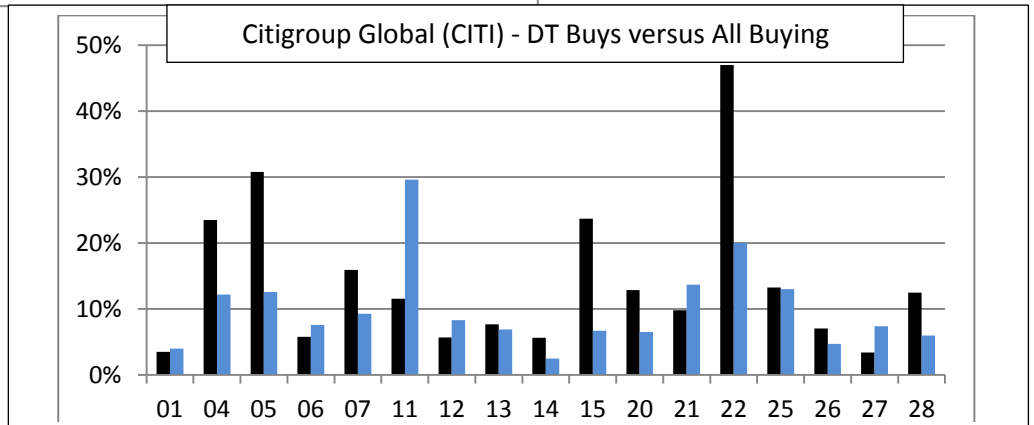
Occasional appearances by the likes of TPPM, ETRD and INST present as likely starting points for audits to identify the entities responsible for anomalous trades.

**8.3.3.1.6 PROMINENT BROKERS REGARDING DOWNTICK BUYING – March 2013**



DMG were noted for anomalous levels of DT purchases but also for significant buying that surprisingly didn't secure much DT selling.

CITI's buying of DT trades supplement those picked up by DMG again demonstrating institutional dominance over trading through algorithms preferentially distributing trades.

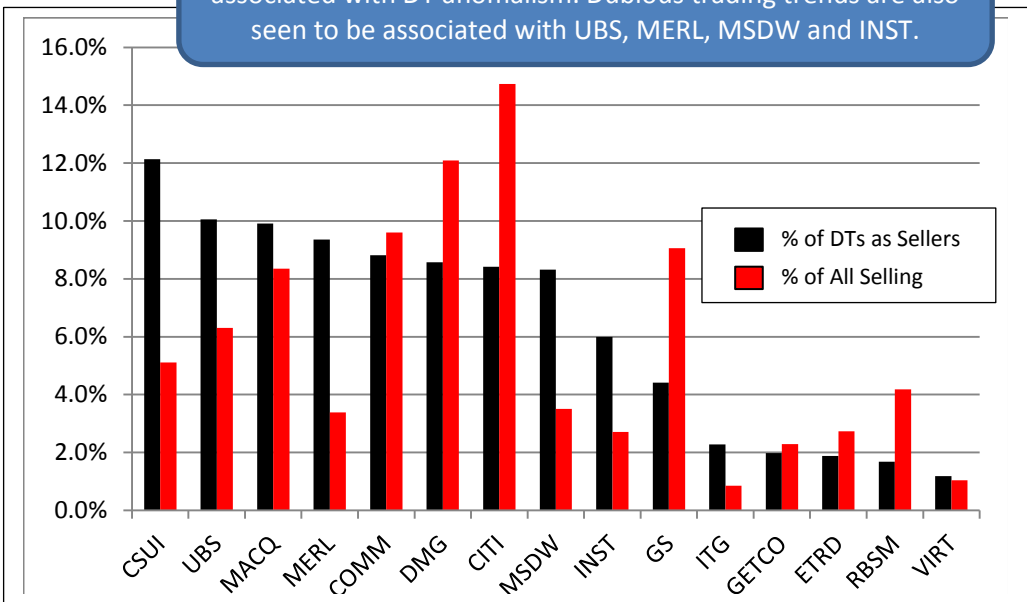


### 8.3.3.2.1 APRIL TRADING 2013

The table and chart contrast the involvement of brokers with forcing Downticks in price as sellers of CDU shares throughout April 2013 trading, and also compare broker profiles regarding all selling.

UBS was replaced by CSUI during April as the leading broker associated with DT anomalism. Dubious trading trends are also seen to be associated with UBS, MERL, MSDW and INST.

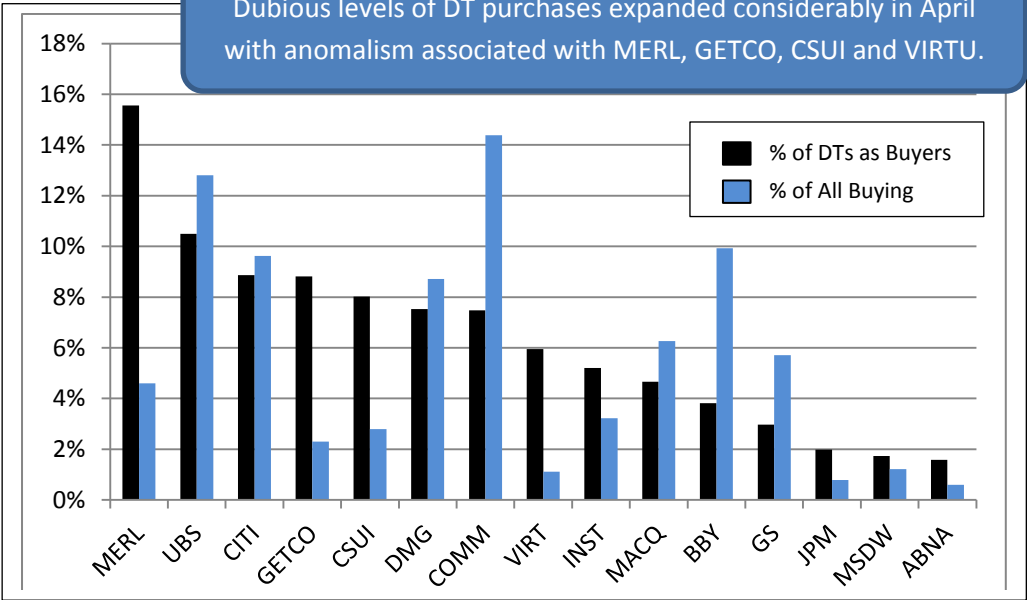
Broker	DT %	% Sells
CSUI	12.1%	5.1%
UBS	10.1%	6.3%
MACQ	9.9%	8.4%
MERL	9.4%	3.4%
COMM	8.8%	9.6%
DMG	8.6%	12.1%
CITI	8.4%	14.7%
MSDW	8.3%	3.5%
INST	6.0%	2.7%
GS	4.4%	9.1%
ITG	2.3%	0.8%
GETCO	2.0%	2.3%
ETRD	1.9%	2.7%
RBSM	1.7%	4.2%
VIRT	1.2%	1.0%



The involvements of brokers as buyers of Downticks transactions throughout April 2013 are compared below together with their profiles regarding all buying for the month.

Dubious levels of DT purchases expanded considerably in April with anomalism associated with MERL, GETCO, CSUI and VIRTU.

Broker	DT %	% Buys
MERL	15.6%	4.6%
UBS	10.5%	12.8%
CITI	8.9%	9.6%
GETCO	8.8%	2.3%
CSUI	8.0%	2.8%
DMG	7.5%	8.7%
COMM	7.5%	14.4%
VIRT	5.9%	1.1%
INST	5.2%	3.2%
MACQ	4.7%	6.3%
BBY	3.8%	9.9%
GS	3.0%	5.7%
JPM	2.0%	0.8%
MSDW	1.7%	1.2%
ABNA	1.6%	0.6%



### 8.3.3.2.2 DOWNTICK STATISTICS

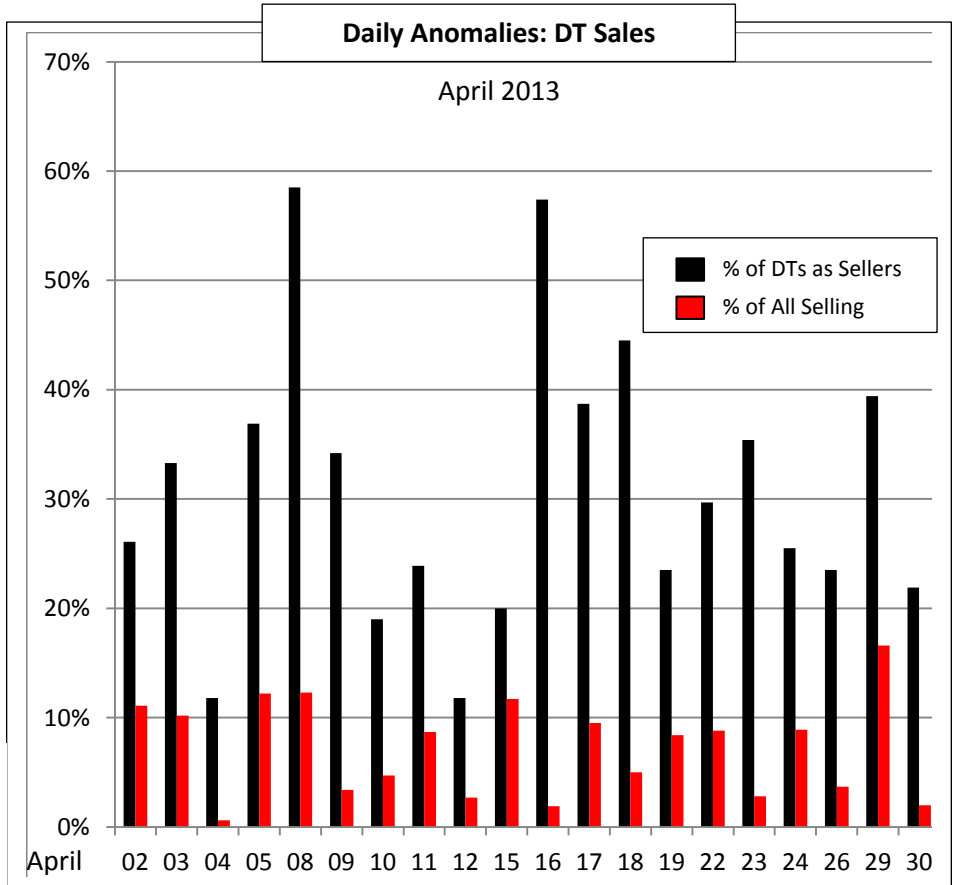
The insidious nature of algorithmic trading in providing downward pressure to share prices and creating artificial pricing levels is borne out by the following statistics for April trading. The table Lists the proportion of all DT trades that are under 400 shares in size together with the average parcel size for these transactions.

Broker	<400 Shares	Average	Broker	<400 Shares	Average
CSUI	85.3%	59	MSDW	89.3%	96
COMM	71.9%	89	UBS	81.8%	75
MERL	92.6%	53	CITI	73.5%	110

**8.3.3.2.3 ANOMALOUS DAILY DOWNTICK SELLING – April 2013**

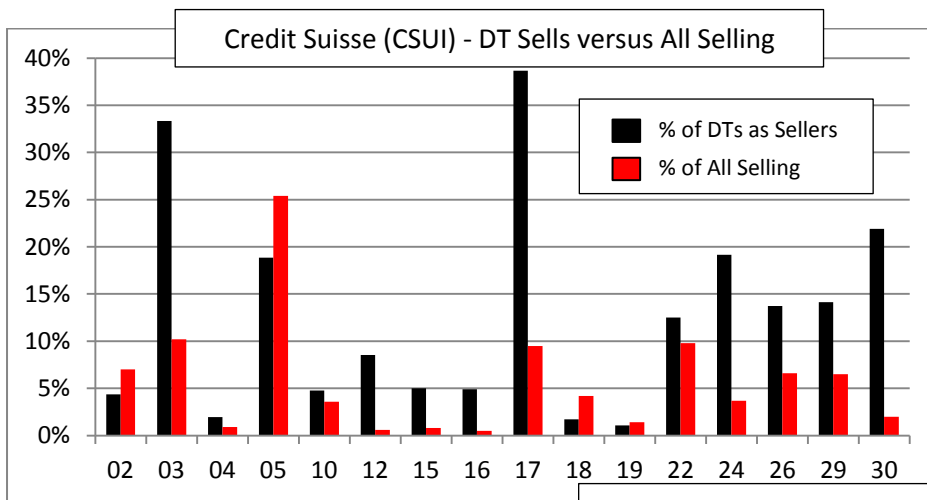
The leading brokers each day regarding anomalous DT Sell trades during April are summarized below. Brokers MSDW, UBS, CSUI and MACQ each appeared on three separate occasions as brokers identifying with manipulative selling trends.

Day	Sell Broker	DT%	% Sells
Apr-02	COMM	26.1%	11.1%
Apr-03	CSUI	33.3%	10.2%
Apr-04	MSDW	11.8%	0.6%
Apr-05	DMG	36.9%	12.2%
Apr-08	UBS	58.5%	12.3%
Apr-09	UBS	34.2%	3.4%
Apr-10	MSDW	19.0%	4.7%
Apr-11	MACQ	23.9%	8.7%
Apr-12	MSDW	11.8%	2.7%
Apr-15	DMG	20.0%	11.7%
Apr-16	INST	57.4%	1.9%
Apr-17	CSUI	38.7%	9.5%
Apr-18	INST	44.5%	5.0%
Apr-19	ITG	23.5%	8.4%
Apr-22	MACQ	29.7%	8.8%
Apr-23	UBS	35.4%	2.8%
Apr-24	MACQ	25.5%	8.9%
Apr-26	MERL	23.5%	3.7%
Apr-29	MERL	39.4%	16.6%
Apr-30	CSUI	21.9%	2.0%



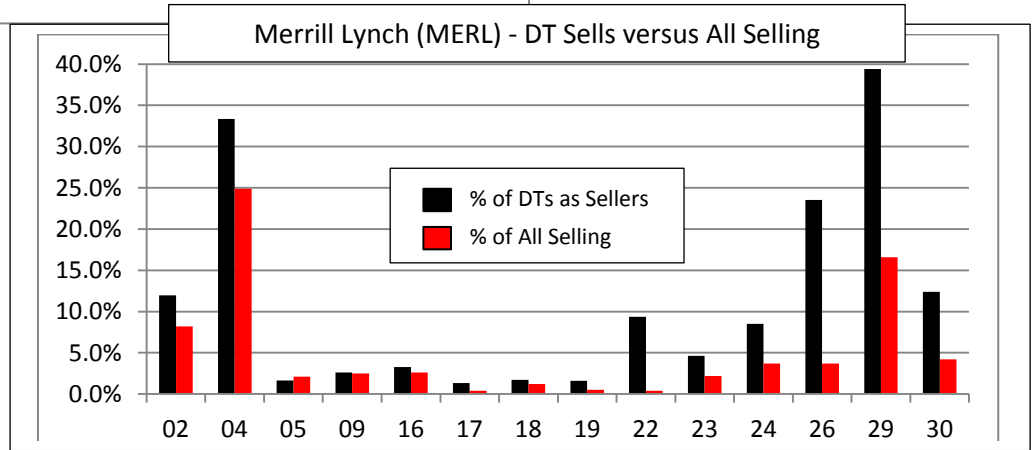
COMM trades on April 2 had parcel sizes averaging just 72 shares. The trades reveal a strong institutional presence.

**8.3.3.2.4 PROMINENT BROKERS REGARDING DOWNTICK SELLING – April 2013**



CSUI was prominent in targeting lower prices through DT sales in a month noted for both price falls and increasing levels of open short positions.

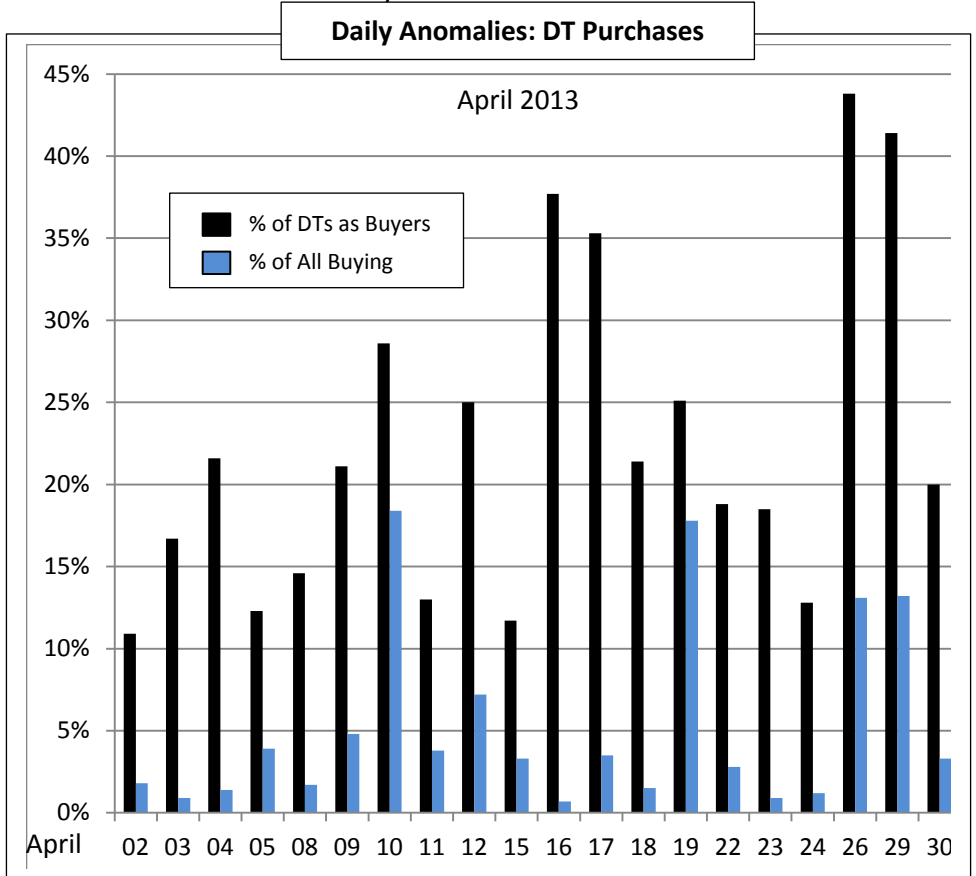
CSUI and UBS were influential with DT trades and so too was MERL, especially at the beginning of the month and during the latter half of the month.



**8.3.3.2.5 ANOMALOUS DAILY DOWNTICK BUYING – April 2013**

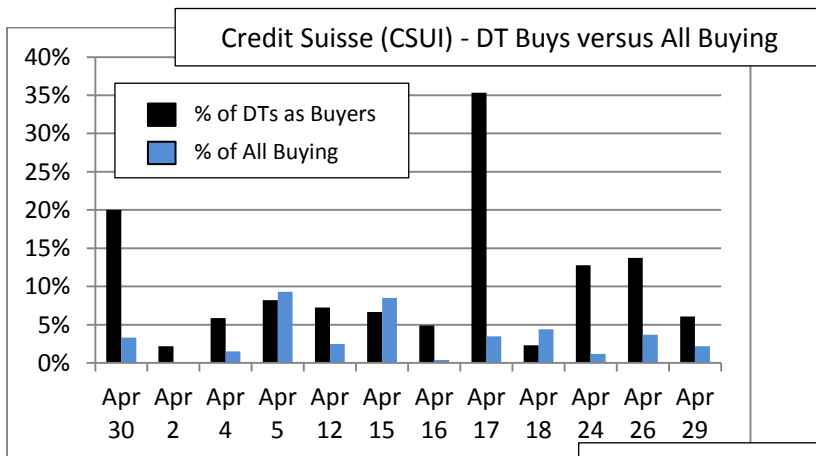
The leading brokers regarding anomalous levels of DT purchases during April are summarized below. The brokers who were frequently associated with anomalous DT buying trends were MERL and GETCO (both 4 times) CSUI and VIRT (both 3 times) then INST and JPM, (both twice). The anomalous buying trends strongly suggest collusion facilitated by algorithms between sellers and buyers of Downticks.

Day	Buy Broker	DT%	% Buys
Apr-02	GETCO	10.9%	1.8%
Apr-03	JPM	16.7%	0.9%
Apr-04	VIRT	21.6%	1.4%
Apr-05	INST	12.3%	3.9%
Apr-08	GETCO	14.6%	1.7%
Apr-09	MERL	21.1%	4.8%
Apr-10	DMG	28.6%	18.4%
Apr-11	GETCO	13.0%	3.8%
Apr-12	INST	25.0%	7.2%
Apr-15	GETCO	11.7%	3.3%
Apr-16	VIRT	37.7%	0.7%
Apr-17	CSUI	35.3%	3.5%
Apr-18	VIRT	21.4%	1.5%
Apr-19	UBS	25.1%	17.8%
Apr-22	MERL	18.8%	2.8%
Apr-23	JPM	18.5%	0.9%
Apr-24	CSUI	12.8%	1.2%
Apr-26	MERL	43.8%	13.1%
Apr-29	MERL	41.4%	13.2%
Apr-30	CSUI	20.0%	3.3%



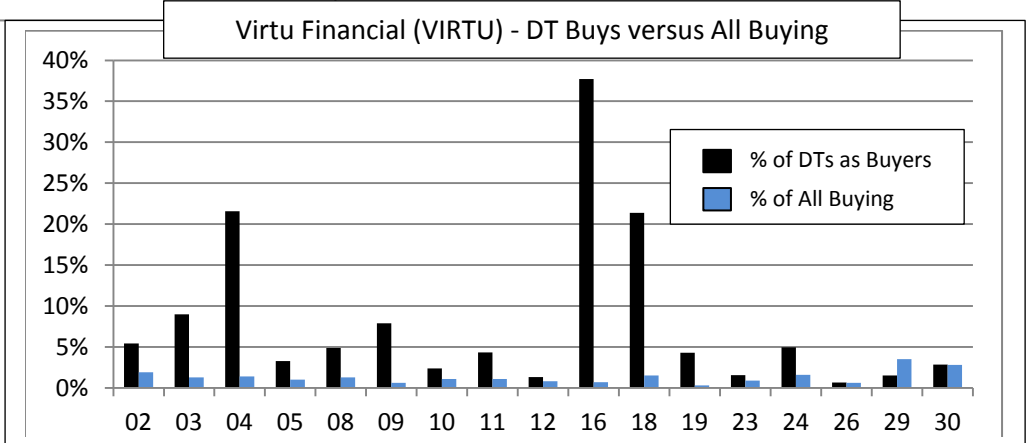
The dubious trends and the rotation of roles as leading buyers of DT trades requires a proper assessment of trading relationships

**8.3.3.2.6 PROMINENT BROKERS REGARDING DOWNTICK BUYING – April 2013**



CSUI 's prominence as a DT buyer was because of crossings. Around 88% of DT purchases were crossings. Further more, 92% of crossings were for parcels fewer than 52 shares. DT crossings are seen to represent a convenient mechanism to add downward pressure to prices.

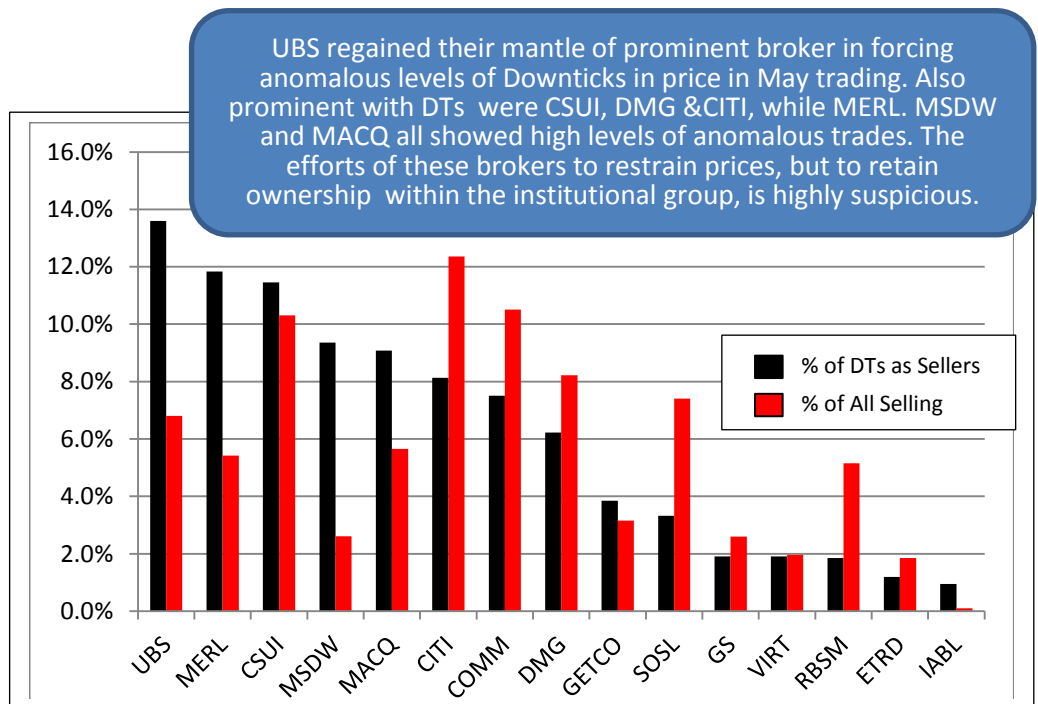
VIRTU emerged as another broker who was able to manage high levels of DT purchases with only a small amount of buying supplied to the market. Their trading is also highly dubious.



### 8.3.3.3.1 MAY TRADING 2013

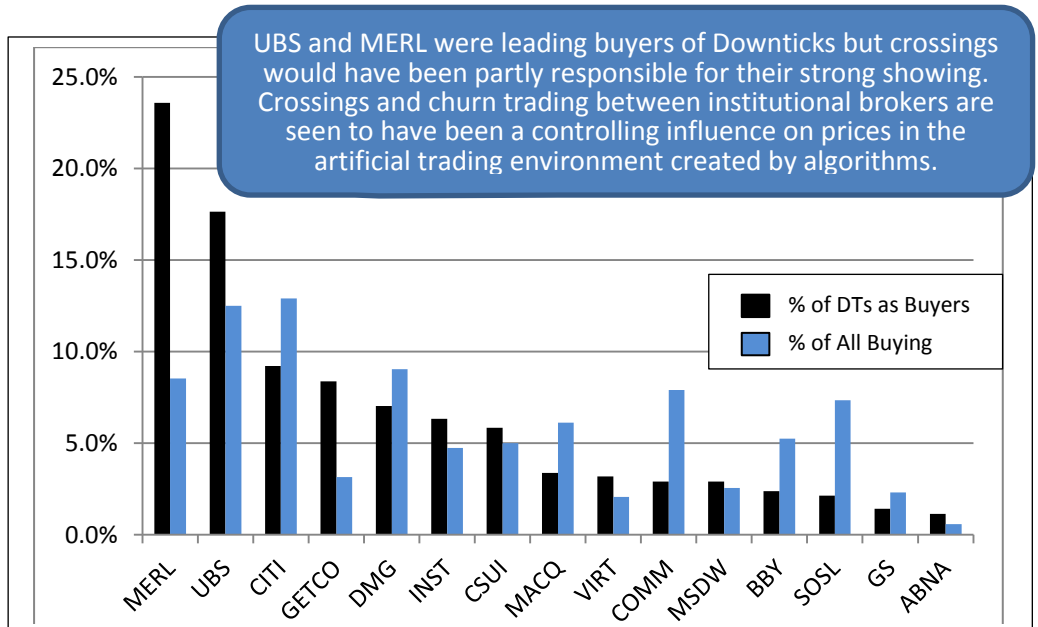
The table and chart contrast the involvement of brokers with forcing Downticks in price as sellers of CDU shares throughout May 2013 trading, and also compare broker profiles regarding all selling.

DT Involvement as Sellers		
Broker	DT %	% Sells
UBS	13.6%	6.8%
MERL	11.8%	5.4%
CSUI	11.5%	10.3%
MSDW	9.4%	2.6%
MACQ	9.1%	5.6%
CITI	8.1%	12.4%
COMM	7.5%	10.5%
DMG	6.2%	8.2%
GETCO	3.8%	3.2%
SOSL	3.3%	7.4%
GS	1.9%	2.6%
VIRT	1.9%	2.0%
RBSM	1.9%	5.2%
ETRD	1.2%	1.9%
IABL	1.0%	0.1%



The involvements of brokers as buyers of Downticks transactions throughout May 2013 are compared below together with their profiles regarding all buying for the month.

DT Involvement as Buyers		
Broker	DT %	% Buys
MERL	23.6%	8.5%
UBS	17.6%	12.5%
CITI	9.2%	12.9%
GETCO	8.4%	3.2%
DMG	7.0%	9.0%
INST	6.3%	4.7%
CSUI	5.8%	5.0%
MACQ	3.4%	6.1%
VIRT	3.2%	2.1%
COMM	2.9%	7.9%
MSDW	2.9%	2.5%
BBY	2.4%	5.2%
SOSL	2.1%	7.3%
GS	1.4%	2.3%
ABNA	1.1%	0.6%



### 8.3.3.3.2 DOWNTICK STATISTICS

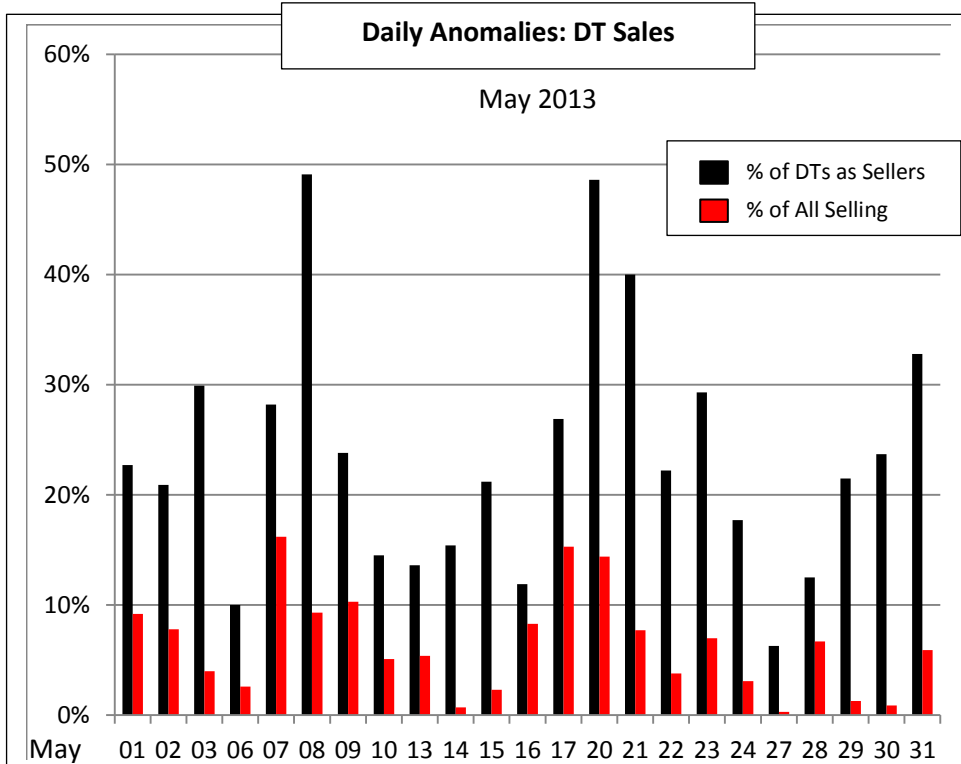
Downtick statistics for May continue the trend evident in April with large numbers of transactions many of them broker crossings, deliberately targeting lower prices. The table again lists the proportion of DT trades that were under 400 shares in size together with the average parcel size for these transactions.

Broker	<400 Shares	Average	Broker	<400 Shares	Average
CITI	80.7%	109	UBS	96.2%	71
MERL	95.2%	49	MACQ	91.1%	81
MSDW	93.9%	94	CSUI	84.6%	53

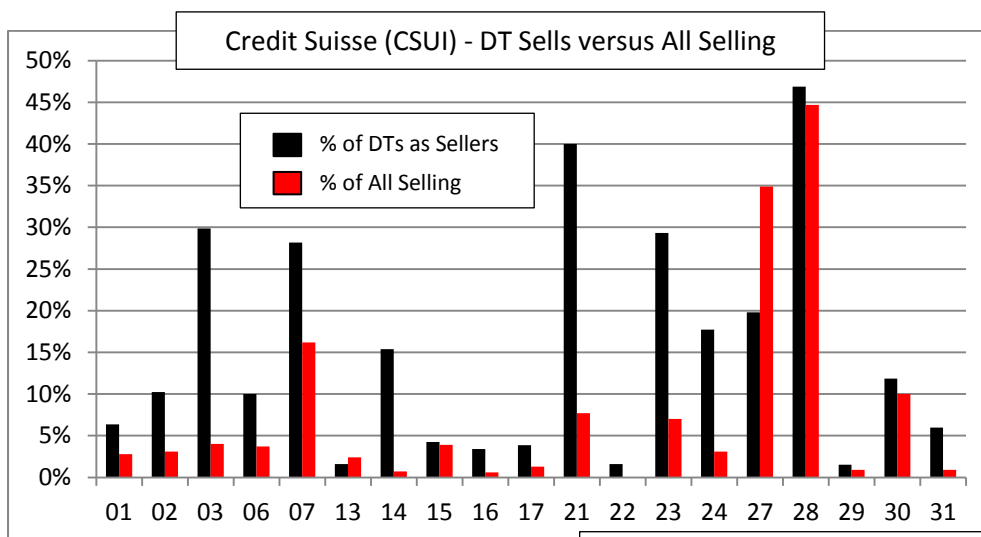
### 8.3.3.3 ANOMALOUS DAILY DOWNTICK SELLING – May 2013

The leading brokers regarding anomalous DT Sell trades during May are summarized below. CSUI featured on 6 occasions, MACQ and MSDW on 4 occasions each, MERL on 3 and UBS, IABL & GETCO all on 2 occasions. Collectively they represent the leading brokers each day who targeted lower prices.

Day	Sell Broker	DT%	% Sells
May-01	MERL	22.7%	9.2%
May-02	MERL	20.9%	7.8%
May-03	CSUI	29.9%	4.0%
May-06	GETCO	10.0%	2.6%
May-07	CSUI	28.2%	16.2%
May-08	UBS	49.1%	9.3%
May-09	MACQ	23.8%	10.3%
May-10	GETCO	14.5%	5.1%
May-13	MACQ	13.6%	5.4%
May-14	CSUI	15.4%	0.7%
May-15	MSDW	21.2%	2.3%
May-16	MACQ	11.9%	8.3%
May-17	UBS	26.9%	15.3%
May-20	MSDW	48.6%	14.4%
May-21	CSUI	40.0%	7.7%
May-22	MSDW	22.2%	3.8%
May-23	CSUI	29.3%	7.0%
May-24	CSUI	17.7%	3.1%
May-27	IABL	6.3%	0.3%
May-28	MACQ	12.5%	6.7%
May-29	IABL	21.5%	1.3%
May-30	MSDW	23.7%	0.9%
May-31	MERL	32.8%	5.9%

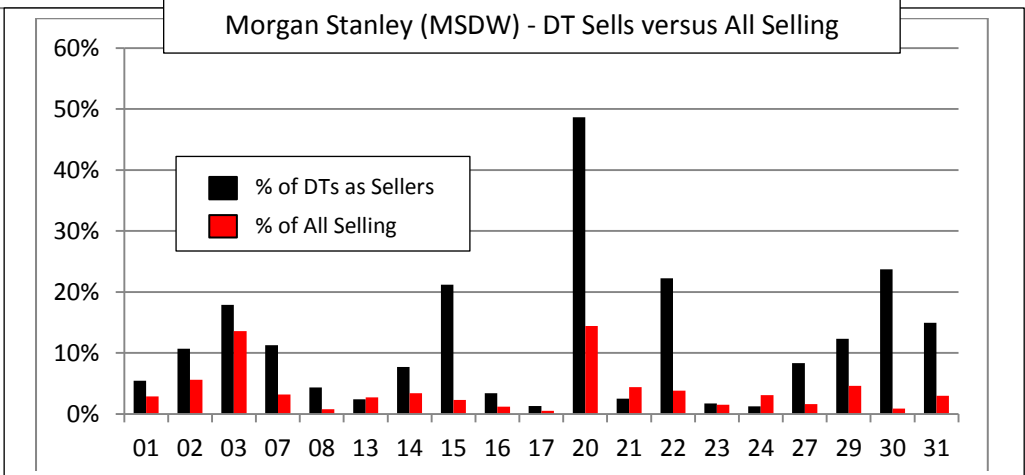


### 8.3.3.4 PROMINENT BROKERS REGARDING DOWNTICK SELLING – May 2013



CSUI was again active in May with trading that targeted lower prices. It follows similar trading during April where control over prices is seen to be a priority rather than the genuine disposal of shares.

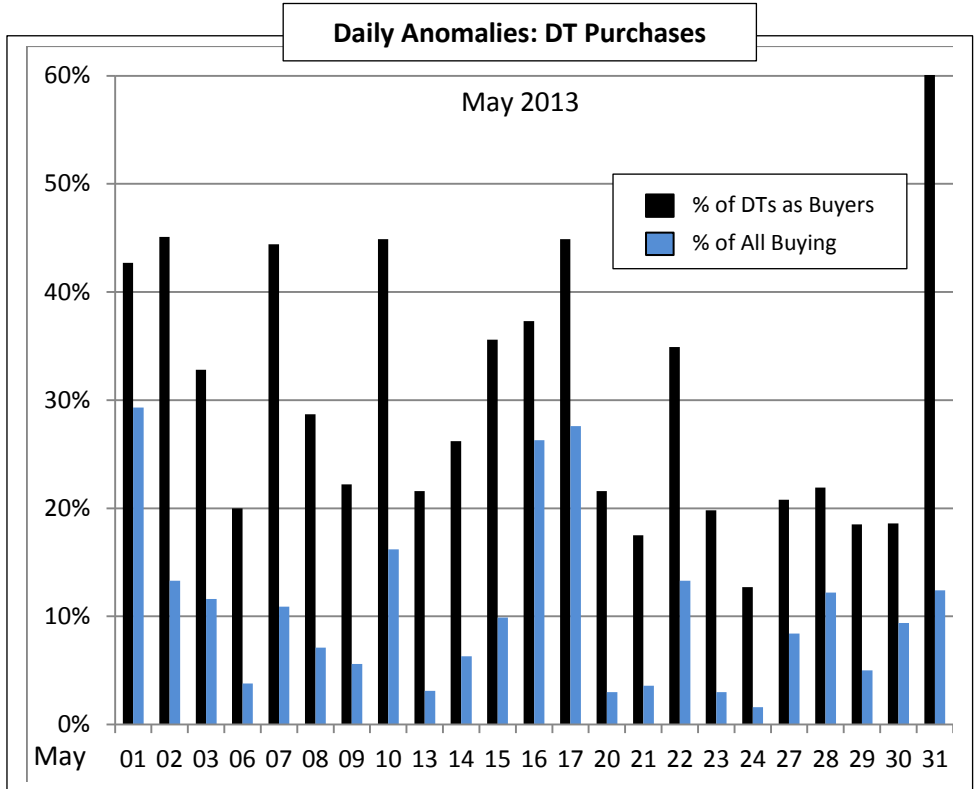
Morgan Stanley has again targeted lower prices during May with small amounts of selling recording a substantial number of Downticks.



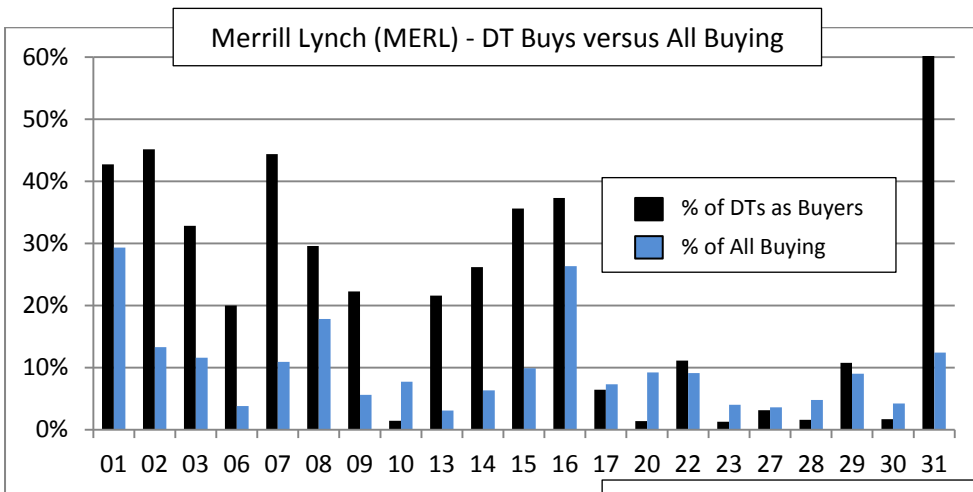
**8.3.3.3.5 ANOMALOUS DAILY DOWNTICK BUYING – May 2013**

The leading brokers regarding anomalous levels of DT purchases during May are summarized below. The brokers who were frequently associated with anomalous DT buying trends were MERL (11 times), CSUI (4 times), USB (4 times) and GETCO (2 times). The anomalous buying trends again suggest collusion between anomalous DT sellers and anomalous DT buyers.

Day	Buy Broker	DT%	% Buys
May-01	MERL	42.7%	29.3%
May-02	MERL	45.1%	13.3%
May-03	MERL	32.8%	11.6%
May-06	MERL	20.0%	3.8%
May-07	MERL	44.4%	10.9%
May-08	UBS	28.7%	7.1%
May-09	MERL	22.2%	5.6%
May-10	UBS	44.9%	16.2%
May-13	MERL	21.6%	3.1%
May-14	MERL	26.2%	6.3%
May-15	MERL	35.6%	9.9%
May-16	MERL	37.3%	26.3%
May-17	CITI	44.9%	27.6%
May-20	GETCO	21.6%	3.0%
May-21	CSUI	17.5%	3.6%
May-22	UBS	34.9%	13.3%
May-23	CSUI	19.8%	3.0%
May-24	CSUI	12.7%	1.6%
May-27	INST	20.8%	8.4%
May-28	CSUI	21.9%	12.2%
May-29	GETCO	18.5%	5.0%
May-30	UBS	18.6%	9.4%
May-31	MERL	62.7%	12.4%

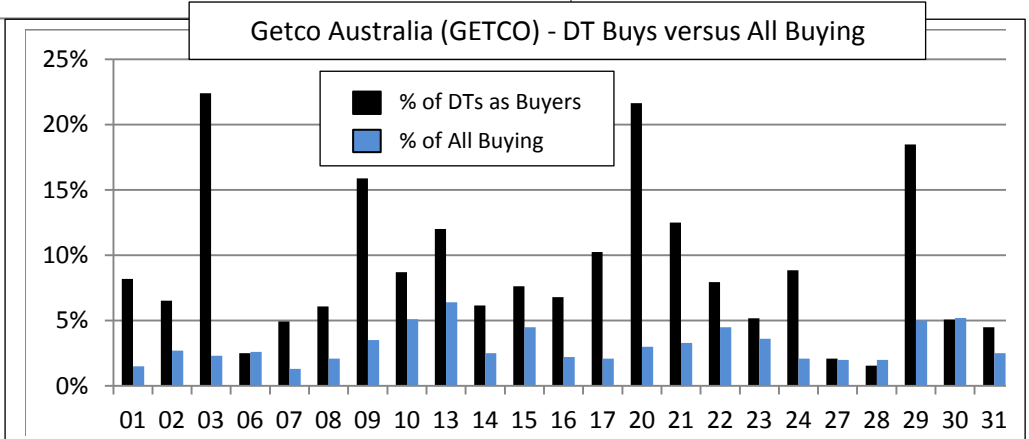


**8.3.3.3.6 PROMINENT BROKERS REGARDING DOWNTICK BUYING – May 2013**



Merrill Lynch (MERL) was extremely active both as a seller of Downtick transactions and as a buyer. Their trading involved a large number of small trades but minimal overall selling and buying volumes. In excess of 84% of all DT sales were for parcels of shares averaging 53 shares in size. Their dominant role during May raises questions about who they were actually dealing for.

GETCO's success in buying large numbers of DT sales but with a minor buying profile in the market again raises concerns about collusion. There is also the question of who they were actually dealing for with their increased trading profile during May.



### Section 8.3.4

## SUMMARY OF TRADING ACCOMPANYING CuDECO ANNOUNCEMENTS

January 2013 to May 2013

Chapter 10 of ASIC Complaint 2013-1 summarized trading accompanying announcements over the period January 2010 to June 2012 (i.e., a period of 30 months).

The overwhelming result for 30 months of trading was that prices accompanying announcements were generally constrained due to institutional brokers placing large numbers of Downtick (DT) transactions. Yet the brokers responsible tended to have minor selling profiles in the market based on the volumes of shares sold. The dominance over DT transactions was achieved through large numbers of sell transactions involving small parcels of shares, many of which were broker crossings. The transactions generally set lower prices from which other institutions sold larger volumes back and forth between themselves, without price impact, but keeping prices restrained.

Similarly, brokers who weren't major buyers in terms of the volumes of shares purchased were responsible for large proportions of Downtick purchases. Buying that is consistently able to achieve lower prices is unrealistic and suggests collusion between sellers and buyers. The patterns also suggest non-genuine trading activity designed to impact pricing levels rather than to genuinely exchange ownership of shares.

The anomalous trends in trading data flow from highly complex trading algorithms operated by institutional brokers. When viewed against the Australian High Court's definition of what constitutes genuine selling, large numbers of sell transactions are seen to be deliberately targeting lower prices rather than attempting to achieve the best prices available. The patterns therefore have the attributes of illegal share price manipulation.

Similarly to the 30 month period reviewed in ASIC Complaint 2013-1, the selling down of announcements has also been a constant theme throughout 2013. A small group of institutional brokers have been shown to have continuously engaged in behaviours that have targeted lower prices, and their activities are particularly pronounced on days that news has been released to the market.

There should be no misunderstanding about the impact that dubious trading algorithms have on markets and in particular on fair price discovery. Markets that cannot provide fair price discovery represent a means to exploit company and shareholder wealth via:

- the pursuit of profits through manipulative trading on a day-by-day basis;
- the means to secure control over the register through placements at undervalued levels; and
- the pursuit of cheap assets over the longer term through the takeover opportunities presented by grossly undervalued share prices.

It is an utterly intolerable situation made infinitely worse by the regulator being aware of trading irregularities but still approving the use of algorithms which sit at the core of share price manipulation issues.



### 8.3.4.1.1 SHARE PRICE REACTIONS TO ANNOUNCEMENTS: January 2013 to May 2013

The table records the daily change to the share price on announcement days and also the share price action on the day following the announcements. The selling down of announcements, on both the day of the announcement, and the following day, is generally a consistent feature of trading.

The exceptions were announcements that revealed excavation work in progress above the rich Las Mineral ore body which was uncovering very high grades of copper mineralization. The central component of Las Minerale has long been obscured by uncertainty and a good deal of controversy concerning the reliability of JORC estimates, particularly in regard to likely grades that can be expected from full scale mining.

DATE	ANNOUNCEMENT	LINK	Daily Change	Day After
2/01/2013	Pictorial Update	<a href="#">PDF</a>	0.01	0.15
3/01/2013	Major New geophysics targets identified	<a href="#">PDF</a>	0.15	-0.06
8/01/2013	Diamond Drilling programme commences	<a href="#">PDF</a>	-0.09	0.10
18/01/2013	High grade copper at Rocklands South	<a href="#">PDF</a>	0.04	-0.04
31/01/2013	Quarterly Activities Report	<a href="#">PDF</a>	-0.07	0.07
5/02/2013	83m @ 4.69%Cu Eq incl 15m @ 9.6%Cu Eq	<a href="#">PDF</a>	-0.02	-0.05
6/02/2013	Letter to Shareholders	<a href="#">PDF</a>	-0.05	-0.12
7/02/2013	Sinosteel receive FIRB approval for Placement	<a href="#">PDF</a>	-0.12	-0.01
25/02/2013	Copper grade & width increasing at depth	<a href="#">PDF</a>	-0.04	-0.13
26/02/2013	Change of Director's Interest Notice	<a href="#">PDF</a>	-0.13	0.04
1/03/2013	Becoming a substantial holder	<a href="#">PDF</a>	-0.11	-0.16
4/03/2013	Rocklands Development Update - Pictorial 10	<a href="#">PDF</a>	-0.16	0.08
13/03/2013	Letter to Shareholders	<a href="#">PDF</a>	-0.14	-0.08
20/03/2013	Excavation reveals High grade ore above NCu	<a href="#">PDF</a>	-0.14	0.00
25/03/2013	Change of Director's Interest Notice	<a href="#">PDF</a>	-0.05	-0.14
27/03/2013	Super High Grade Copper exposed.	<a href="#">PDF</a>	0.10	0.01
5/04/2013	Chairman's Update	<a href="#">PDF</a>	0.17	0.04
11/04/2013	Copper Grades Higher than Expectations	<a href="#">PDF</a>	0.06	0.13
17/04/2013	Successful Crushing of Large Native Copper Masses- Rocklands	<a href="#">PDF</a>	0.11	-0.16
18/04/2013	Letter to Shareholders	<a href="#">PDF</a>	-0.16	0.02
29/04/2013	High grade copper at Rocklands South	<a href="#">PDF</a>	-0.01	0.01
1/05/2013	Cudeco March 2013 Quarterly Report	<a href="#">PDF</a>	-0.01	-0.17
2/05/2013	Appendix 5B	<a href="#">PDF</a>	-0.17	0.02
3/05/2013	Rockland Sth 12m @ 4.32% CuEq including 7m @ 6.61% CuEq	<a href="#">PDF</a>	0.02	0.16
7/05/2013	Rocklands Pictorial Update	<a href="#">PDF</a>	-0.01	-0.05
16/05/2013	High grade copper continues at depth inc. 12m @ 5.57% CuEq	<a href="#">PDF</a>	0.01	0.09
27/05/2013	Rockland's high grade copper results & new discovery zone	<a href="#">PDF</a>	-0.22	-0.05

### 8.3.4.1.2 COMMENT IN RELATION TO JORC ISSUES.

The share price decline on August 18, 2010 was officially justified on the basis that the Company had misled investors in regard to resources at Rocklands. CuDeco's position has been that JORC estimates have discounted large amounts of high-grade resources that will actually form a very profitable component of mining. It is also believes that both diamond drilling and RC drilling have been unable to accurately capture the copper resources of a unique ore body. [<Refer Chairman's Report September 24, 2012, Pg.'s 12, 13 & 14>](#)

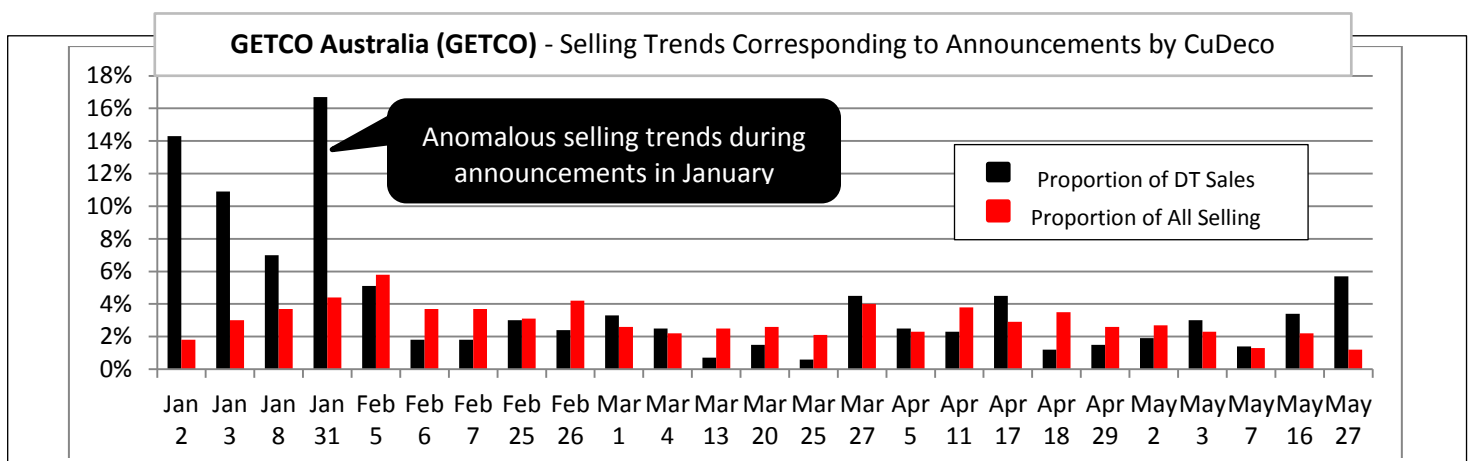
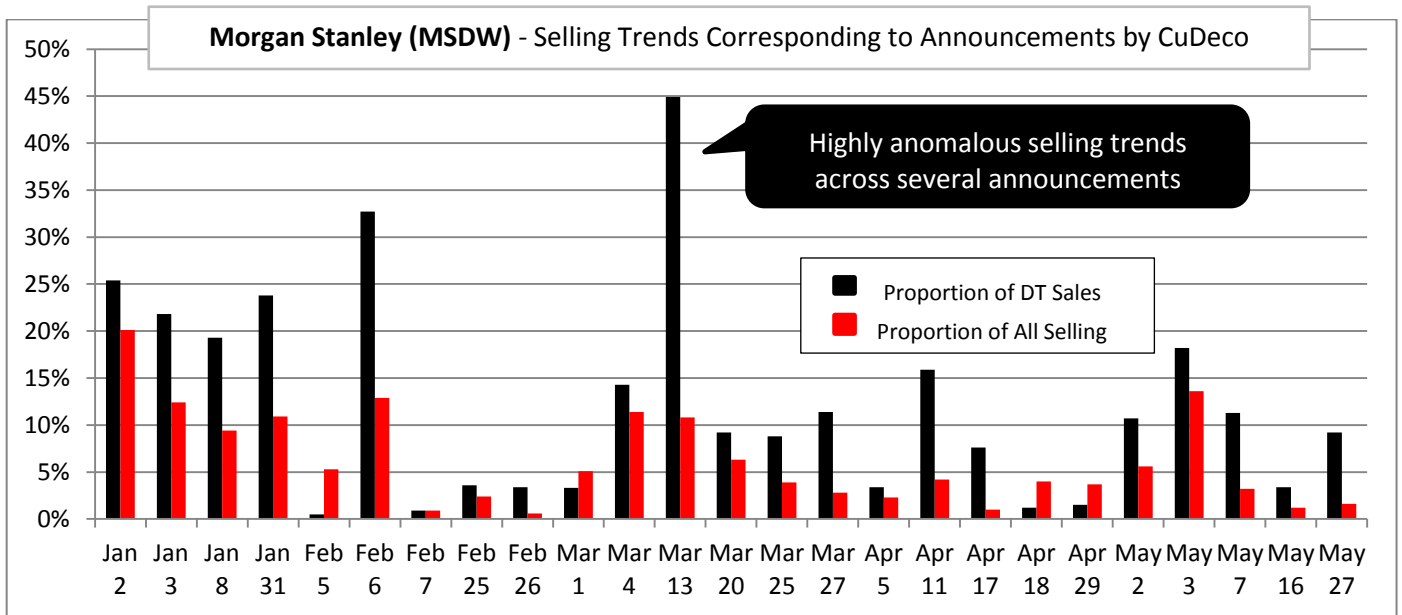
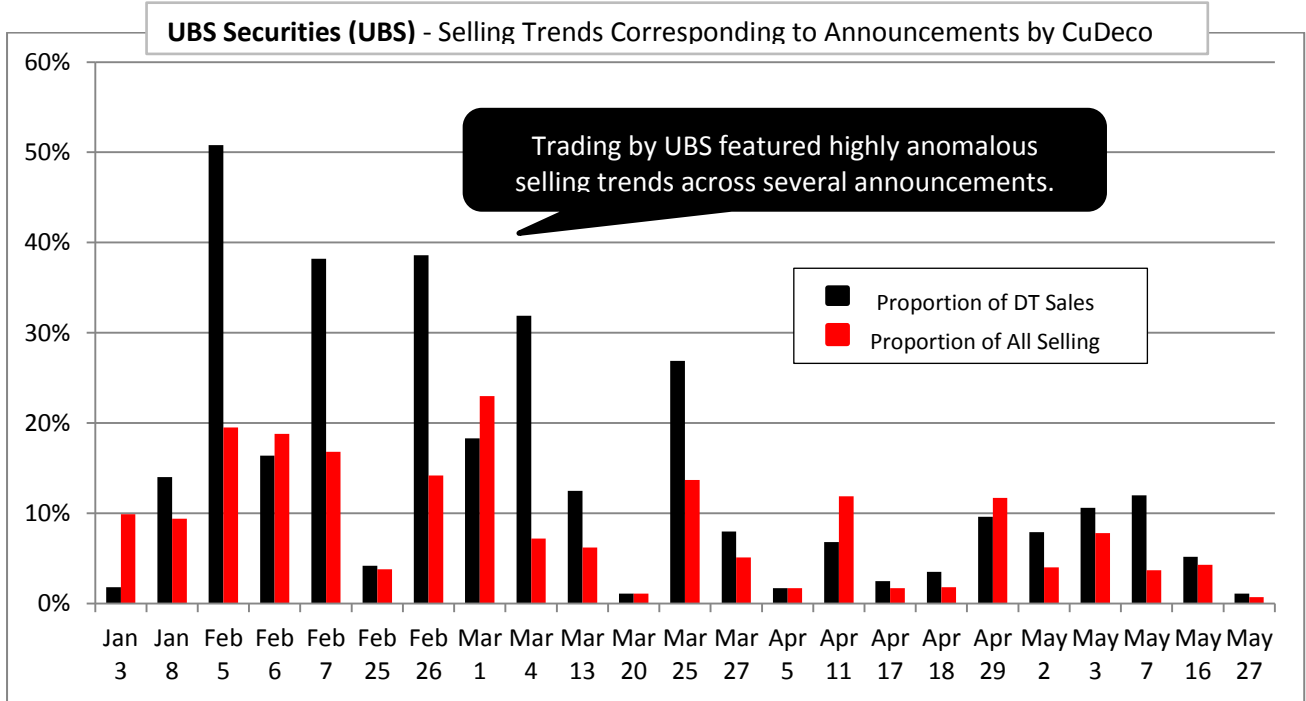
Recent excavations while preparing for mining are validating the Company's view of the resource and at the same time have revealed high-grade ore sitting above the ore body that hasn't even been included in resource estimates. Mismatches between JORC estimates and likely mining grades are becoming increasingly evident.

Importantly all clarifications concerning what is shaping up to be a multi-billion dollar ore body beginning, with a substantial resource upgrade in May 2011, successful bulk mining trials in June 2011, recent commissioning of the crusher circuit that has demonstrated that native copper can be easily separated from primary ore, have practically removed all guesswork from the project. Moreover, recent successful drilling on a new discovery has reported grades multiples of the current resource, yet current studies that should result in a further lift in resources have been met by the CuDeco share price being sold down.

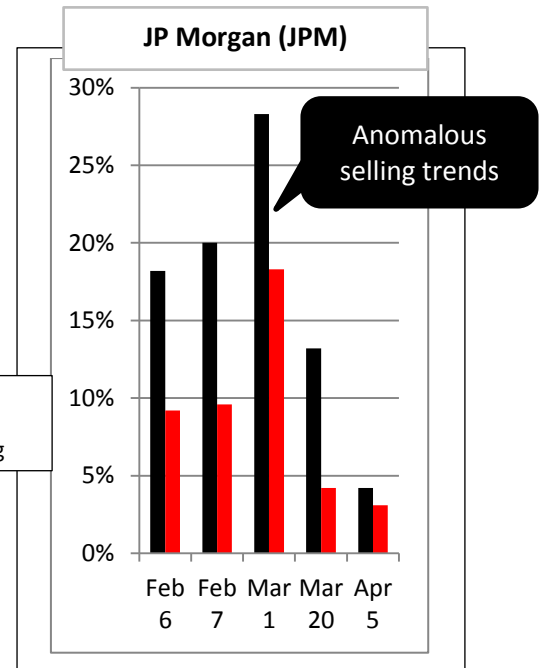
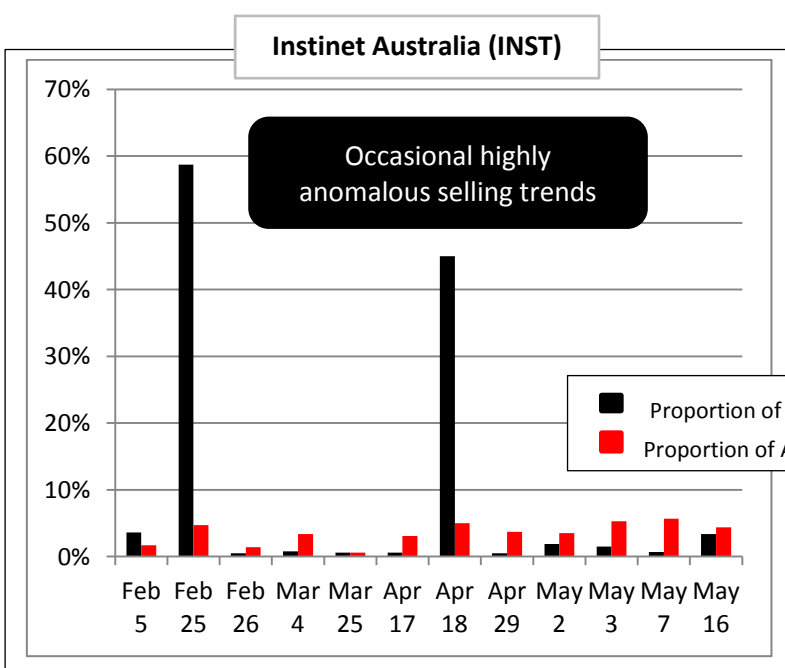
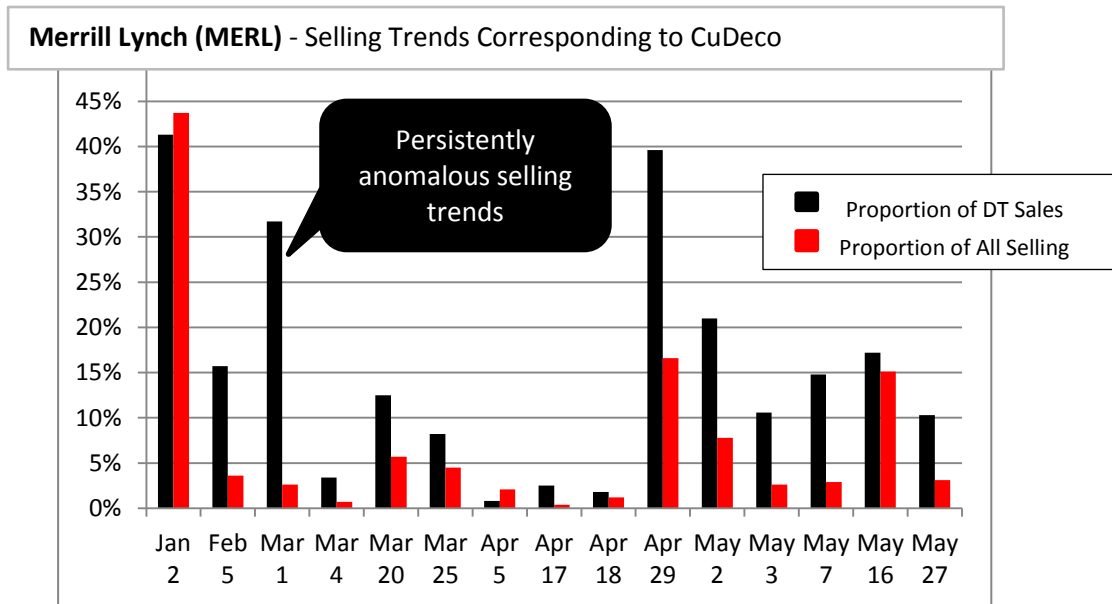
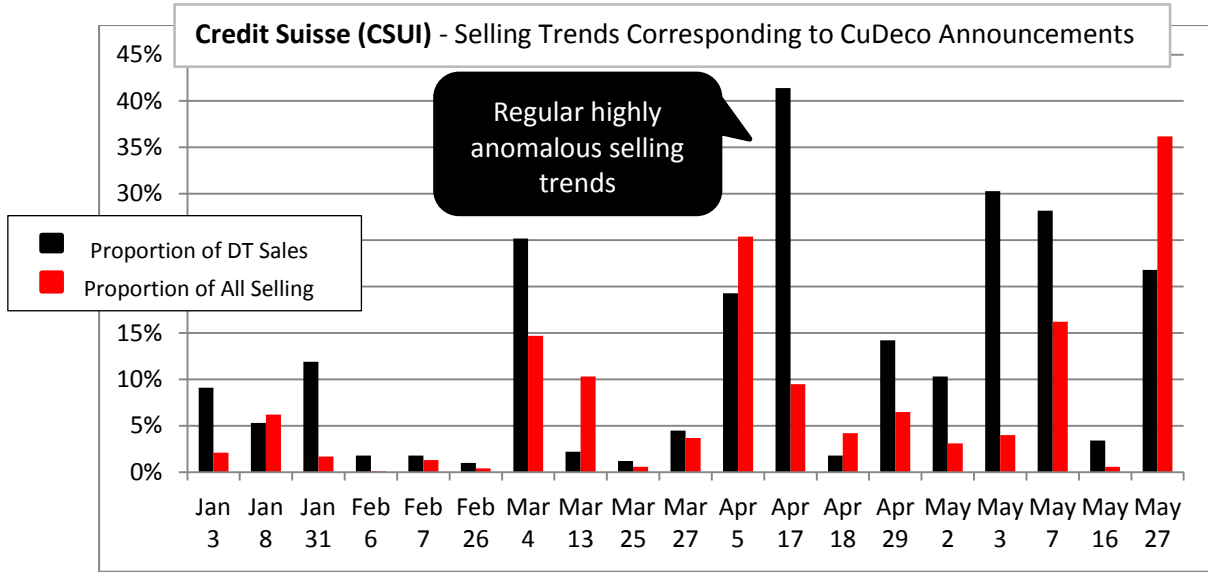
Importantly, the share price remains grossly undervalued currently because of manipulative trading behaviours, at a time when traditionally, share appreciation takes place as mine commissioning draws near.

**8.3.4.2 PROMINENT BROKERS IN TRADING ASSOCIATED WITH ANNOUNCEMENTS**

Brokers noted for anomalous trading on days corresponding to positive news being released to the market are included below. Trading anomalies feature Downtick trades by brokers far in excess of their selling profiles in the market. The anomalies strongly suggest share price manipulation in that brokers have consistently targeted lower prices rather than attempting to achieve the best returns for client sales.



8.3.4.2 PROMINENT BROKERS IN TRADING ASSOCIATED WITH ANNOUNCEMENTS cont'd



### 8.3.4.3 ROTATION OF ROLES AS PROMINENT BROKERS IN TRADING ACCOMPANYING CuDECO ANNOUNCEMENTS

Trading anomalies are brought further into focus by listing the prominent brokers regarding Downticks in response to announcements, particularly where there have been large discrepancies between levels of DTs by brokers and their levels of selling. The majority of days have featured trading that has targeted lower prices with brokers changing roles from one day to the next. The chart that follows in effect highlights activity that qualifies as being illegal, as the selling has not looked to maximize returns but instead has focussed on achieving lower prices.

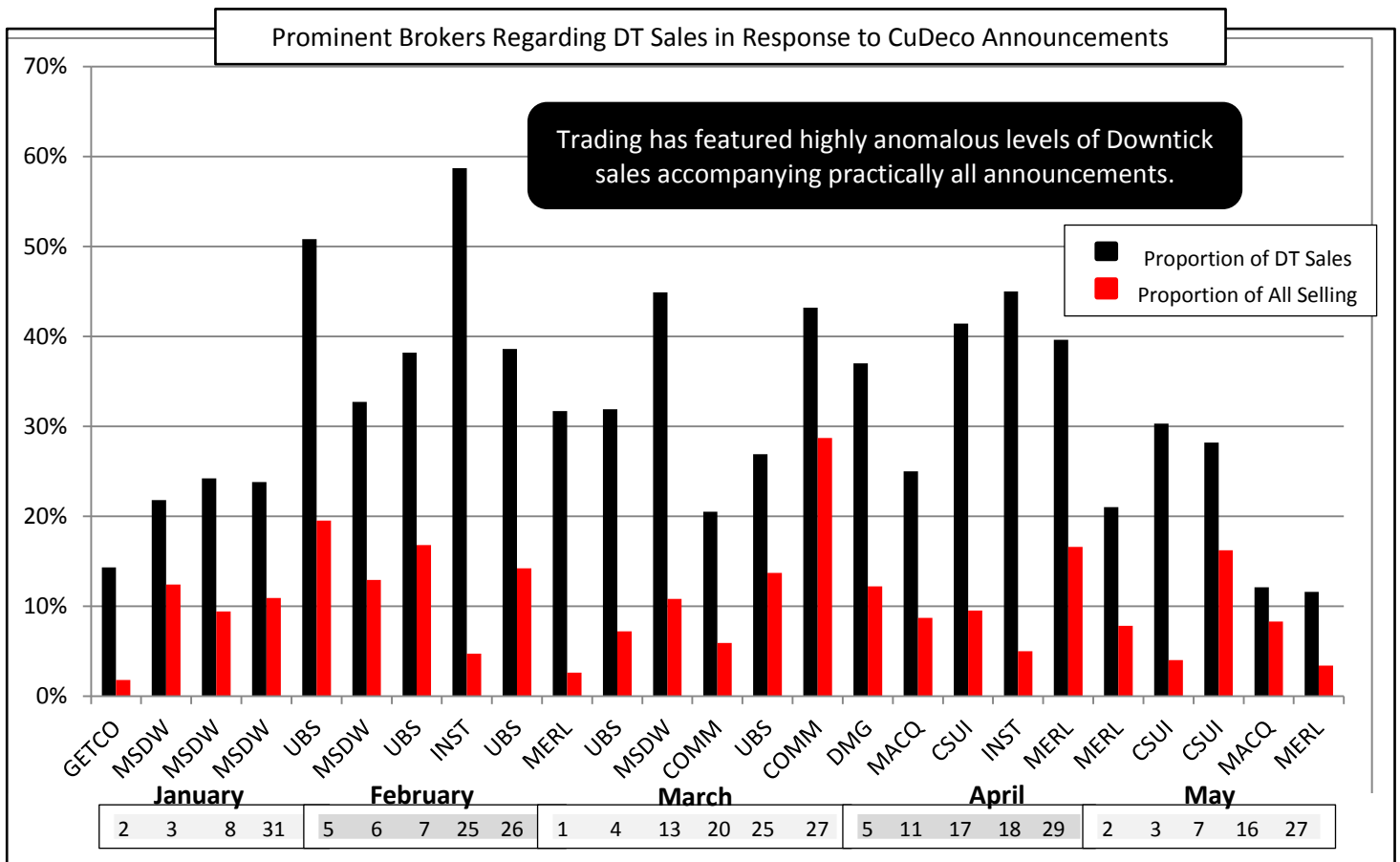
Day	Broker	DT%	%Sells
Jan-02	GETCO	14.3%	1.8%
Jan-03	MSDW	21.8%	12.4%
Jan-08	MSDW	24.2%	9.4%
Jan-31	MSDW	23.8%	10.9%
Feb-05	UBS	50.8%	19.5%
Feb-06	MSDW	32.7%	12.9%
Feb-07	UBS	38.2%	16.8%
Feb-25	INST	58.7%	4.7%
Feb-26	UBS	38.6%	14.2%
Mar-01	MERL	31.7%	2.6%
Mar-04	UBS	31.9%	7.2%
Mar-13	MSDW	44.9%	10.8%
Mar-20	COMM	20.5%	5.9%
Mar-25	UBS	26.9%	13.7%
Mar-27	COMM	43.2%	28.7%
Apr-05	DMG	37.0%	12.2%
Apr-11	MACQ	25.0%	8.7%
Apr-17	CSUI	41.4%	9.5%
Apr-18	INST	45.0%	5.0%
Apr-29	MERL	39.6%	16.6%
May-02	MERL	21.0%	7.8%
May-03	CSUI	30.3%	4.0%
May-07	CSUI	28.2%	16.2%
May-16	MACQ	12.1%	8.3%
May-27	MERL	11.6%	3.4%

Brokers who have had the most frequent impact in leading the way to lower prices following announcements, but with relatively small amounts of selling have been:

- Morgan Stanley (MSDW) - 5 times;
- UBS Securities (UBS) – 5 times;
- Merrill Lynch (MERL) – 4 times; and
- Credit Suisse (CSUI) – 3 times.

Brokers such as Instinet (INST), Macquarie (MACQ) and Commonwealth (COMM) have had a substantial, although less frequent, impact as well.

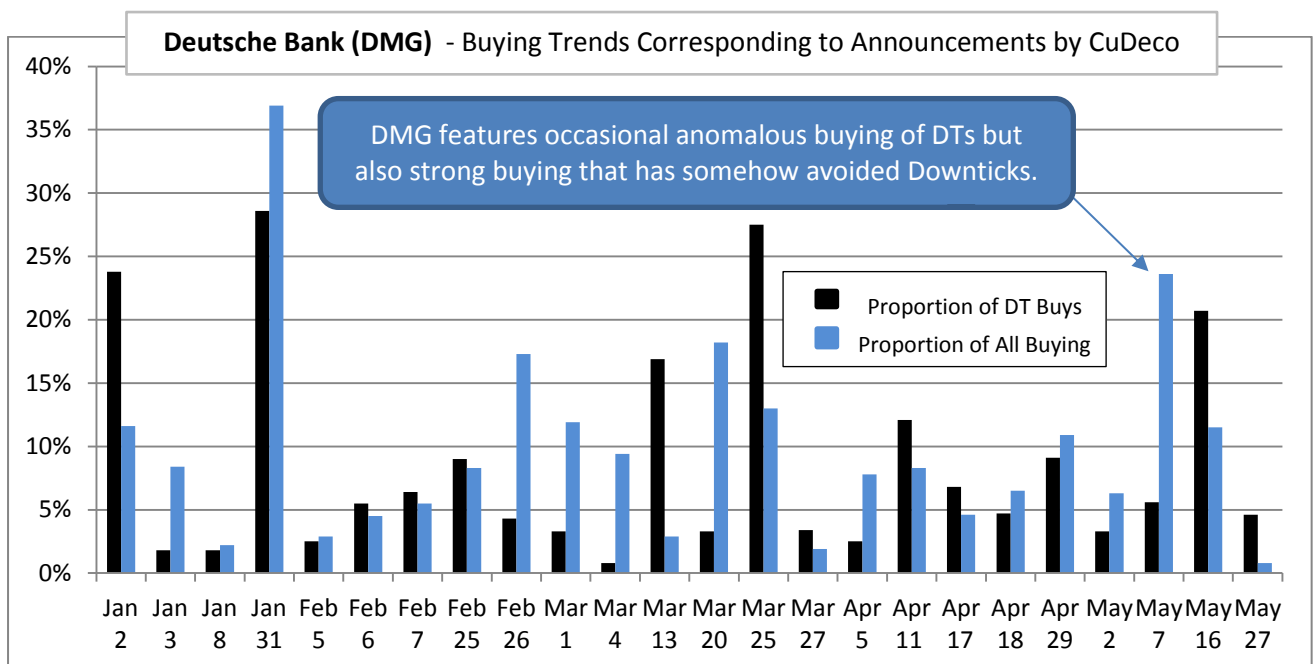
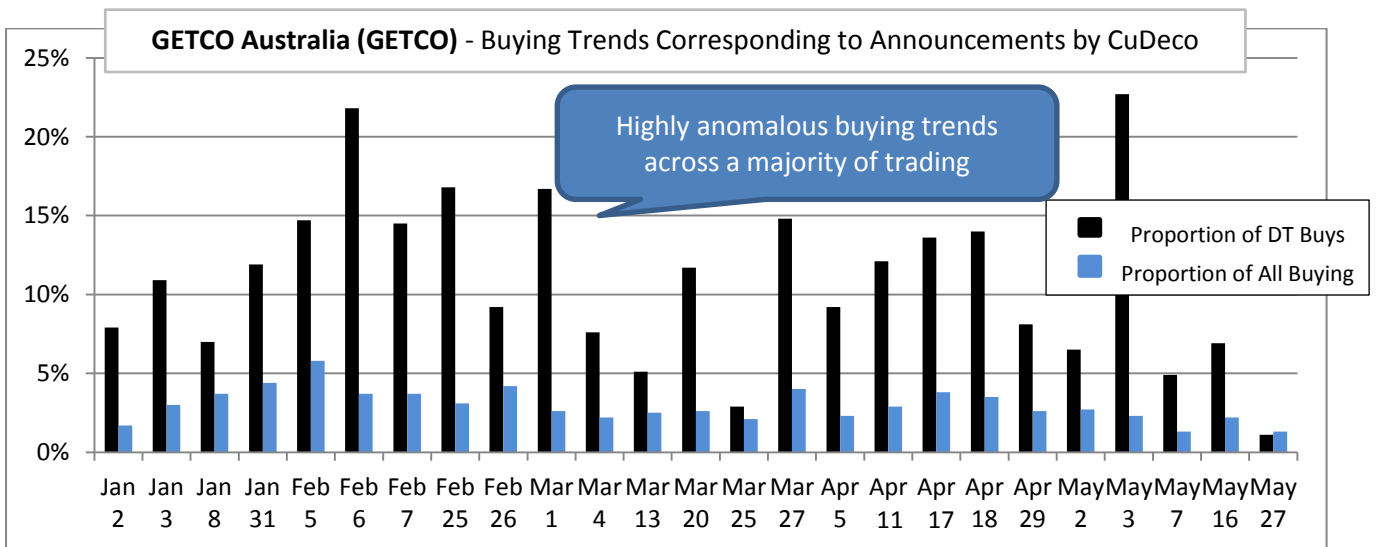
The continual rotation of roles in providing maximum impact to prices on the downside, but with limited selling, is unlikely to be a chance occurrence but rather, the result of high levels of co-ordination and co-operation by entities sharing manipulative trading agendas.



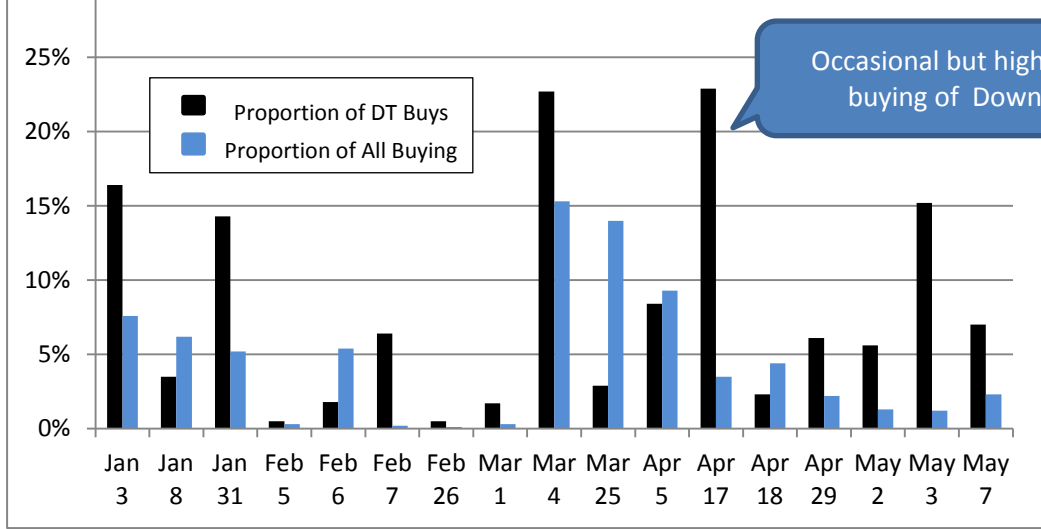
**8.3.4.4 BUYERS OF DOWNTICKS IN TRADING ASSOCIATED WITH CuDECO ANNOUNCEMENTS.**

Dubious trading involving sales that forced Downticks in response to CuDeco announcements has been widespread and provides a heads up regarding share price manipulation, but so too does the anomalous buying of Downticks by brokers. These trades represent the other side of manipulative selling and necessarily involve high levels of collusion between sellers and buyers. .

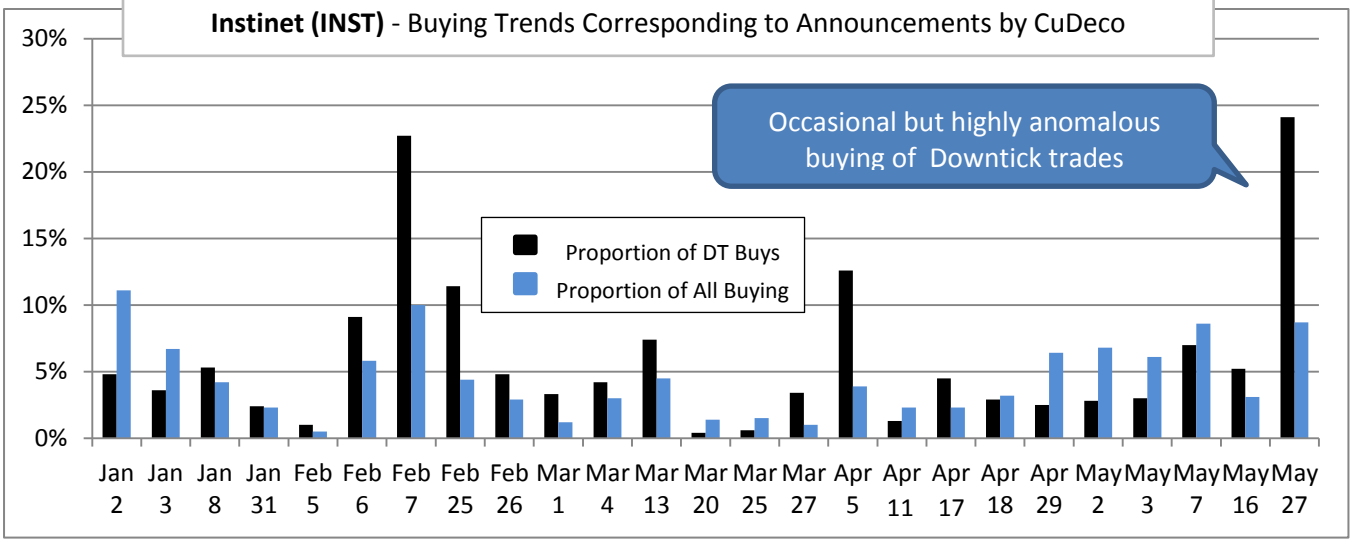
The charts feature prominent brokers regarding Downtick purchases where large numbers of Downticks sales have been captured despite limited buying profiles in the market. The trends suggest that the transactions of designated sellers of Downticks have been directed by algorithms to preferred buyers. The situation demonstrates an artificial market, high levels of control over prices and widespread collusion as the trends are not isolated cases. It also shows the result of trading concessions granted to sophisticated investors with access to superior technology, especially when combined with relaxed supervision and regulation that tolerates manipulative behaviours. The result can be constricting to companies striving to build new enterprises or grow their businesses as chronically undervalued share prices make it difficult to raise funding without massive dilution to company registers. It also destroys market integrity.



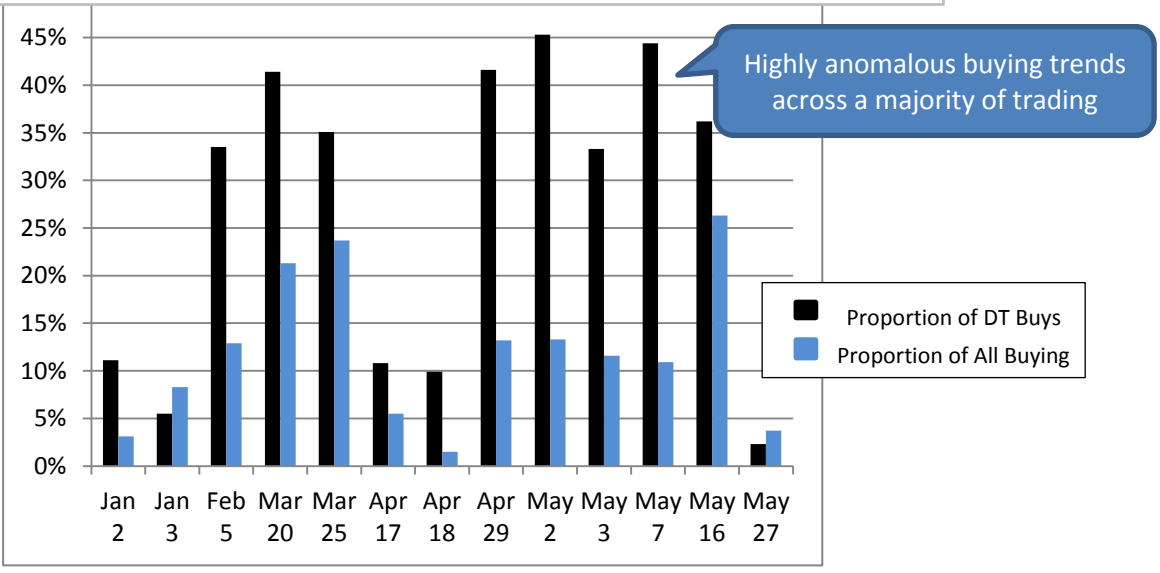
**Credit Suisse (CSUI) - Buying Trends Corresponding to Announcements by CuDeco**



**Instinet (INST) - Buying Trends Corresponding to Announcements by CuDeco**



**Merrill Lynch (MERL) - Buying Trends Corresponding to Announcements by CuDeco**



**8.3.4.5 ROTATION OF PROMINENT ROLES AS BUYERS OF DOWNTICK TRANSACTIONS**

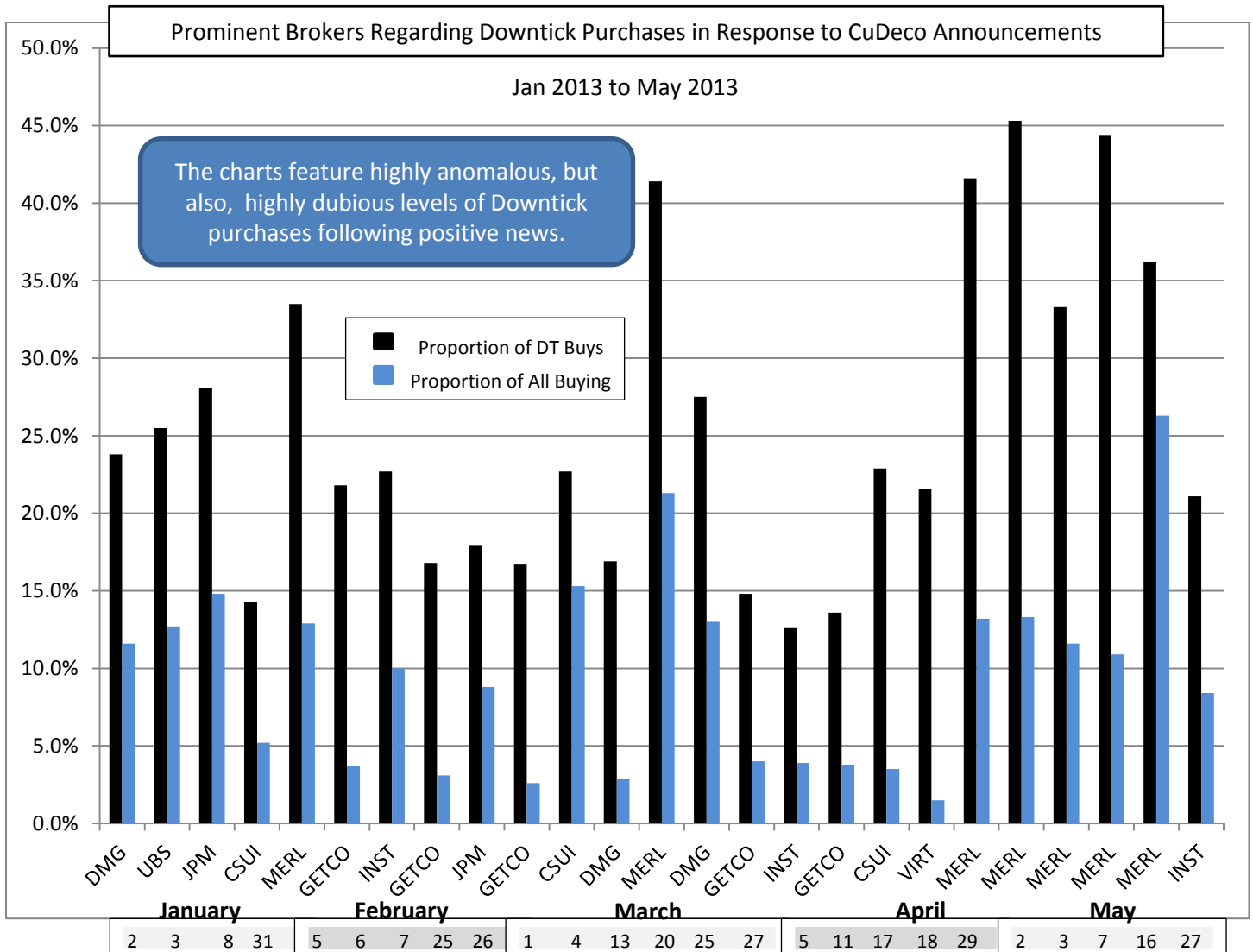
Day	Broker	DT%	%Sells
Jan 2	DMG	23.8%	11.6%
Jan 3	UBS	25.5%	12.7%
Jan 8	JPM	28.1%	14.8%
Jan 31	CSUI	14.3%	5.2%
Feb 5	MERL	33.5%	12.9%
Feb 6	GETCO	21.8%	3.7%
Feb 7	INST	22.7%	10.0%
Feb 25	GETCO	16.8%	3.1%
Feb 26	JPM	17.9%	8.8%
Mar 1	GETCO	16.7%	2.6%
Mar 4	CSUI	22.7%	15.3%
Mar 13	DMG	16.9%	2.9%
Mar 20	MERL	41.4%	21.3%
Mar 25	DMG	27.5%	13.0%
Mar 27	GETCO	14.8%	4.0%
Apr 5	INST	12.6%	3.9%
Apr 11	GETCO	13.6%	3.8%
Apr 17	CSUI	22.9%	3.5%
Apr 18	VIRT	21.6%	1.5%
Apr 29	MERL	41.6%	13.2%
May 2	MERL	45.3%	13.3%
May 3	MERL	33.3%	11.6%
May 7	MERL	44.4%	10.9%
May 16	MERL	36.2%	26.3%
May 27	INST	21.1%	8.4%

The chart summarizes anomalous levels of buying associated with announcements. The brokers featured all managed to secure large numbers of Downtick purchases far in excess of their buying profiles in the market.

The data shows a small group regularly featuring in dubious purchase transactions with a rotation of roles as prominent brokers across all announcements.

The overwhelming trend is one of manipulative selling (refer Chart 8.3.4.3) through large numbers of Downtick trades that were accompanied by the ‘fortuitous’ buying of those trades (as below) in patterns that suggest high levels of collusion.

The trading represents large volumes of transactions (but small volumes of shares) that have supported the fixing of artificial prices in response to promising news released by the Company.



### **Section 8.3.5**

## **DAILY TRADING TRENDS ACCOMPANYING CuDECO ANNOUNCEMENTS**

January 2013 to May 2013

In the analysis that follows, the trends summarized in the previous Section are reviewed on a day-by-day basis. Daily trading data in response to announcements is seen to consistently contain patterns that strongly identify with share price manipulation rather than genuine trading. The overall result has been an unresponsive share price despite overwhelmingly positive news released by the company throughout 2013.



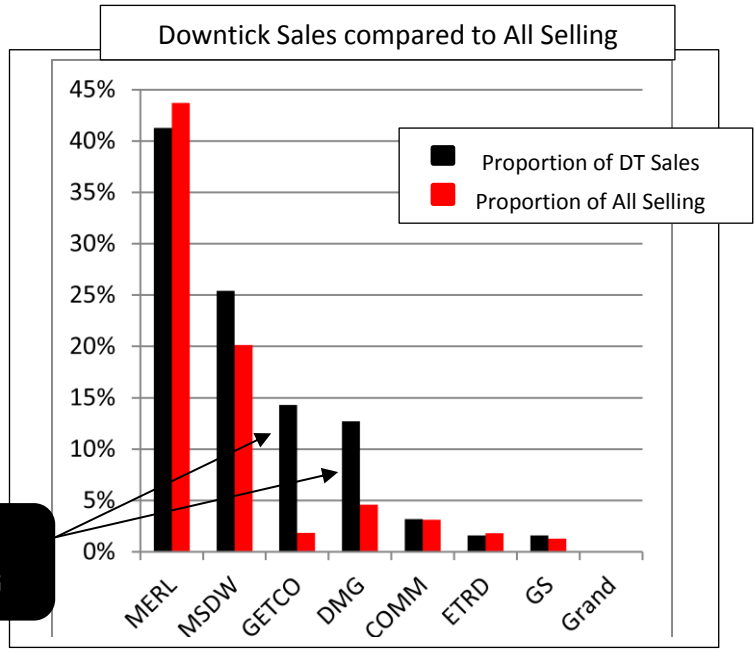
**8.3.5.1 TRADING ON ANNOUNCEMENT DAYS – CASE 1**

**Title:** Pictorial Update

Date	Chart Data	Price Action
Jan 2, 2013	Same Day	+\$0.01

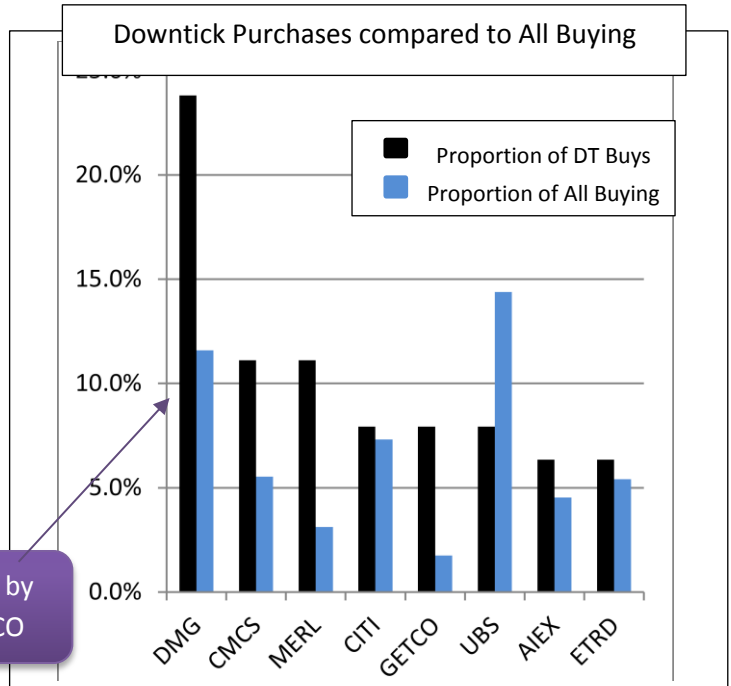
Leading 8 Brokers:

Involvement	DT%	All Sells %
Sellers of DTs	100.0%	76.5%
Buyers of DTs	82.5%	53.6%



**Anomalous levels of DT sales by GETCO and DMG**

**COMMENT:**  
 A project update by the Company was met by selling by institutional brokers MERL & MSDW while buying was supplied by institutional brokers UBS, DMG & CITI. Trading was extremely light with only 74,000 shares trading. COMM was noticeably absent. Its market share over all trading was only 1.6%.  
 Getco and DMG tended to target downward movements in price while trading algorithms surprisingly delivered to DMG a majority of Downtick purchases, in preference to UBS who had the largest share of all buying.



**Highly anomalous levels of DT buys by DMG. Also by MERL, CMCS & GETCO**

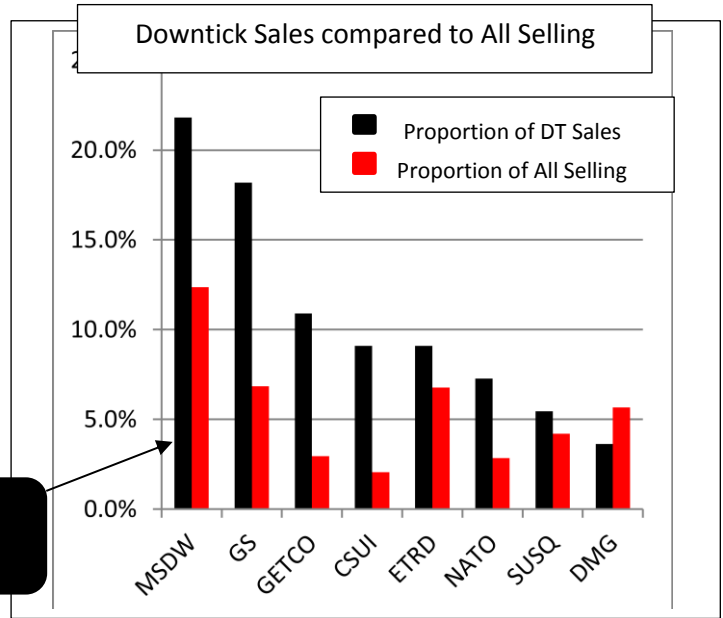
**TRADING ON ANNOUNCEMENT DAYS – CASE 2**

**Title:** Major Geophysics Targets Identified on New Lease

Date	Chart Data	Price Action
Jan 3, 2013	Same Day	+\$0.15

Leading 8 Brokers:

Involvement	DT%	All Sells %
Sellers of DTs	85.5%	43.7%
Buyers of DTs	54.5%	59.2%



**Highly anomalous DT sales by MSDW, GS, GETCO & CSUI.**

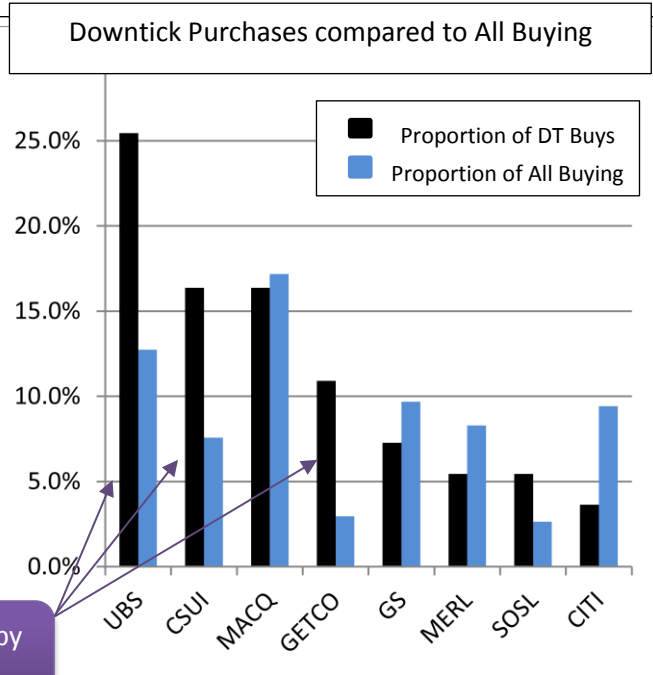
**TRADING ON ANNOUNCEMENT DAYS – CASE 2 cont'd**

**COMMENT:**

The announcement was quite significant as an entirely separate lease to Rocklands was showing geophysical anomalies very similar to those at Rocklands, which resulted in the Las Mineral discovery. Yet MSDW as well as other institutional brokers, sold into the announcement in light trading while institutional brokers UBS, CSUI and MACQ took the other side of the trades.

GS, GETCO & CSUI targeted lower prices through DT trades although curiously, UBS picked up a majority of the DT selling even though MACQ was the largest buyer. Again preferential (and possibly manipulative) trading by algorithms would have been responsible for the unusual results.

Anomalous levels of DT buys by UBS, CSUI & GETCO



**TRADING ON ANNOUNCEMENT DAYS – CASE 3**

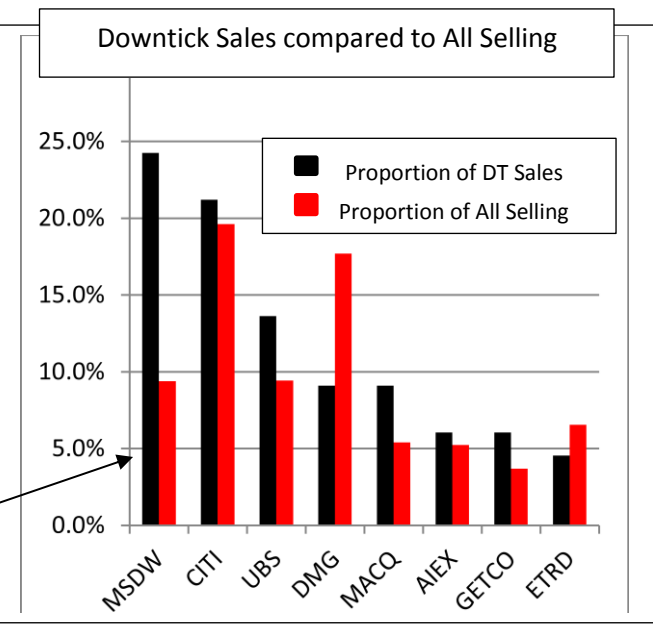
**Title:** Diamond Drilling Begins at Rocklands South

Date	Chart Data	Price Action
Jan 8, 2013	Same Day	-\$0.09

**Leading 8 Brokers:**

Involvement	DT%	All Sells %
Sellers of DTs	93.9%	77.0%
Buyers of DTs	87.9%	69.9%

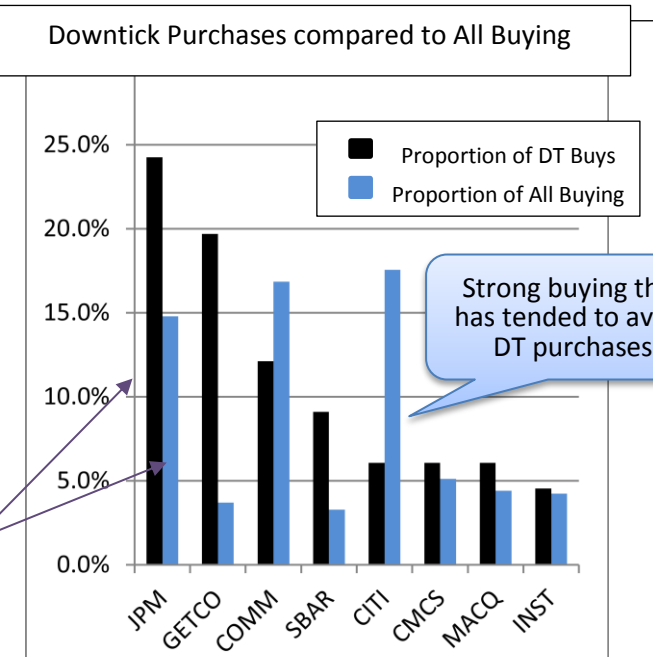
Highly anomalous DT sales by MSDW



**COMMENT:**

Institutions opposed another promising announcement by churning stock between themselves. MSDW's selling of DT trades and GETCO's buying of DT sales were both extremely anomalous. CITI's trading exemplifies the non-genuine nature of trading whereby 92% of its sell orders averaged fewer than 93 shares in size and despite access to buying and selling, only 22% of its sales were crossings.

Highly anomalous levels of DT purchases by JPM, GETCO & SBAR



Strong buying that has tended to avoid DT purchases

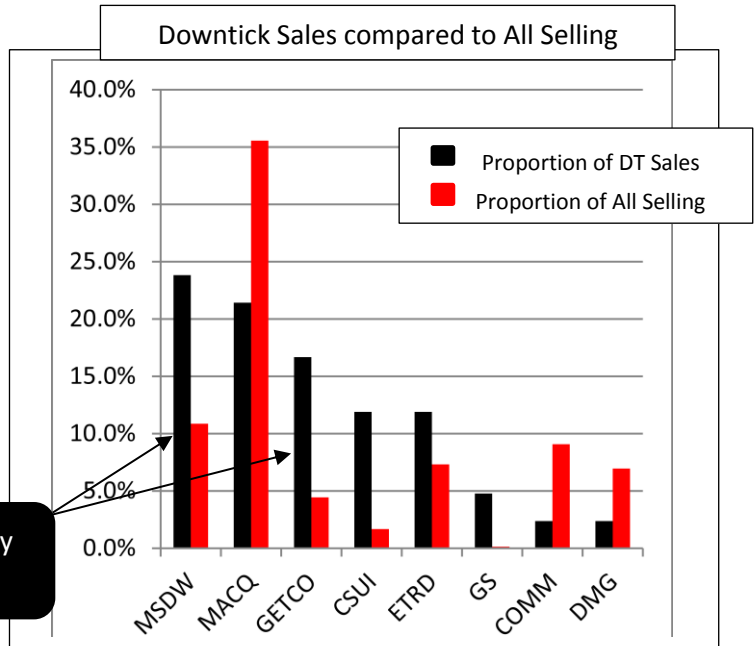
**TRADING ON ANNOUNCEMENT DAYS – CASE 4**

**Title:** Quarterly Report

Date	Chart Data	Price Action
Jan 31, 2010	Same Day	-\$0.07

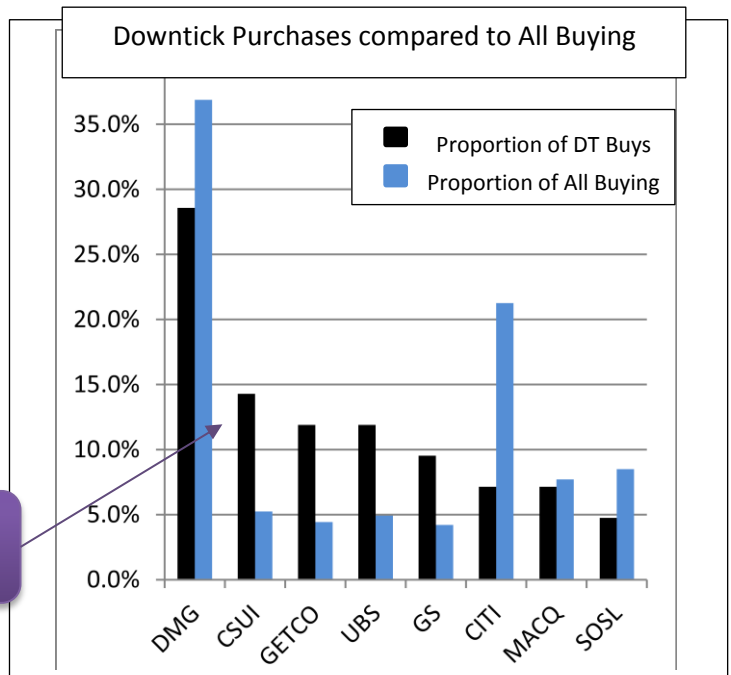
Leading 8 Brokers:

Involvement	DT%	All Sells %
Sellers of DTs	95.2%	76.0%
Buyers of DTs	95.2%	93.2%



Anomalous levels of DT sales by MSDW, GETCO, CSUI and GS.

**COMMENT:**  
 Institutional brokers again churned stock lower between themselves following a solid Quarterly Report. Volumes were extremely light with only 68,258 shares traded.  
 The low volumes limit the conclusions that can be drawn regarding trading which showed MACQ & MSDW as leading sellers while DMG & CITI were leading buyers. DT trades were again mostly back and forth between institutional brokers.



Anomalous levels of DT buys by CSUI, GETCO, UBS and GS.

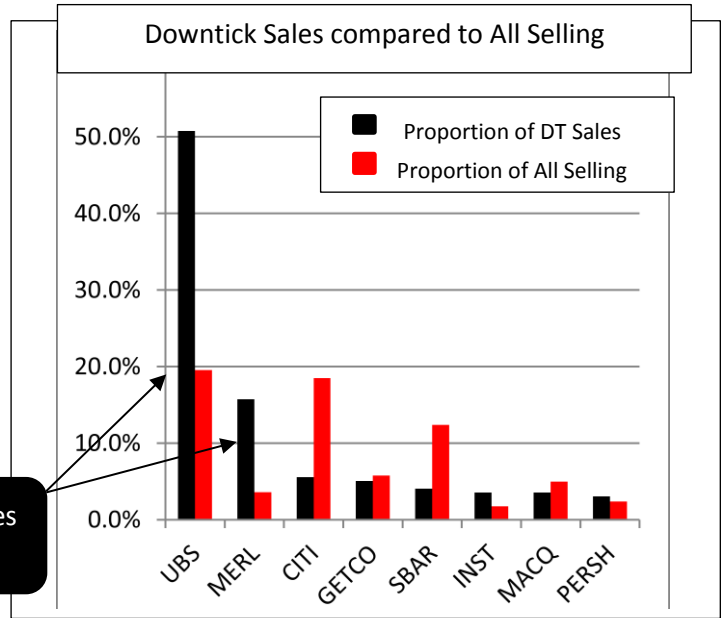
**TRADING ON ANNOUNCEMENT DAYS – CASE 5**

**Title:** Rocklands Update 83m @ 4.69% Cu equiv.

Date	Chart Data	Price Action
Feb 5, 2013	Same Day	-\$0.02

Leading 8 Brokers:

Involvement	DT%	All Sells %
Sellers of DTs	91.4%	68.9%
Buyers of DTs	94.9%	88.6%



Highly anomalous DT sales by UBS and MERL

**TRADING ON ANNOUNCEMENT DAYS – CASE 5 cont'd**

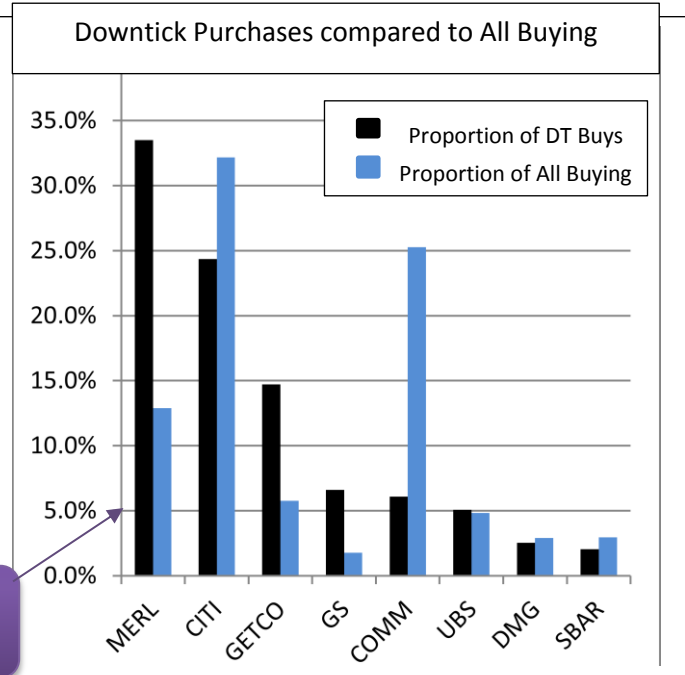
**COMMENT:**

A very successful drill intercept was met by selling by UBS, CITI and SBAR and buying by CITI, COMM and MERL. Highly anomalous levels of DT transactions were associated with UBS & MERL as sellers and by MERL & GETCO as buyers.

The institutional reaction to good news followed the reaction to all promising announcements. i.e., the supplying of churn trades that restricted price increases.

The share price fell 2 cents in response to promising news that may lead to increased resources.

Anomalous levels of DT buys by MERL & GETCO



**TRADING ON ANNOUNCEMENT DAYS – CASE 6**

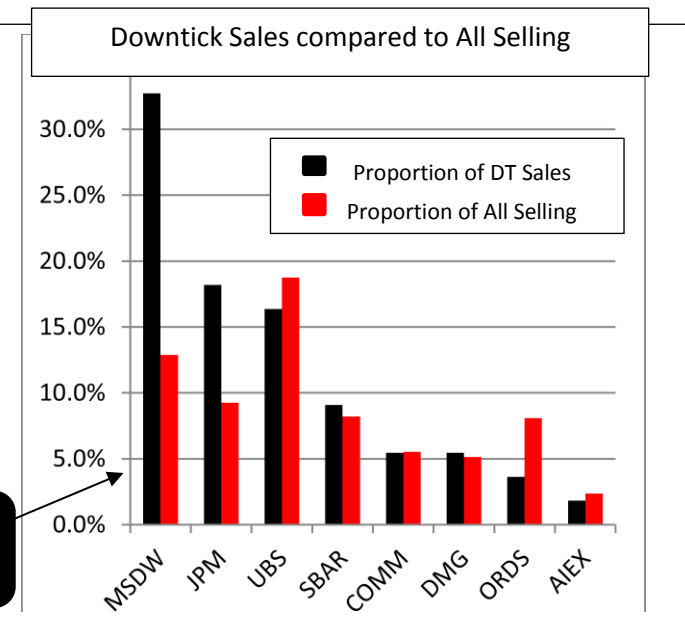
**Title:** Rocklands Update 83m @ 4.69% Cu equiv.

Date	Chart Data	Price Action
Feb 6, 2013	Day After	-\$0.05

Leading 8 Brokers:

Involvement	DT%	All Sells %
Sellers of DTs	92.7%	70.2%
Buyers of DTs	90.9%	73.4%

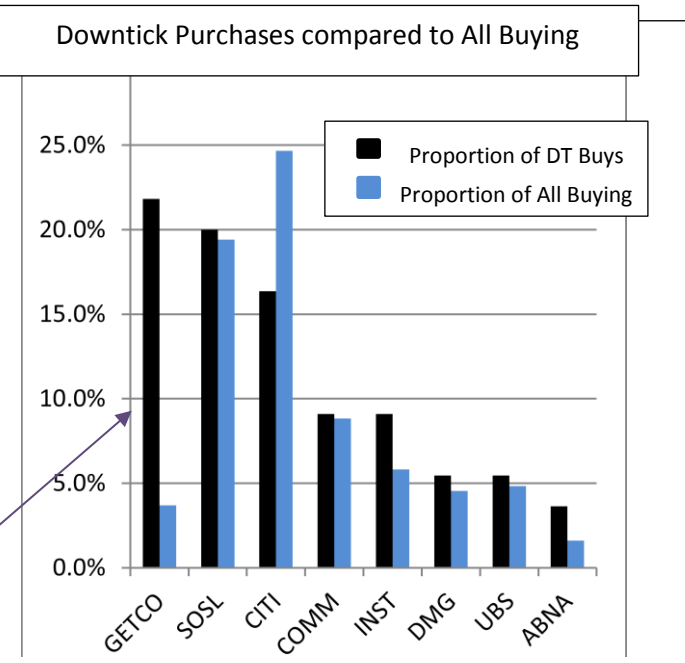
Highly anomalous DT sales by MSDW & JPM



**COMMENT:**

The day following promising exploration success, prices were lowered another 5 cents by institutions again trading back and forth between themselves. MSDW, JPM, UBS & SBAR were prominent sellers, while CITI and SOSL were the leading buyers. The Downtick trades by MSDW as a seller and GETCO as a buyer were highly anomalous.

Highly anomalous levels of DT buys by GETCO



**TRADING ON ANNOUNCEMENT DAYS – CASE 7**

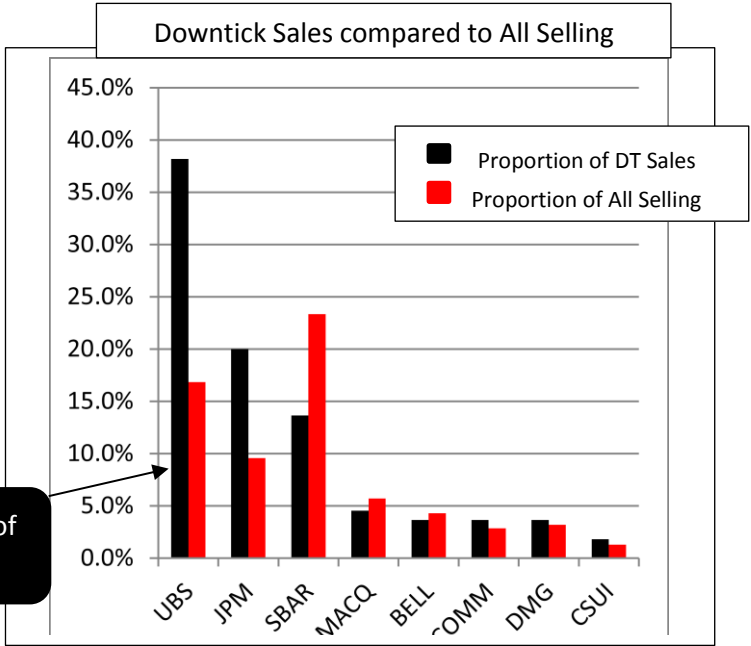
**Title:** Sinosteel receives FIRB Approval

Date	Chart Data	Price Action
Feb 7, 2013	Same Day	-\$0.12

Leading 8 Brokers:

Involvement	DT%	All Sells %
Sellers of DTs	89.1%	67.1%
Buyers of DTs	82.7%	47.7%

Highly anomalous levels of DT sales by UBS & JPM

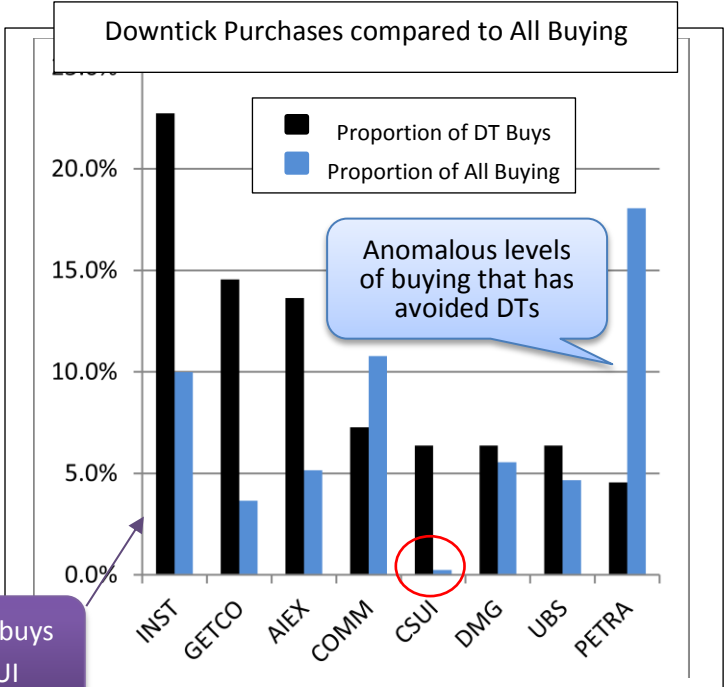


**COMMENT:**  
 UBS seized upon an announcement by Sinosteel gaining FIRB approval to take up shares in CDU to aggressively sell shares, particularly through DT trades. Institutional selling also occurred by SBAR and JPM. The selling made no logical sense as the Sinosteel announcement was a large vote of confidence in the project.

On the opposing side of selling were institutional purchases by PETRA, INST and COMM. Petra Capital was the leading buyer with 18.5% of all buying yet only managed to pick up 4.5% of DT sales. It further highlights the selective order execution capability of algorithms. Instinet and Getco were obviously the preferred buyers for DT transactions.

Credit Suisse's buying is highly dubious.

Highly anomalous levels of DT buys by INST, GETCO, AIEX & CSUI



**TRADING ON ANNOUNCEMENT DAYS – CASE 8**

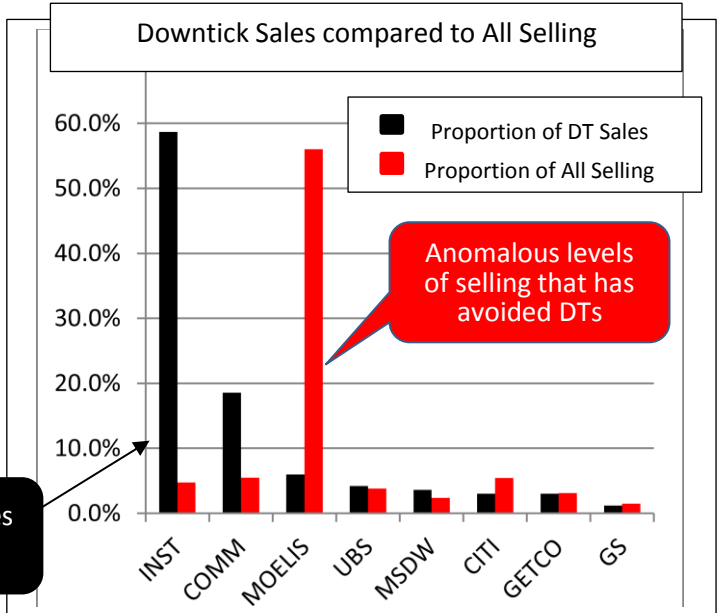
**Title:** Cu Grade & Width increasing at Depth

Date	Chart Data	Price Action
Feb 25, 2013	Same Day	-\$0.04

Leading 8 Brokers:

Involvement	DT%	All Sells %
Sellers of DTs	98.2%	82.5%
Buyers of DTs	87.4%	48.7%

Highly anomalous DT sales by INST and COM



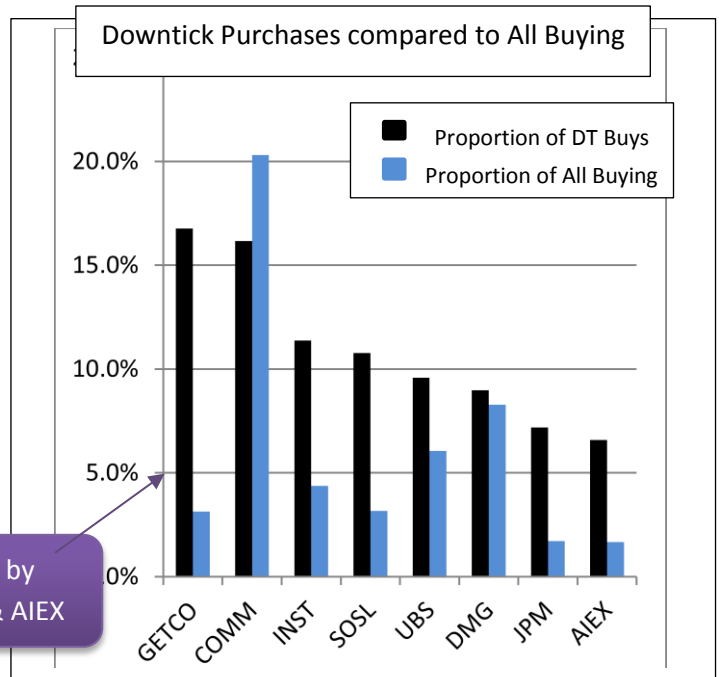
**TRADING ON ANNOUNCEMENT DAYS – CASE 8 cont'd**

**COMMENT:**

Encouragement with drilling success is hardly a development that should warrant a strong attempt to sell down the share price as was launched by Moelis Securities.

Concerted selling by Moelis helped to drop the share price by 4 cents but curiously, their strong selling which amounted to 56% of all sales, only accounted for 6% of Downticks in price. Adding further suspicion to trading was that Instinet (INST) recorded nearly 60% of all Downticks with less than 5% of selling volumes. The situation requires a thorough investigation along with the anomalism evident in Downtick purchases.

Anomalous levels of DT buys by GETCO, INST, SOSL, UBS, JPM & AIEX



**TRADING ON ANNOUNCEMENT DAYS – CASE 9**

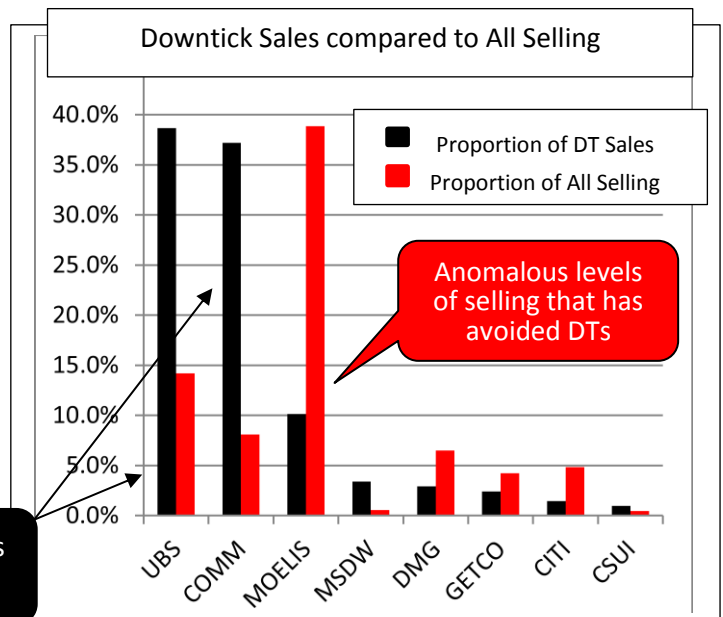
**Title:** Director Buying

Date	Chart Data	Price Action
Feb 26, 2013	Same Day	-\$0.13

**Leading 8 Brokers:**

Involvement	DT%	All Sells %
Sellers of DTs	97.1%	77.6%
Buyers of DTs	89.4%	70.9%

Highly anomalous DT sales by UBS and COMM

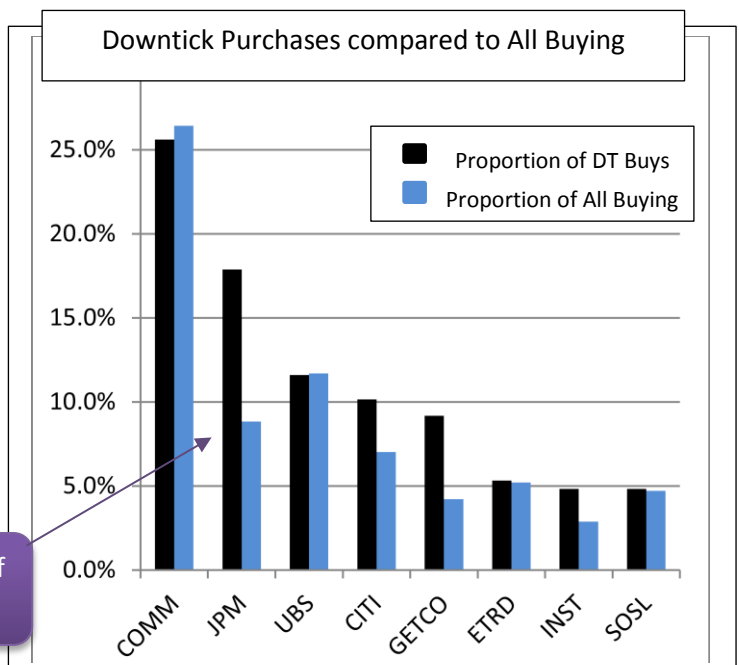


Anomalous levels of selling that has avoided DTs

**COMMENT:**

Directors buying shares on-market is usually regarded as a positive event, yet Moelis continued their selling foray supported by UBS, DMG & CITI. Again MOELIS' dominant selling was able to avoid DTs in price but was still associated with a fall of 13 cents. The fall in price was aided by DT sales by UBS & COMM, but at the same time there was strong buying of DT trades by COMM and JPM. Again the market appears artificial through the use of trading algorithms designed to pressure the share price with trades between colluding sellers and buyers.

Highly anomalous levels of DT buys by JPM



**TRADING ON ANNOUNCEMENT DAYS – CASE 10**

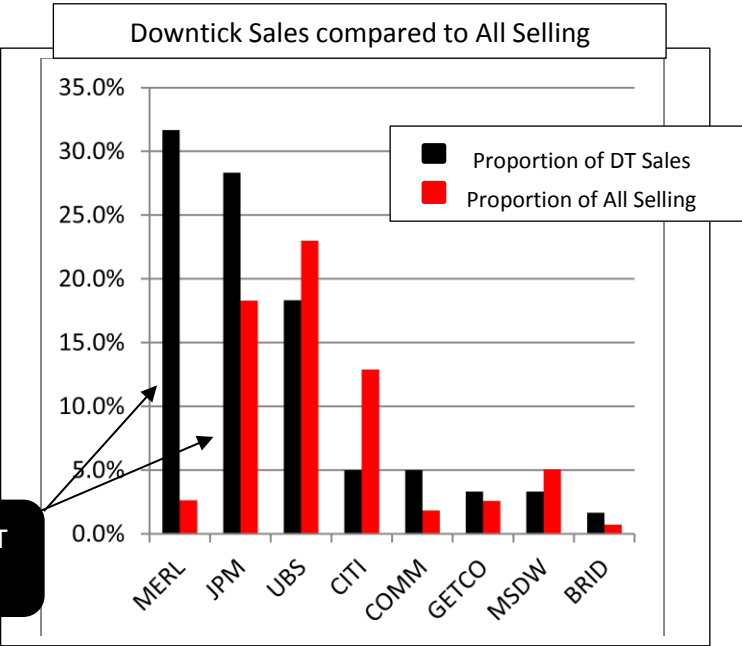
**Title:** Becoming a Substantial Holder- Sinosteel

Date	Chart Data	Price Action
Mar 1, 2013	Same Day	-\$0.11

Leading 8 Brokers:

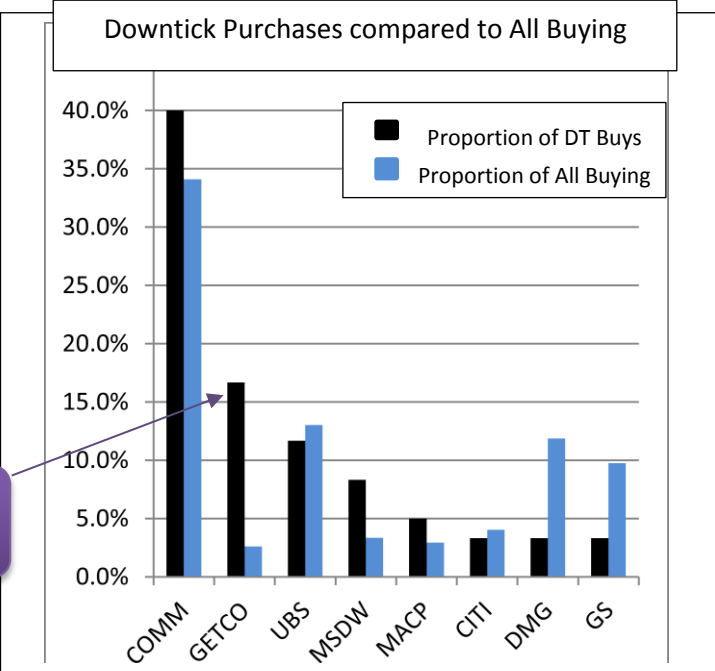
Involvement	DT%	All Sells %
Sellers of DTs	96.7%	67.1%
Buyers of DTs	91.7%	81.6%

Highly anomalous levels of DT sales by MERL. Also JPM



**COMMENT:**  
 Sinosteel becoming a major shareholder was seized upon by UBS, JPM, CITI and MSDW to sell down the share price. Highly anomalous DT pressure was provided by MERL leading to an 11 cent fall. The selling was met by buying from COMM, UBS, DMG and GS again suggesting that institutions were simply churning shares to drop the share price. GETCO's share of DT purchases is also highly dubious.

Highly anomalous levels of DT buys by GETCO



**TRADING ON ANNOUNCEMENT DAYS – CASE 11**

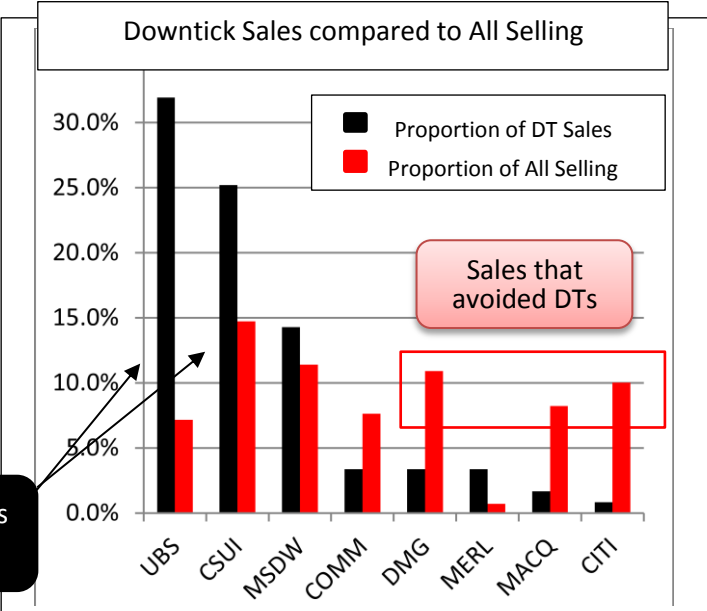
**Title:** Rocklands Development Update

Date	Chart Data	Price Action
Mar 4, 2013	Same Day	-\$0.16

Leading 8 Brokers:

Involvement	DT%	All Sells %
Sellers of DTs	87.4%	60.9%
Buyers of DTs	92.4%	65.5%

Highly anomalous DT sales by UBS and CSUI.





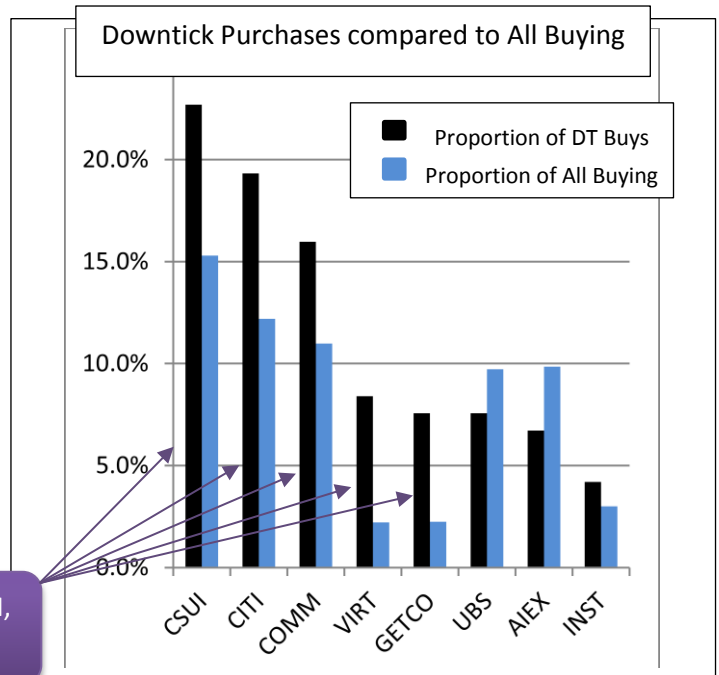
**TRADING ON ANNOUNCEMENT DAYS – CASE 11 cont'd**

**COMMENT:**

Dubious trading behaviours are again highlighted by the selling down of another positive announcement heralding Company progress. Solid selling by CITI (10% of all sales) only resulted in 0.8% of Downticks, yet 7.2% of all selling by UBS was responsible for almost 32% of Downticks in price. The situation in regard to UBS again contradicts the High Court clarification about what constitutes genuine selling.

The anomalies associated with buying also suggest a market that is largely artificial as 5 institutional brokers were favoured by trading algorithms that resulting in anomalous levels of DT purchases in each case.

Anomalous levels of DT buys by CSUI, CITI, COMM, VIRT and GETCO



**TRADING ON ANNOUNCEMENT DAYS – CASE 12**

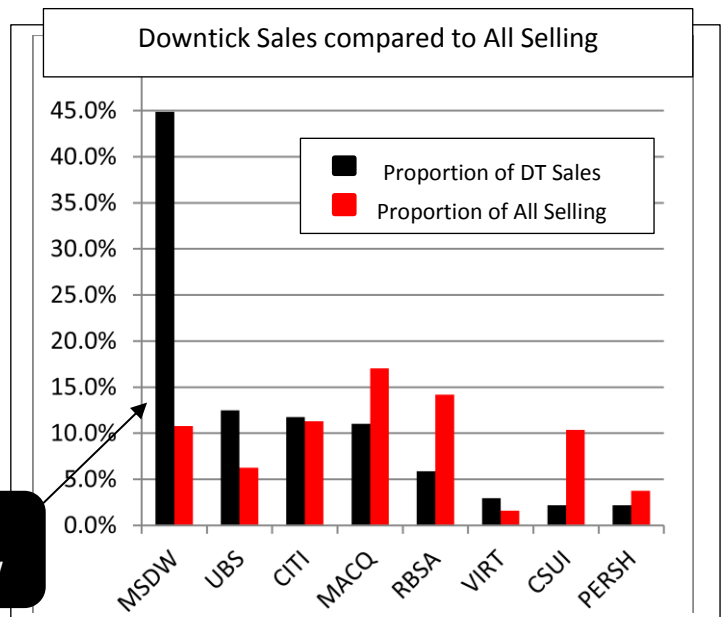
**Title:** Potential Upgrade with High-Grade Copper

Date	Chart Data	Price Action
Mar 13, 2013	Same Day	-\$0.14

**Leading 8 Brokers:**

Involvement	DT%	All Sells %
Sellers of DTs	93.4%	75.2%
Buyers of DTs	80.9%	47.7%

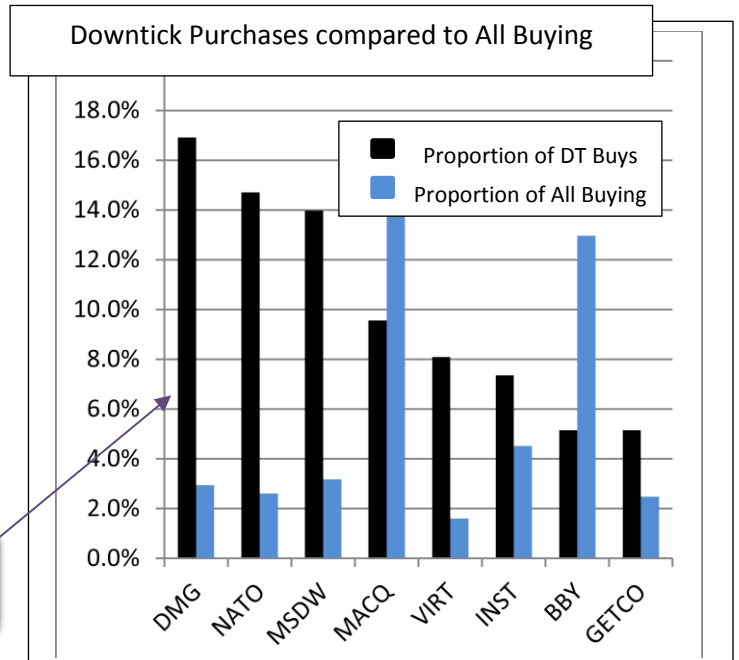
Highly anomalous DT sales by MSDW



**COMMENT:**

A letter to shareholders advising of a potential resource upgrade following success with new drilling was met by strong selling that forced a share price fall of 14 cents. The selling provided by institutional brokers MACQ, CSUI, CITI and RBS in response to good news, made no logical sense. The selling was accommodated by MACQ and BBY, both also likely to be acting for institutions. Highly anomalous DT selling by MSDW was matched by equally anomalous DT buying by DMG, NATO and MSDW. The selling by MSDW in particular, again contrasts with directions provided by the High Court regarding what constitutes genuine selling.

Highly anomalous levels of DT buys by DMG, NATO, MSDW and VIRT





**TRADING ON ANNOUNCEMENT DAYS – CASE 13**

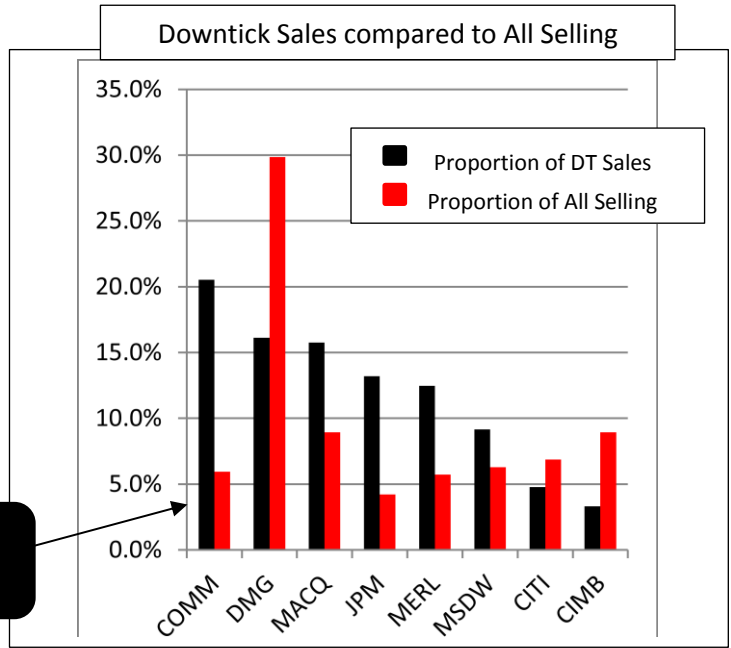
**Title: High-Grade Ore above Native Copper**

Date	Chart Data	Price Action
Mar 20, 2013	Same Day	-\$0.14

Leading 8 Brokers:

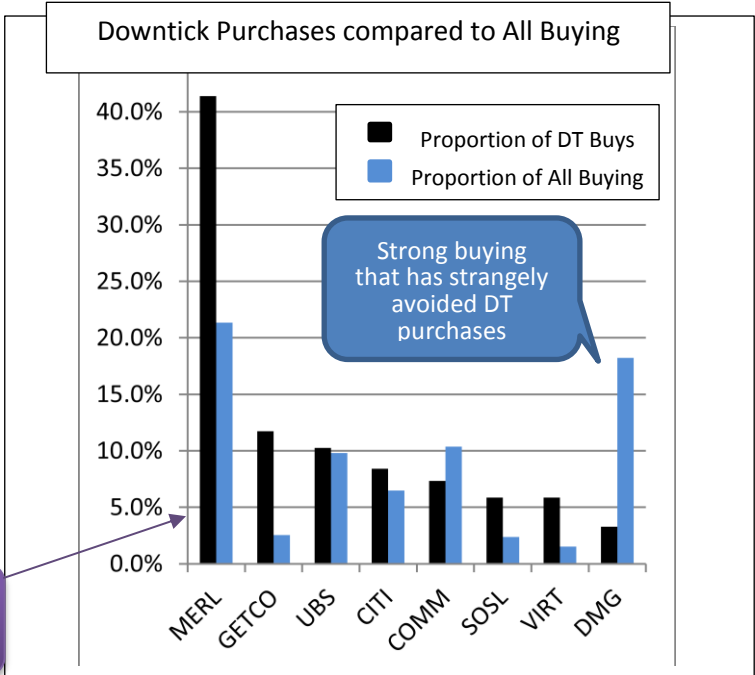
Involvement	DT%	All Sells %
Sellers of DTs	95.2%	76.8%
Buyers of DTs	94.1%	72.7%

Anomalous levels DT by sales by  
 COMM, MACQ, JPM & MERL



**COMMENT:**  
 An announcement that advised of additional resources insitu at Rocklands to that assessed by consultants in resource estimations was met by selling by DMG and other institutional brokers including MACQ, MSDW and CITI. Confusion about resources has been a legacy of JORC estimates that are unable to reliably account for high-grade resources, which happen to be a distinguishing feature of mineralization at Rocklands. The selling suggests more about the strategies being used by corporate interests rather than genuine disappointment about being informed about additional resources at Rocklands; strategies that are likely to be manipulative.

Highly anomalous levels of  
 DT buys by MERL & GETCO



**TRADING ON ANNOUNCEMENT DAYS – CASE 14**

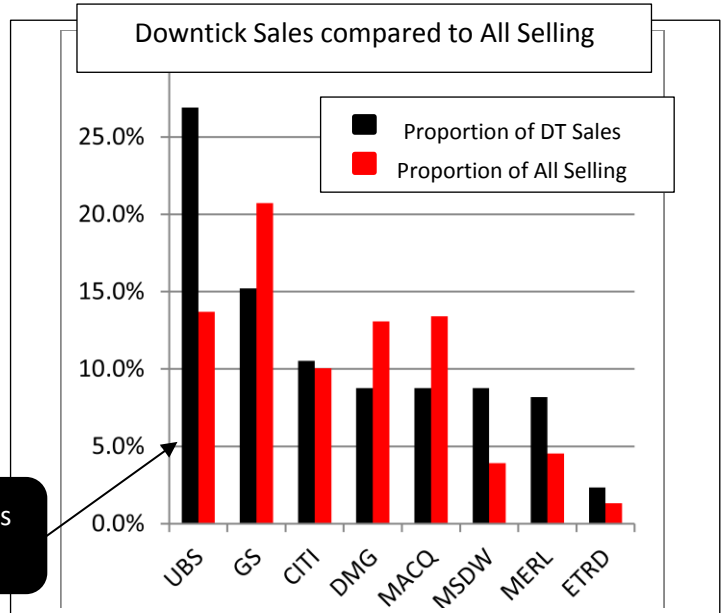
**Title: Change of Directors Interest**

Date	Chart Data	Price Action
Mar 25, 2013	Same Day	-\$0.05

Leading 8 Brokers:

Involvement	DT%	All Sells %
Sellers of DTs	89.5%	80.7%
Buyers of DTs	97.1%	87.4%

Highly anomalous  
 DT sales by UBS

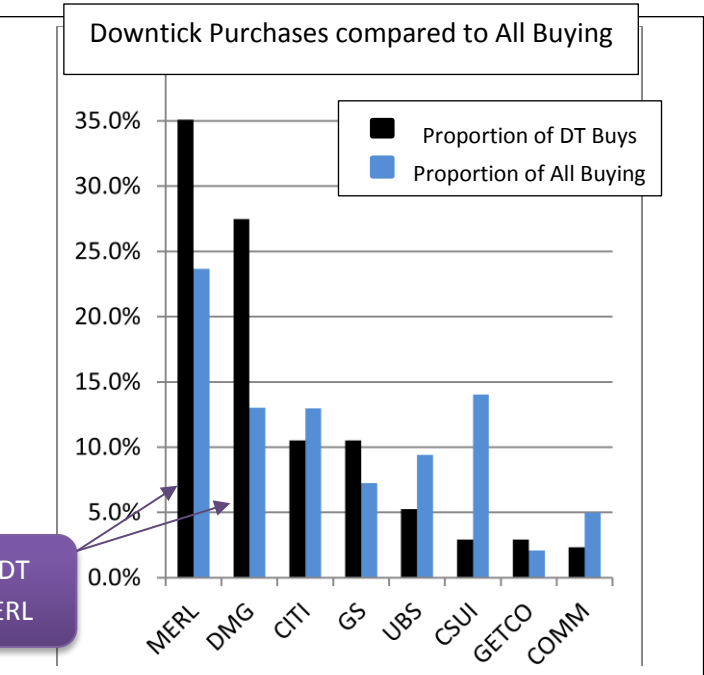


**TRADING ON ANNOUNCEMENT DAYS – CASE 14 cont'd**

**COMMENT:**

Institutional brokers GS, UBS, DMG, CITI and MACQ again saw the buying of shares by a Director as a reason to sell down the share price. Their selling was met by buying by institutional brokers MERL DMG, CITI, GS and UBS. Audits could potentially reveal the farcical nature of trading, particularly if brokers were servicing the same interests or interests affiliated with their trading. The anomalies associated with DT sales by UBS and DT purchases by MERL and DMG heighten suspicions about trading.

Anomalous levels of DT buys by DMG and MERL



**TRADING ON ANNOUNCEMENT DAYS – CASE 15**

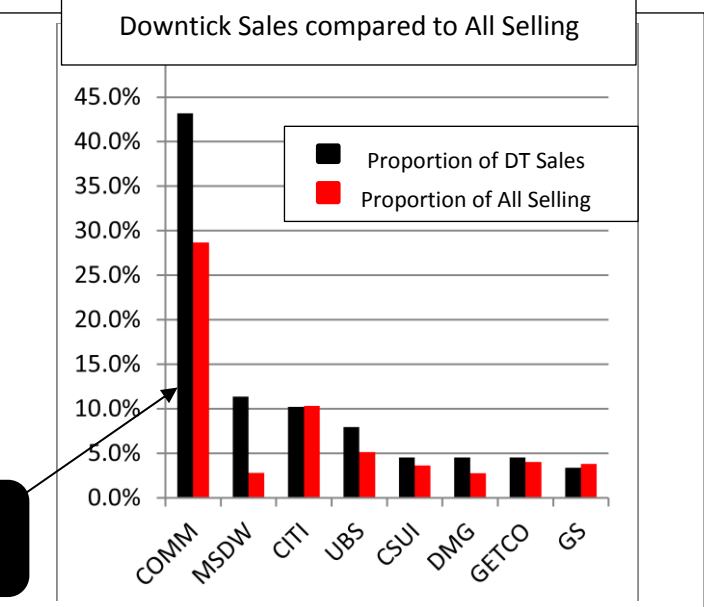
**Title: Super High Grade exposed after 9 year wait**

Date	Chart Data	Price Action
Mar 27, 2013	Same Day	+\$0.10

**Leading 8 Brokers:**

Involvement	DT%	All Sells %
Sellers of DTs	89.8%	61.3%
Buyers of DTs	83.0%	70.5%

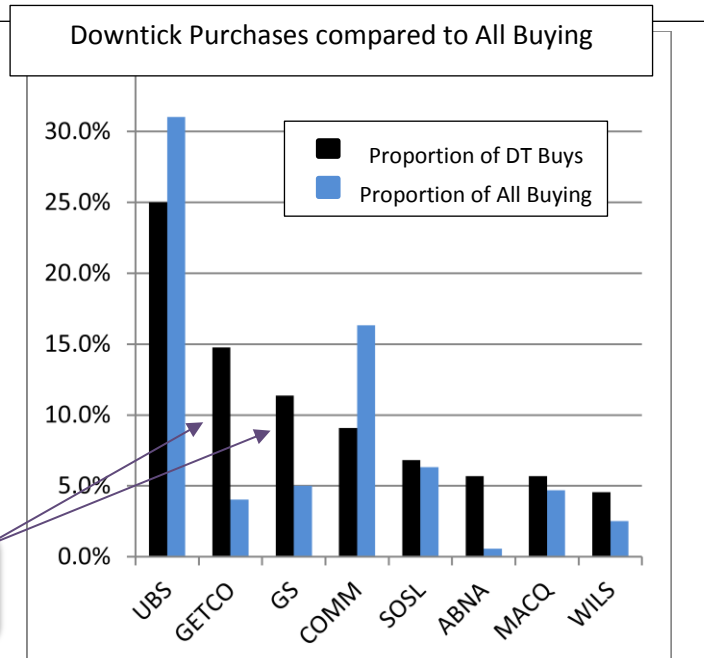
Highly anomalous DT sales by COMM & MSDW



**COMMENT:**

News that excavations had uncovered the top of the Las Minerale ore body resulted in a 10 cent gain in the share price but was nevertheless opposed by selling coming out of Commonwealth Securities. It was likely to be institutionally based. MSDW is again noted for attempting to force the maximum number of Downticks with its limited selling. COMM selling was met by buying from UBS and COMM further suggesting that sophisticated investors were likely to be controlling the share price reaction to what was long-awaited news. Anomalous buying of DTs by GETCO, ABN Amro and Goldman Sachs further add to concerns about the integrity of trading.

Anomalous levels of DT buys by GETCO, GS and ABNA.



**TRADING ON ANNOUNCEMENT DAYS – CASE 16**

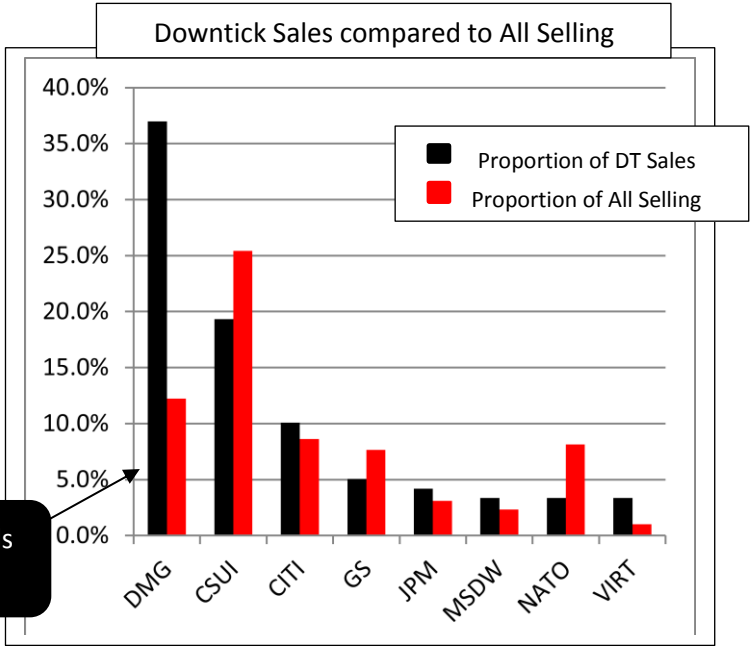
**Title:** Chairman's Update

Date	Chart Data	Price Action
Apr 5, 2013	Same Day	+\$0.17

Leading 8 Brokers:

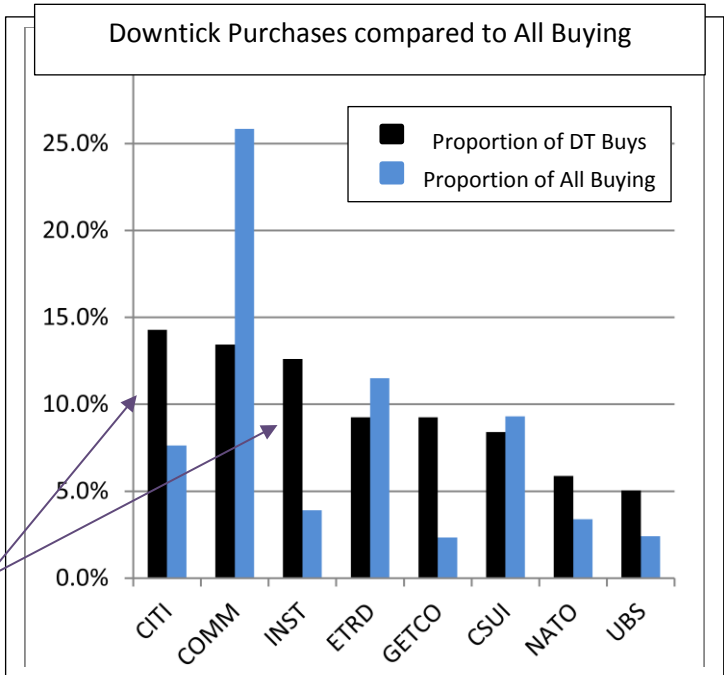
Involvement	DT%	All Sells %
Sellers of DTs	85.7%	68.5%
Buyers of DTs	78.2%	66.3%

Highly anomalous levels of DT sales by DMG



**COMMENT:**  
 An announcement by the Chairman referring to uncovering copper resources greater than JORC estimates and copper mineralization not included in JORC estimates resulted in the share price lifting 17 cents but even so it was opposed by strong selling by institutional brokers in CSUI, DMG, CITI and GS. It is quite telling that institutions with a strong hold over the register have continuously acted to limit price rises. DMG in particular targeted lower prices with their selling as shown by high levels of anomalism between Downtick trades compared to their selling generally.

Anomalous levels of DT buys by CITI, INST & GETCO.



**TRADING ON ANNOUNCEMENT DAYS – CASE 17**

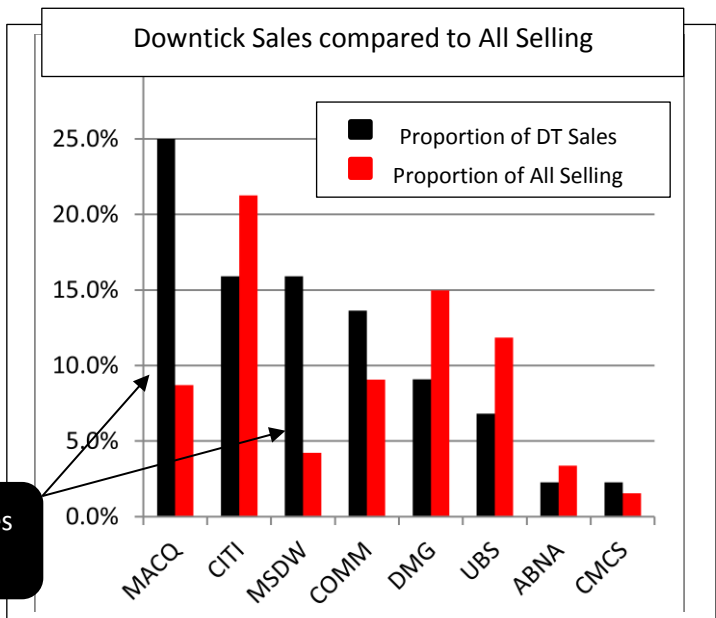
**Title:** Copper Grades Higher than expected

Date	Chart Data	Price Action
Apr 11, 2013	Same Day	+\$0.06

Leading 8 Brokers:

Involvement	DT%	All Sells %
Sellers of DTs	90.9%	75.0%
Buyers of DTs	86.4%	70.2%

Highly anomalous DT sales by MACQ & MSDW

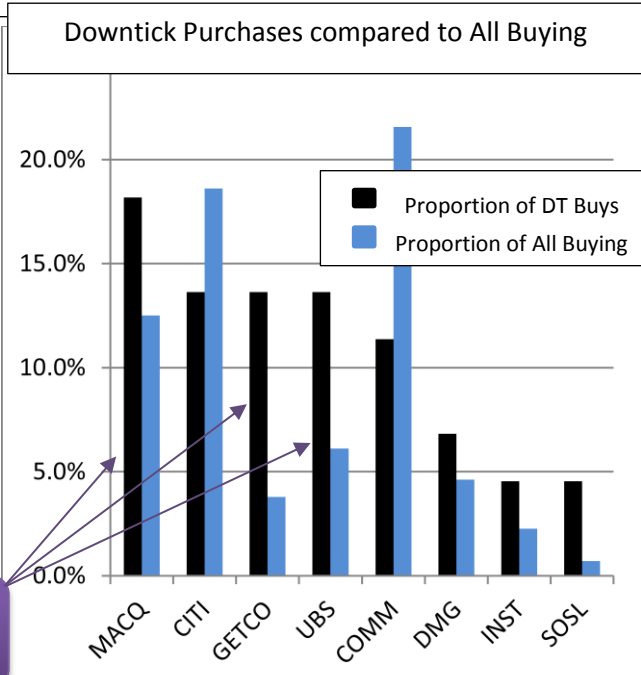


**TRADING ON ANNOUNCEMENT DAYS – CASE 17 cont'd**

**COMMENT:**

Further clarification about the high grade mineralization to be mined during the initial years of mining lifted the share price by 7 cents however selling by CITI, DMG, UBS MACQ and MSDW opposed rises. MACQ and MSDW targeted lower prices with high numbers of Downtick trades. Institutional selling was again matched with institutional buying together with buying by Commonwealth Securities. Institutional buying that absorbed high numbers of DT trades again attracts suspicion as algorithms again appear to distribute orders between brokers acting collusively.

Anomalous levels of DT buys by MACQ, GETCO & UBS.



**TRADING ON ANNOUNCEMENT DAYS – CASE 18**

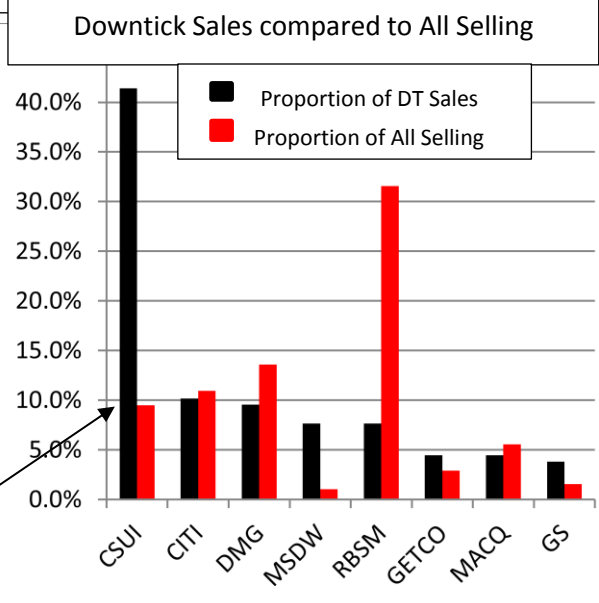
**Title:** Successful Crushing of Large Native Copper Masses

Date	Chart Data	Price Action
Apr 17, 2013	Same Day	+\$0.11

Leading 8 Brokers:

Involvement	DT%	All Sells %
Sellers of DTs	89.2%	76.7%
Buyers of DTs	89.8%	70.2%

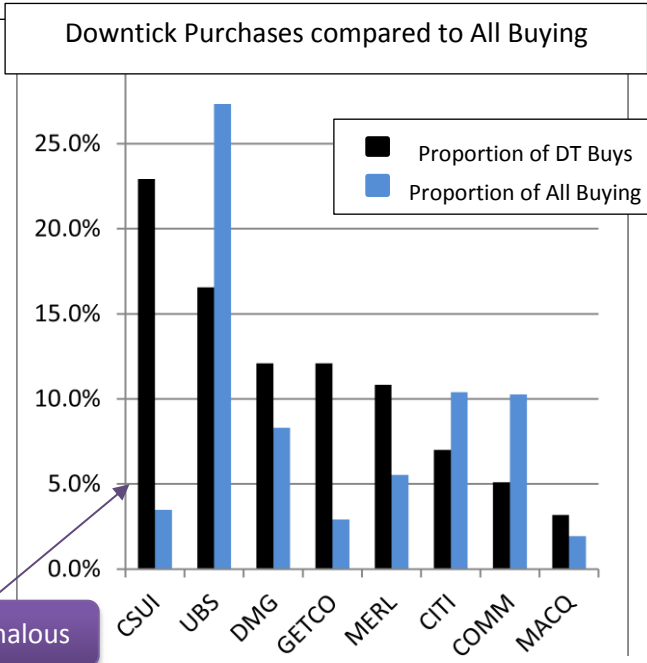
Highly anomalous DT sales by CSUI



**COMMENT:**

Another positive announcement concerning the successful crushing and separation of high-grade ore was met with an 11 cent price rise. The successful crushing trials helped clarify confusion about whether it was possible to separate high-grade native copper ore from lower-grade primary mineralization. The answer was a resounding 'yes'. Even so, good news was met by strong selling by RBSM, a broker only occasionally noted for their trading in CuDeco shares. They acted similarly to Moelis on Feb 25, with a cameo appearance as a heavy seller. CSUI heavily targeted lower prices with DT crossings representing 54% of their DT trades and with around 98% of their DT trades fewer than 65 shares in size. The selling by CSUI looks non-genuine and as a result highly questionable.

Highly anomalous



**TRADING ON ANNOUNCEMENT DAYS – CASE 19**

**Title:** Successful Crushing of Large Native Copper Masses

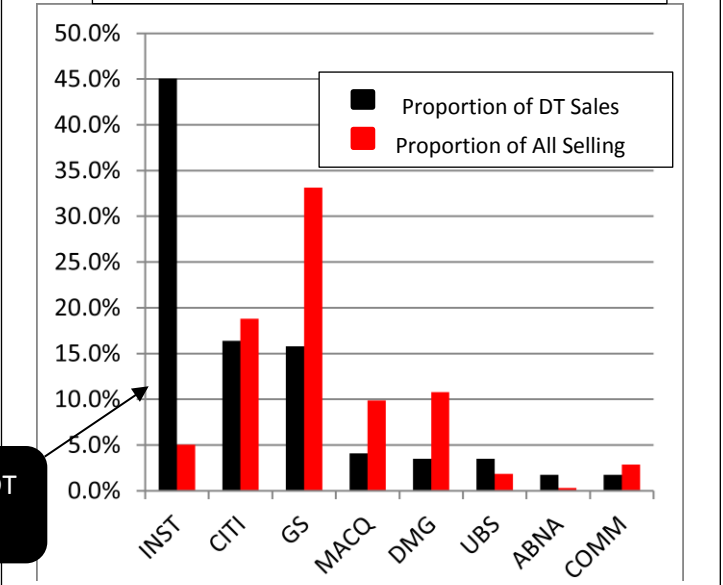
Date	Chart Data	Price Action
Apr 18, 2013	Next Day	-\$0.16

Leading 8 Brokers:

Involvement	DT%	All Sells %
Sellers of DTs	91.8%	82.7%
Buyers of DTs	83.6%	72.6%

Anomalous levels DT by sales by INST

Downtick Sales compared to All Selling

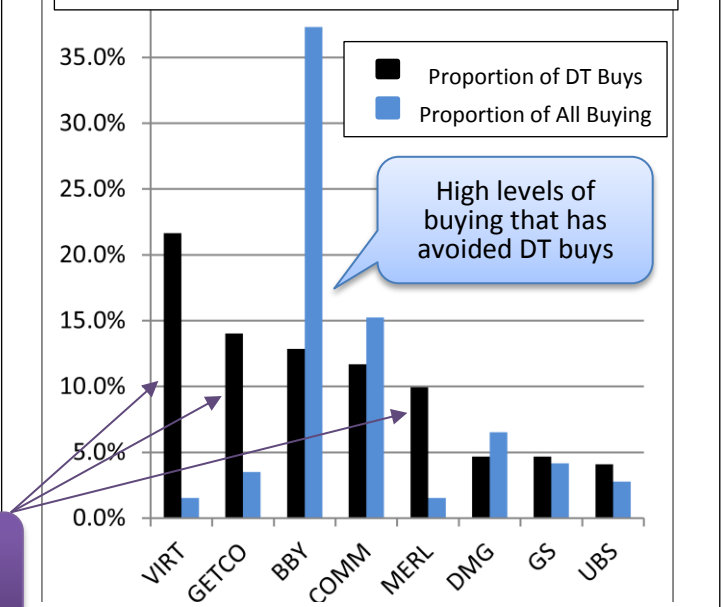


**COMMENT:**

The day following successful crushing trials were announced, the share price was again sold down resulting in a fall of 16 cents. The selling came from GS, CITI, DMG and MACQ with INST in particular targeting lower prices by achieving high levels of DT trades (i.e. 45% but with only 5% of the selling that day). The anomalous selling by INST was matched by anomalous DT purchases by VIRTU, GETCO and MERL further suggesting collusion by institutional brokers through their algorithms. The sell down looks highly dubious given the strong progress reported by the company.

Highly anomalous levels of DT buys by VIRT, GETCO & MERL

Downtick Purchases compared to All Buying



**TRADING ON ANNOUNCEMENT DAYS – CASE 20**

**Title:** High-Grade Copper at Rocklands South

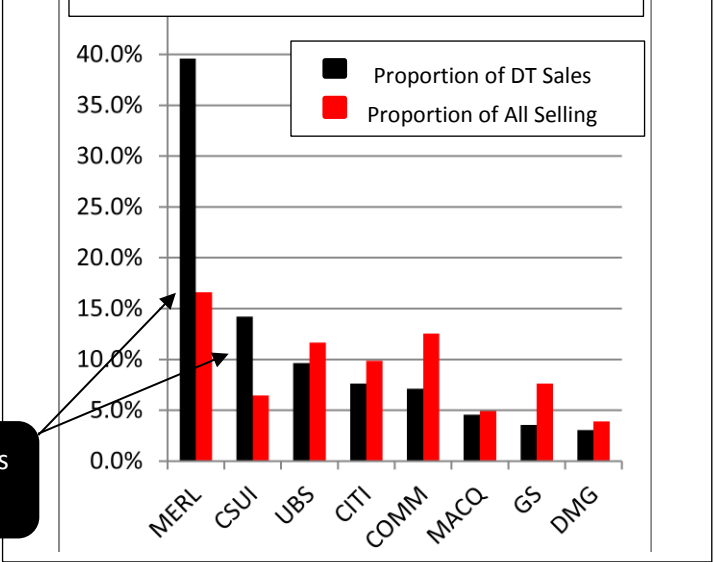
Date	Chart Data	Price Action
Apr 29, 2010	Same Day	-\$0.01

Leading 8 Brokers:

Involvement	DT%	All Sells %
Sellers of DTs	89.3%	73.6%
Buyers of DTs	94.9%	79.2%

Highly anomalous DT sales by MERL & CSUI

Downtick Sales compared to All Selling



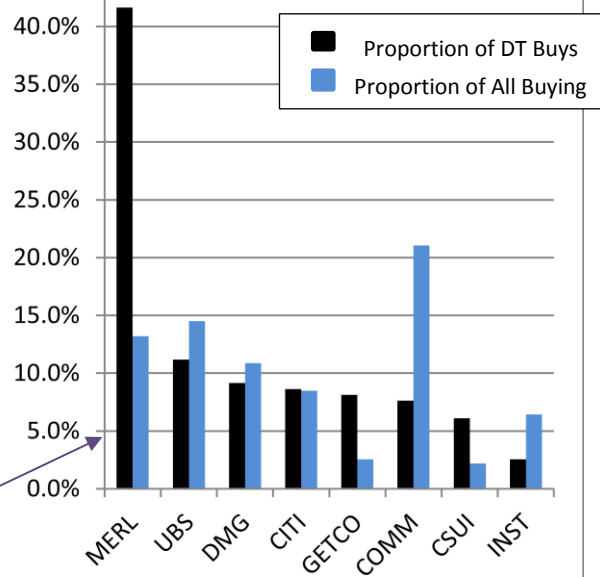
**TRADING ON ANNOUNCEMENT DAYS – CASE 20 cont'd**

**COMMENT:**

Further drilling success at Rocklands South was met by a subdued share price reaction because of churn trading supplied by institutional brokers. Severe Downtick anomalism by MERL was due to high numbers of DT crossings which represented 65% of all DT sales. Further questions about MERL trading is prompted by 95% of their DT trades representing parcels fewer than 400 shares in size with an average size of just 49 shares.

Highly anomalous levels of DT buys by MERL

**Downtick Purchases compared to All Buying**



**TRADING ON ANNOUNCEMENT DAYS – CASE 21**

**Title: March Quarterly Report**

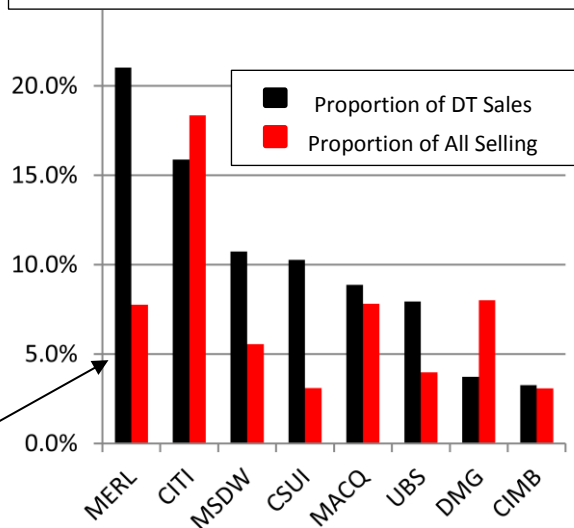
Date	Chart Data	Price Action
May 2, 2013	Next Day	-\$0.17

**Leading 8 Brokers:**

Involvement	DT%	All Sells %
Sellers of DTs	81.8%	57.7%
Buyers of DTs	86.0%	59.7%

Highly anomalous DT sales by MERL, MDSW, UBS & CSUI

**Downtick Sales compared to All Selling**



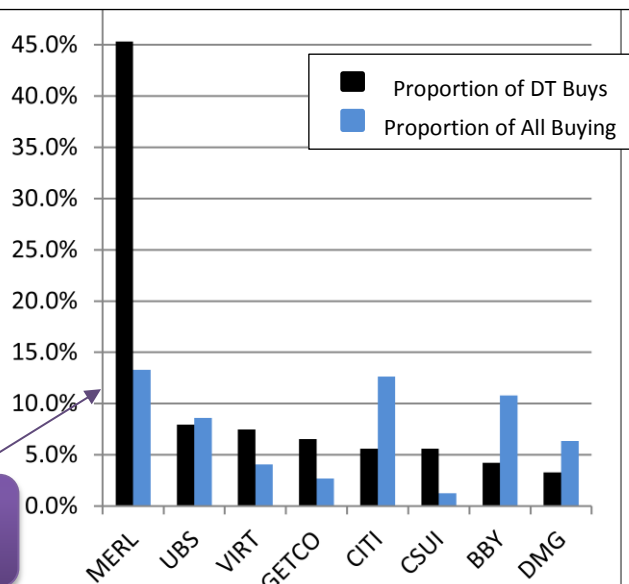
**COMMENT:**

The day following the release of a very solid report for the March Quarter saw the share price taken down 17 cents by selling associated with institutional brokers CITI, MACQ, MSDW and UBS with MERL actively forcing Downticks in price (21.8%) despite only a small proportion of selling volumes supplied to the market (i.e. 7.8%). MERL's dubious trading is also noted by it being the largest buyer of DT trades (i.e., 45%) with a buying profile of only around 13%.

Also, 93% of MERL DT sales were crossings for fewer than 75 shares per trade.

Highly anomalous levels of DT buys by MERL

**Downtick Purchases compared to All Buying**





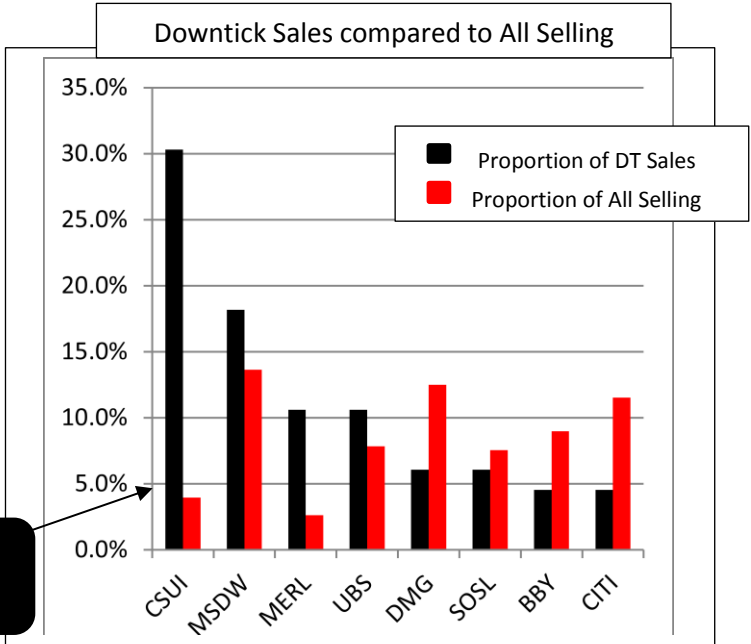
**TRADING ON ANNOUNCEMENT DAYS – CASE 22**

**Title:** : Rockland South 12m @ 4.32% CuEq

Date	Chart Data	Price Action
May 3, 2013	Same Day	+\$0.02

Leading 8 Brokers:

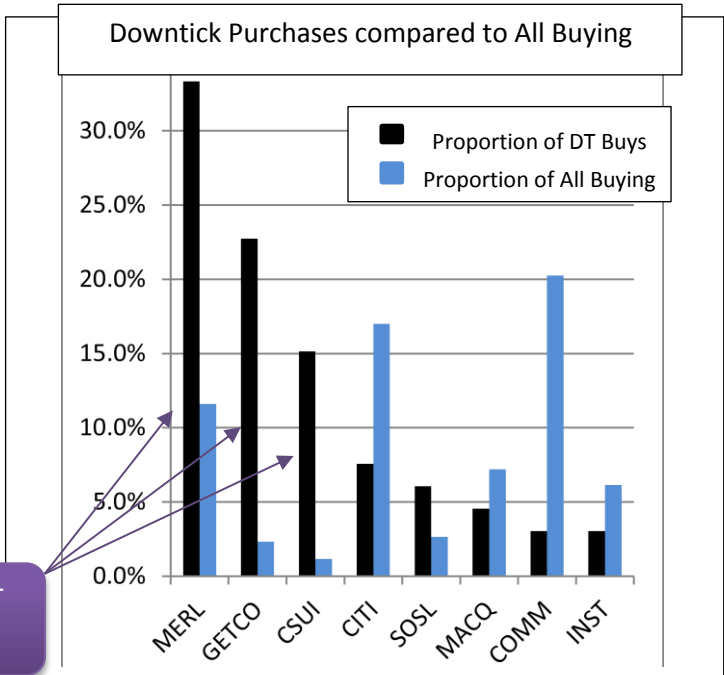
Involvement	DT%	All Sells %
Sellers of DTs	90.9%	68.6%
Buyers of DTs	95.5%	68.3%



Anomalous levels DT by sales by CSUI

**COMMENT:**  
 Another promising drilling result for Rocklands South resulted in a muted share price response again due to selling by institutional brokers. CSUI actively targeted lower prices with 30% of DT trades from only 4% of the day's selling volume. MERL's selling was similarly anomalous, as was their buying with a 11.6% market share picking up 33.3% of all DT trades.

The data further highlights the control over trading by institutions via algorithms, and the artificial market created in the process, particularly as good news is meant to drive markets and the CDU share price rarely responds favourably.



Highly anomalous levels of DT buys by MERL, GETCO & CSUI

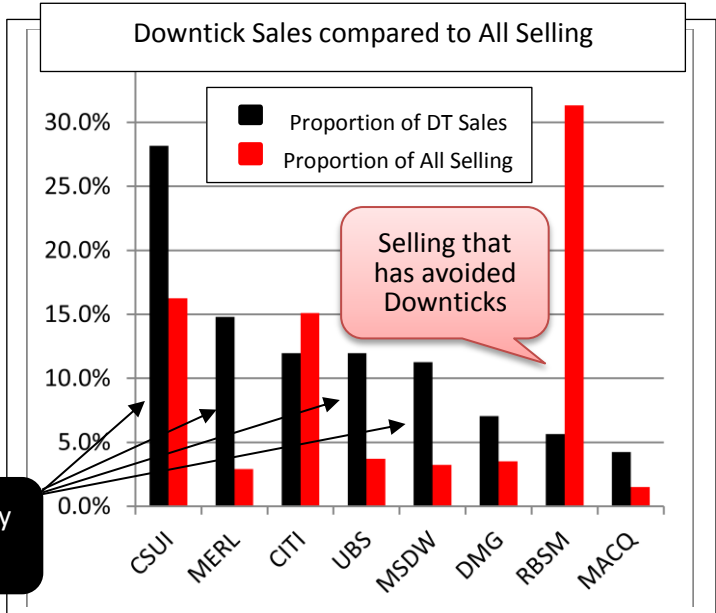
**TRADING ON ANNOUNCEMENT DAYS – CASE 23**

**Title:** Rocklands Pictorial Update

Date	Chart Data	Price Action
May 7, 2013	Same Day	-\$0.01

Leading 8 Brokers:

Involvement	DT%	All Sells %
Sellers of DTs	95.1%	77.5%
Buyers of DTs	92.3%	65.1%



Highly anomalous DT sales by CSUI, MERL, UBS & MSDW

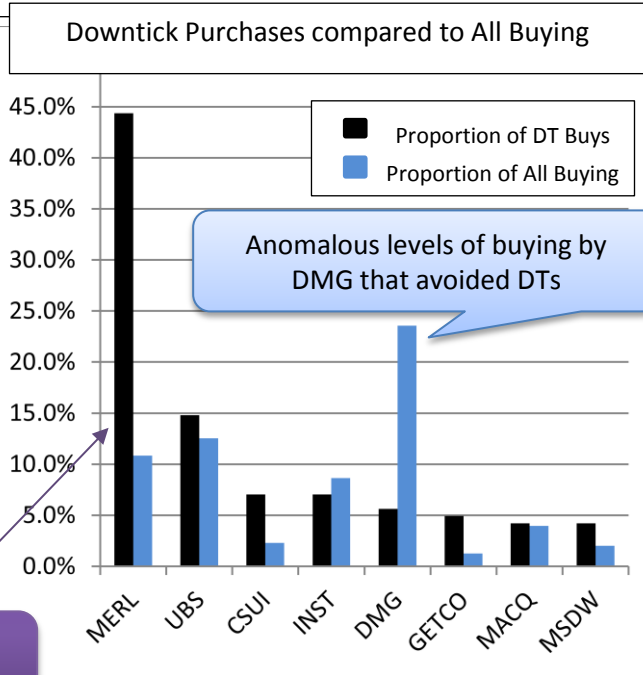
**TRADING ON ANNOUNCEMENT DAYS – CASE 23 cont'd**

**COMMENT:**

Institutions were unimpressed with the progress being made at Rocklands in preparing for mining as suggested again by heavy selling by RBSM, in another cameo performance. Their selling is highly dubious and is likely to represent further institutional trading activity designed to constrain prices. RBSM was joined by CITI and CSUI, with MERL and CSUI again actively targeting lower prices with their selling.

MERL was also fortunate to buy 44% of all DT trades from a buying profile of just 11%. The data strongly points to a compromised market because of institutional trading algorithms distributing trades amongst themselves while artificially fixing prices.

Anomalous levels of DT buys by MERL



**TRADING ON ANNOUNCEMENT DAYS – CASE 24**

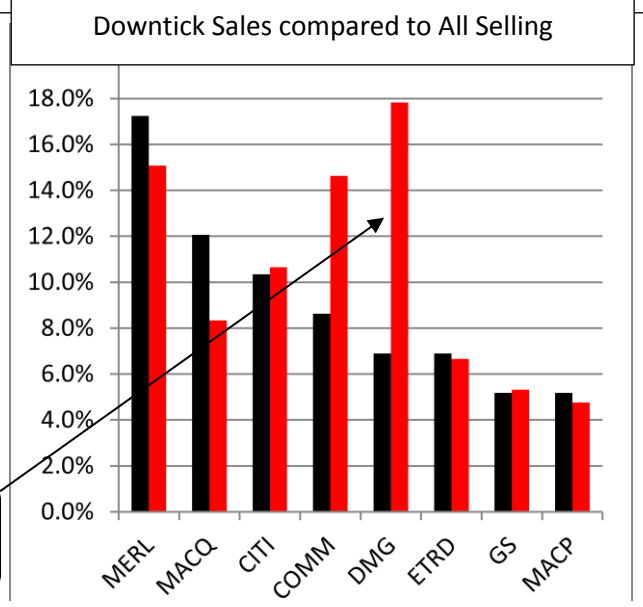
**Title** Rocklands South 12m @ 5.57% CuEq

Date	Chart Data	Price Action
May 16, 2013	Same Day	+\$0.01

**Leading 8 Brokers:**

Involvement	DT%	All Sells %
Sellers of DTs	72.4%	83.3%
Buyers of DTs	91.4%	71.8%

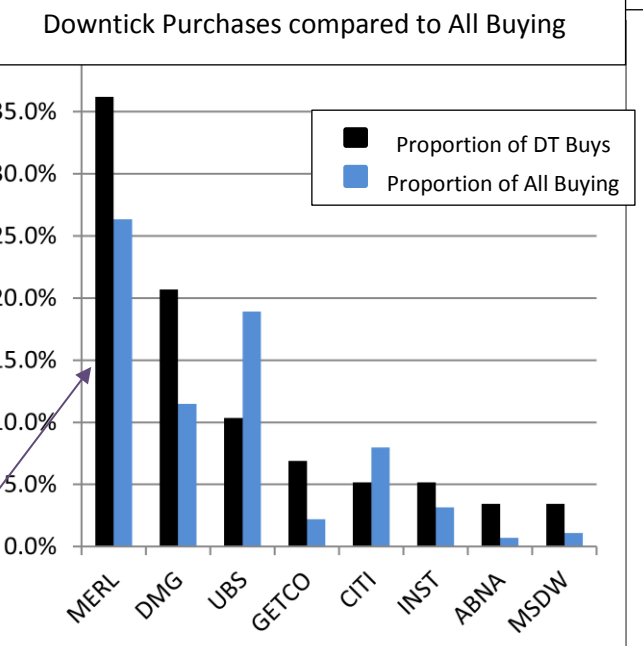
Anomalous levels of selling by DMG that avoided DTs



**COMMENT:**

Further exemplary drilling success at grades well above current JORC estimates failed to impress clients of DMG, MERL, CITI and MACQ with their selling again limiting the share price response. Markets are meant to be efficient yet successful new exploration drilling likely to add significantly to mining inventories (as advised by the Company) has had no recognition by the market as far as the CuDeco share price is concerned.

Anomalous levels of DT buys by MERL & DMG





**TRADING ON ANNOUNCEMENT DAYS – CASE 25**

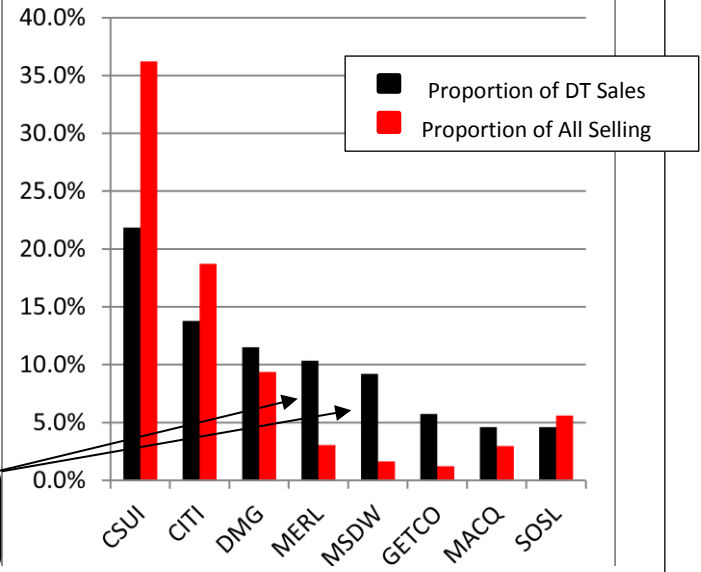
**Title:** High-Grade Results & New Discovery Zone

Date	Chart Data	Price Action
May 27, 2013	Same Day	-\$0.22

Leading 8 Brokers:

Involvement	DT%	All Sells %
Sellers of DTs	91%	78%
Buyers of DTs	84.2%	71.7%

**Downtick Sales compared to All Selling**



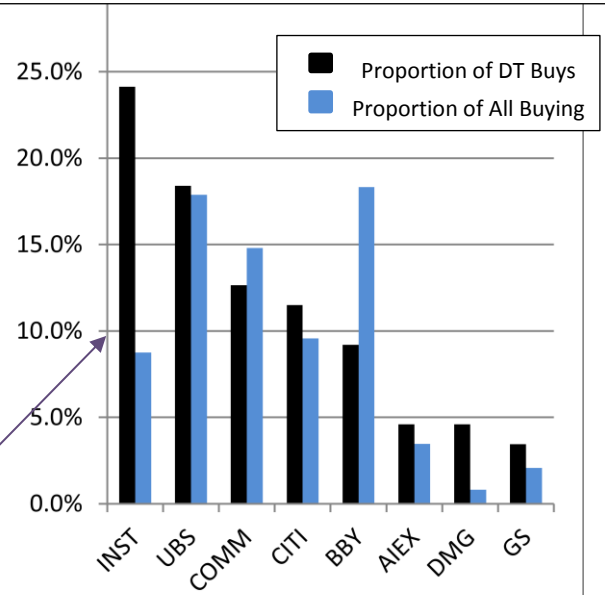
Anomalous levels of DT sales by MERL & MSDW

**COMMENT:**

Institutional investors again showed their disdain for new drilling success by dumping shares on news of an additional copper find. Their selling makes no sense in terms of genuine investing. Rather, it suggests share price manipulation as virtually all good news has been met by waves of selling. CSUI was the leading seller by volume, which unusually for them tended to avoid DTs in price on May 27.

Highly anomalous buying was evidenced by INST with 8.7% of buying volumes resulting in 24.1% of all DT purchases.

**Downtick Purchases compared to All Buying**



Highly anomalous levels of DT buys by INST

**Section 8.3.6**

**CONTROL OVER CuDECO AUCTION TRADING**

January through to May 2013

### 8.3.6.1.1 JANUARY 2013 AUCTION TRENDS - Selling Brokers

As detailed in ASIC Complaint 8.1 and 8.2 the influence of brokers during auctions as sellers, can be gauged by creating an index that takes into account their average selling and the number of auctions they have participated in. It provides an extremely useful measure for gauging the relative influence of brokers.

$$\text{E.g., SELLING INDEX} = [\text{Average Selling Rate Across All Auctions}] \times [\text{Auction Attendance}]$$

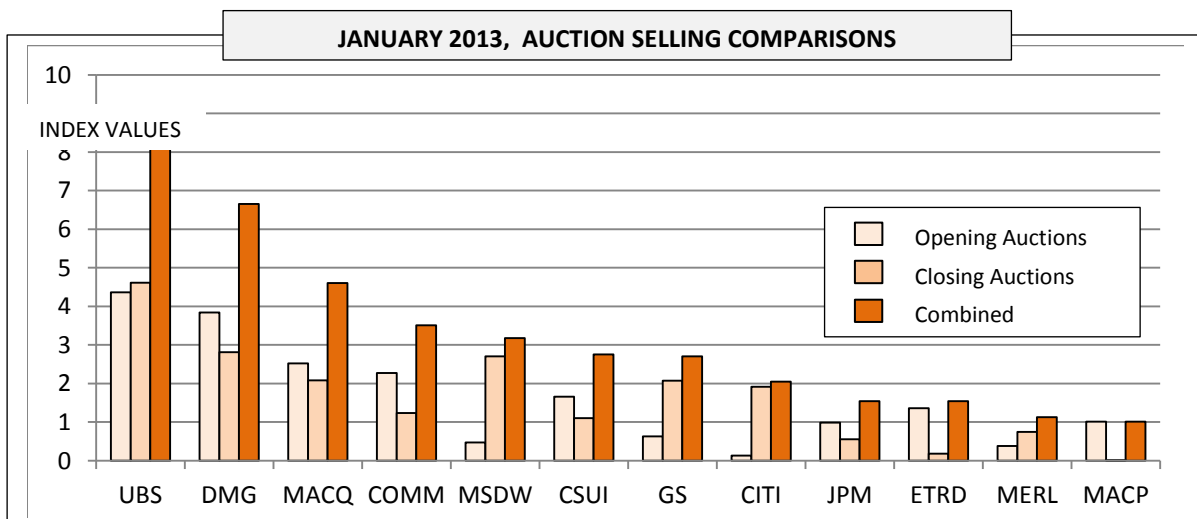
Separate indexes can be calculated for opening auctions and closing auctions and a composite of the two provides an overall measure of auction influence.

An additional indicator concerning auctions that suggests attempts to exert control over the market is a comparison of overall volumes put through auctions compared to the volumes put through normal trading. Auction involvements in excess of daily trading suggest a need to control pricing outcomes, and so can provide a strong pointer towards manipulative activity. Monthly auction data that shows substantially increased activity compared to normal trading has been highlighted below in the second table.

The market share by selling volumes in auctions and by selling volumes in normal trading is based on the total volumes of selling supplied by brokers over the entire month. (The daily market shares of brokers that make up the index only take into account the auctions that a broker participates in).

AUCTION SELLING INDEX COMPARISONS								SELLING VOLUME CHANGES	
Jan 2013	Opening Auctions -Sellers			Closing Auctions - Sellers			Overall INDEX	Market Shares Regarding Selling	
Broker	Average Sells	Attendance	Index (AM)	Average Sells	Attendance	Index (PM)		% of Normal Sell Trades	% of Auction Sells
UBS	36.3%	12	4.4	23.1%	20	4.6	9.0	5.6%	20.9%
DMG	29.6%	13	3.8	23.4%	12	2.8	6.7	11.0%	13.0%
MACQ	16.8%	15	2.5	10.9%	19	2.1	4.6	5.9%	10.5%
COMM	28.4%	8	2.3	12.3%	10	1.2	3.5	8.9%	4.3%
MSDW	6.7%	7	0.5	18.1%	15	2.7	3.2	6.5%	9.0%
CSUI	20.7%	8	1.7	10.0%	11	1.1	2.8	1.3%	5.0%
GS	63.0%	1	0.6	20.8%	10	2.1	2.7	7.4%	16.7%
CITI	6.6%	2	0.1	12.0%	16	1.9	2	15.2%	6.1%
JPM	49.3%	2	1	11.2%	5	0.6	1.5	0.1%	2.7%
ETRD	34.1%	4	1.4	9.0%	2	0.2	1.5	9.5%	3.3%
MERL	19.0%	2	0.4	74.9%	1	0.7	1.1	2.7%	1.5%
MACP	33.6%	3	1	0.2%	1	0	1	4.0%	0.8%

The chart compares relative performances as sellers during opening and closing auctions and so reveals the most prominent brokers during auctions. As auctions are key price setting mechanisms, brokers in control of auctions who happen to show involvements in auctions far in excess of their normal trading necessarily attract high levels of suspicion.



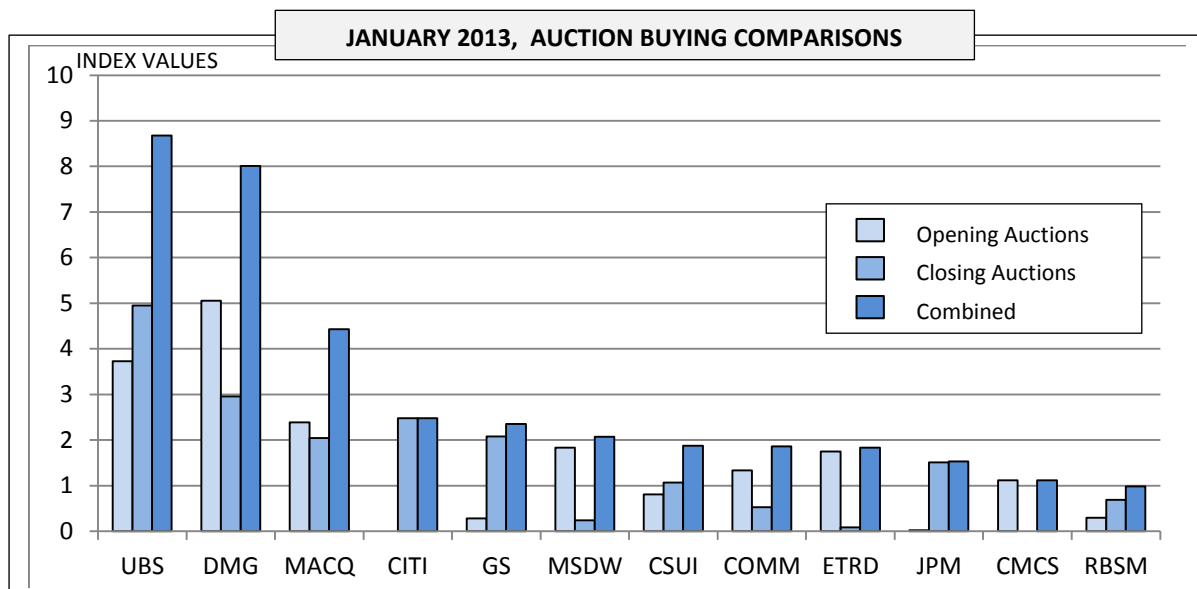
### 8.3.6.1.2 JANUARY 2013 AUCTION TRENDS – Buying Brokers

The dominance by UBS extends across auction buying as well as auction selling and the same applies to DMG and MACQ although to a lesser extent. The joint dominance by these brokers draws attention to likely wash trades that are occurring especially if the brokers are representing the same interests of interests that are ‘informally’ affiliated with their trading. The issue of collusion by major trading entities through the use of a variety of brokers heavily permeates the data.

Jan 2013 Broker	Opening Auctions -Buyers			Closing Auctions - Buyers			Overall INDEX	Market Shares Regarding Buying Volumes	
	Average Buys	Attendance	Index (AM)	Average Buys	Attendance	Index (PM)		% of Normal Buy Trades	% of Auction Buys
UBS	31.0%	12	3.7	27.5%	18	5.0	8.7	10.4%	17.5%
DMG	45.9%	11	5.1	21.1%	14	3.0	8.0	9.2%	28.3%
MACQ	26.5%	9	2.4	12.0%	17	2.0	4.4	9.5%	7.4%
CITI	0.0%	0	0.0	13.8%	18	2.5	2.5	16.6%	6.9%
GS	7.0%	4	0.3	41.5%	5	2.1	2.4	6.6%	7.9%
MSDW	26.1%	7	1.8	3.0%	8	0.2	2.1	0.7%	2.1%
CSUI	16.1%	5	0.8	13.4%	8	1.1	1.9	2.4%	2.7%
COMM	22.2%	6	1.3	5.9%	9	0.5	1.9	14.0%	4.4%
ETRD	43.7%	4	1.7	4.4%	2	0.1	1.8	1.5%	2.2%
JPM	2.4%	1	0.0	11.6%	13	1.5	1.5	1.9%	5.0%
CMCS	37.2%	3	1.1	0.0%	0	0.0	1.1	0.5%	0.6%
RBSM	29.4%	1	0.3	68.7%	1	0.7	1.0	2.5%	5.0%

Interestingly, broker Citigroup Global’s (CITI) involvement with both buying and selling during auctions diminished markedly compared to their market shares associated with normal trading. Their place as a prominent broker in normal trading was taken by other institutional brokers during auctions.

While broker trends point to manipulative activity, it is the clients of brokers that require identification so that it may be determined whether or not they represent the same interests, or indeed, affiliated interests. Any cartel like associations would no doubt point to illegal trading activity such as has been defined by the High Court and which is fully prosecutable under the Corporations Act. Interest in such matters also extends to the Australian Competition and Consumer Commission (ACCC) who also have heavy penalties for price fixing through cartel behaviours.

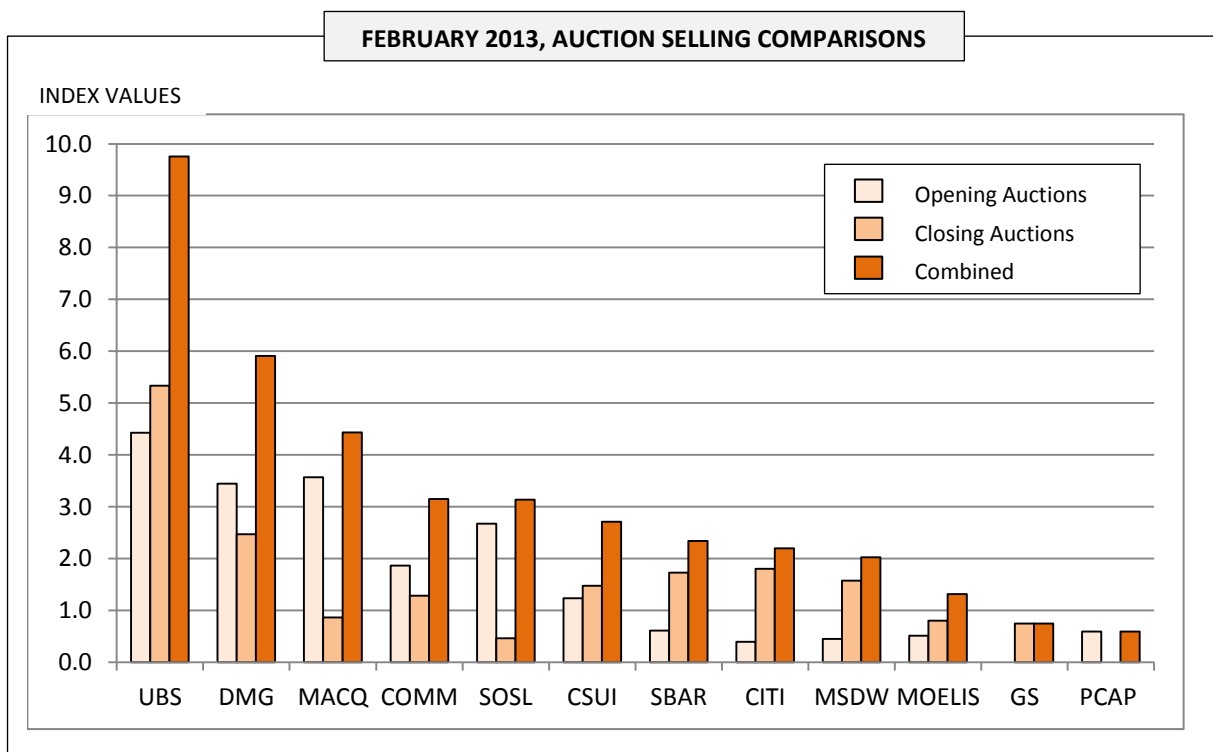


**8.3.6.2.1 FEBRUARY 2013 AUCTION TRENDS - Selling Brokers**

UBS's leading role as a seller in auctions during January is again a dominant feature of February trading. Their trading is also characterized by another very substantial increase in auction selling volumes compared to their selling volumes in normal trading.

AUCTION SELLING INDEX COMPARISONS								SELLING VOLUMES	
Feb 2013	Opening Auctions -Sellers			Closing Auctions - Sellers			Overall INDEX	Market Shares Regarding Selling	
	Broker	Average Sells	Attendance	Index (AM)	Average Sells	Attendance		Index (PM)	% of Normal Sell Trades
UBS	31.6%	14	4.4	28.1%	19	5.3	9.8	16.4%	27.0%
DMG	31.3%	11	3.4	19.0%	13	2.5	5.9	9.1%	16.1%
MACQ	23.8%	15	3.6	7.8%	11	0.9	4.4	2.9%	4.3%
COMM	15.5%	12	1.9	11.7%	11	1.3	3.1	8.6%	6.3%
SOSL	66.9%	4	2.7	15.3%	3	0.5	3.1	6.4%	4.8%
CSUI	15.4%	8	1.2	12.3%	12	1.5	2.7	3.6%	6.1%
SBAR	30.5%	2	0.6	34.5%	5	1.7	2.3	9.4%	5.9%
CITI	39.3%	1	0.4	9.5%	19	1.8	2.2	9.3%	6.5%
MSDW	8.9%	5	0.4	15.8%	10	1.6	2.0	4.5%	6.3%
MOELIS	51.3%	1	0.5	39.9%	2	0.8	1.3	5.6%	4.9%
GS	0.0%	0	0.0	18.7%	4	0.7	0.7	2.9%	6.9%
PCAP	59.0%	1	0.6	0.0%	0	0.0	0.6	0.0%	0.0%

The index enables a comparison of broker selling during opening and closing auctions and so draws attention to the most prominent selling brokers during auctions of which UBS was clearly the most prominent.



Interestingly the leading 3 brokers for both months were UBS, DMG and MACQ, all with a similar impact across the entire market. Clarification of who their clients were ought to be very revealing.

Leading Selling Broker	January Index	February Index
UBS	9	9.8
DMG	6.7	5.9
MACQ	4.6	4.4

**8.3.6.2.2 FEBRUARY 2013 AUCTION TRENDS – Buying Brokers**

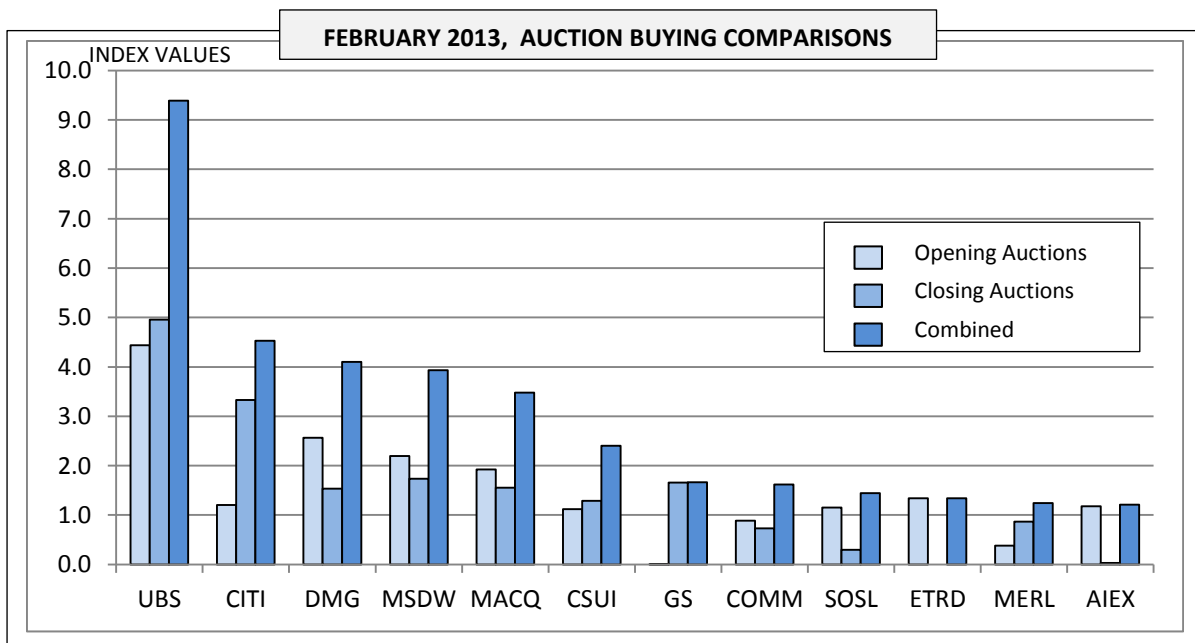
The dominance by UBS again extended across auction buying as well as auction selling and the same applies to DMG although to a lesser extent.

The influence of other brokers fluctuated somewhat with CITI having diminished selling involvements at auctions but a more prominent status regarding auction buying. MACQ was the reverse with more influence in auctions as a seller than as a buyer.

Again, the prominence of brokers as both buyers and sellers in auctions without involving broker crossings appears non-genuine. Heavy auction trading that hasn't involved changes to effective ownership is also highly dubious. Such activities would be identifiable with price fixing and would qualify as being illegal under provisions in the Corporations Act.

Feb 2013	Opening Auctions -Buyers			Closing Auctions - Buyers			Overall INDEX	Market Shares Regarding Buying	
	Broker	Average Buys	Attendance	Index (AM)	Average Buys	Attendance		Index (PM)	% of Normal Buy Trades
UBS	34.1%	13	4.4	26.1%	19	5.0	9.4	8.6%	25.1%
CITI	17.2%	7	1.2	18.5%	18	3.3	4.5	16.0%	12.6%
DMG	15.1%	17	2.6	9.0%	17	1.5	4.1	10.7%	5.9%
MSDW	27.5%	8	2.2	14.5%	12	1.7	3.9	3.6%	8.1%
MACQ	13.7%	14	1.9	9.1%	17	1.6	3.5	3.8%	9.5%
CSUI	16.0%	7	1.1	10.7%	12	1.3	2.4	3.5%	6.1%
GS	0.2%	3	0.0	23.7%	7	1.7	1.7	4.0%	10.1%
COMM	12.6%	7	0.9	4.9%	15	0.7	1.6	17.5%	4.2%
SOSL	38.3%	3	1.1	29.6%	1	0.3	1.4	4.9%	3.1%
ETRD	26.8%	5	1.3	0.0%	0	0.0	1.3	4.1%	2.1%
MERL	18.9%	2	0.4	14.5%	6	0.9	1.2	2.2%	3.7%
AIEX	59.0%	2	1.2	3.0%	1	0.0	1.2	2.4%	1.8%

Quite separate to changes in behaviour as sellers or buyers in auctions, are the changes in buying and selling profiles between normal trading and auctions. For example, CITI's buying and selling profiles at auctions reduced compared to normal trading, while UBS's profiles increased considerably. Again, if the clients of these brokers were identifiable a clearer view would emerge in relation to possible share price manipulation issues.

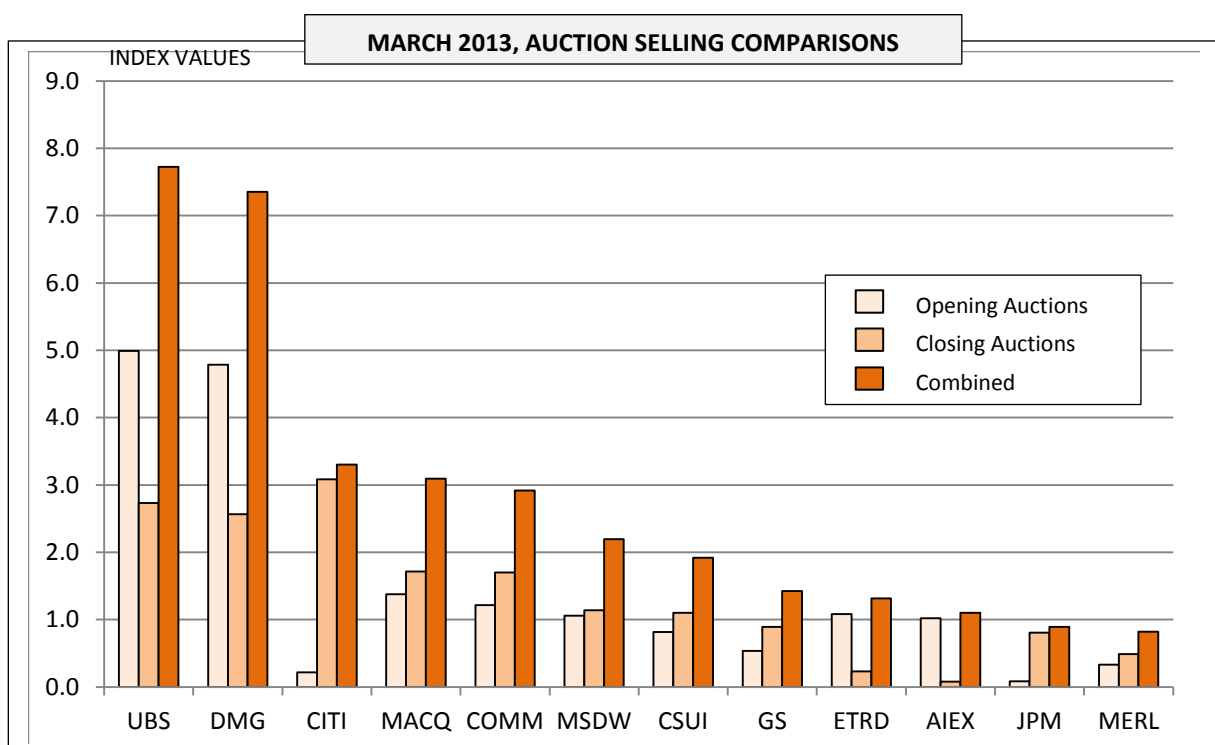


**8.3.6.3.1 MARCH 2013 AUCTION TRENDS - Selling Brokers**

UBS leading role as a seller during auctions was challenged by DMG during March. Together, both brokers dominated selling during auctions. Curiously, DMG’s overall selling volumes during auctions were well down on their market share of selling in general trading. It suggests a very strategic approach to auction selling. UBS on the other hand showed a strong increase in selling volumes during auctions which is difficult to reconcile with normal trading as brokers are meant to be putting orders through the market as they are placed with them, not holding them back to influence auction pricing.

AUCTION SELLING INDEX COMPARISONS								SELLING VOLUMES	
Mar 2013	Opening Auctions -Sellers			Closing Auctions - Sellers			Overall INDEX	Market Shares Regarding Selling	
Broker	Average Sells	Attendance	Index (AM)	Average Sells	Attendance	Index (PM)		% of Normal Sell Trades	% of Auction Sells
UBS	45.4%	11	5.0	17.1%	16	2.7	7.7	6.1%	20.1%
DMG	39.9%	12	4.8	19.7%	13	2.6	7.4	16.3%	9.1%
CITI	4.3%	5	0.2	18.2%	17	3.1	3.3	12.6%	10.0%
MACQ	12.5%	11	1.4	10.7%	16	1.7	3.1	7.5%	8.3%
COMM	15.2%	8	1.2	15.5%	11	1.7	2.9	8.3%	9.3%
MSDW	7.6%	14	1.1	7.6%	15	1.1	2.2	6.2%	6.6%
CSUI	11.7%	7	0.8	10.0%	11	1.1	1.9	6.5%	7.1%
GS	17.8%	3	0.5	14.9%	6	0.9	1.4	5.7%	8.7%
ETRD	36.1%	3	1.1	23.4%	1	0.2	1.3	2.2%	2.1%
AIEX	34.0%	3	1.0	8.2%	1	0.1	1.1	3.4%	1.1%
JPM	8.7%	1	0.1	13.4%	6	0.8	0.9	1.0%	1.4%
MERL	16.7%	2	0.3	12.2%	4	0.5	0.8	1.3%	4.5%

The chart clearly demonstrates the high level of control exercised by UBS and DMG over auctions as sellers during March.



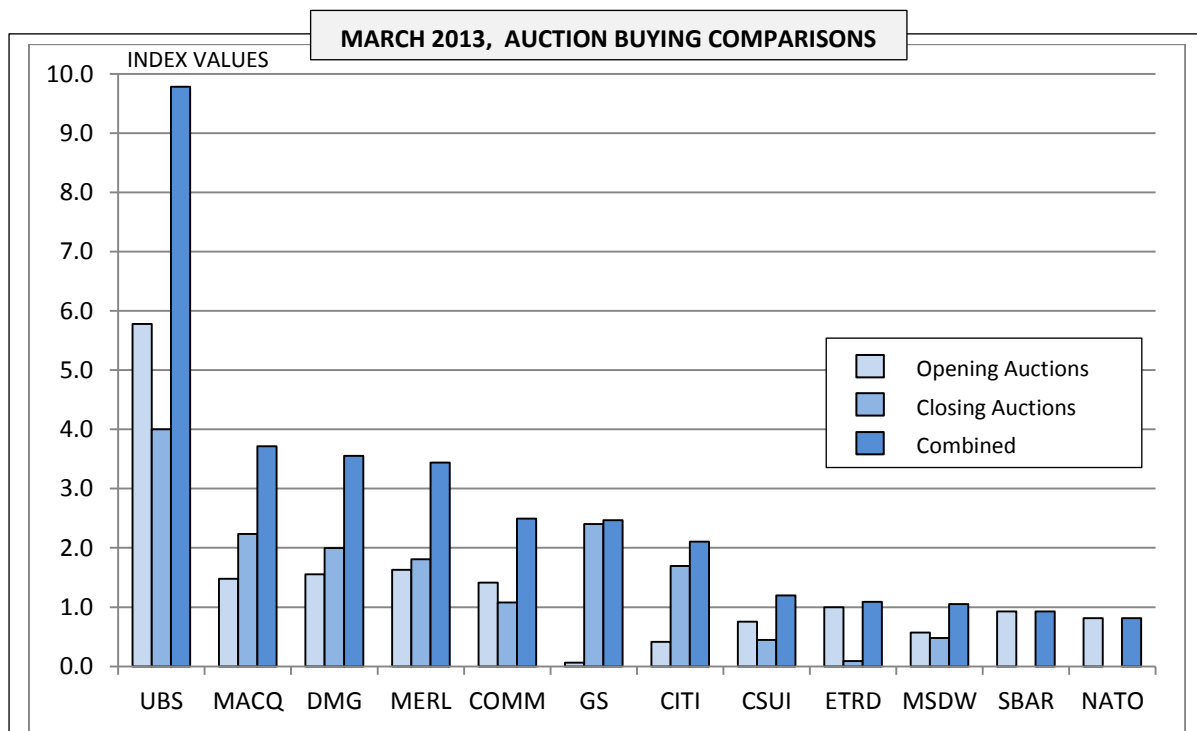
**8.3.6.3.2 MARCH 2013 AUCTION TRENDS – Buying Brokers**

The leading brokers in regard to selling during auctions again happen to be amongst the leading brokers regarding buying during auctions throughout March. The patterns further reinforce the circular nature of trading taking place with shares likely to be passing back and forth between the same interests via the same brokers continuously.

The strong increase in auction buying volumes during auctions by UBS is again noted, alongside increased buying profiles by MERL and MACQ. All brokers have previously been noted in regard to anomalous Downtick trends.

Mar 2013	Opening Auctions -Buyers			Closing Auctions - Buyers			Overall INDEX	Market Shares Regarding Buying	
	Broker	Average Buys	Attendance	Index (AM)	Average Buys	Attendance		Index (PM)	% of Normal Buy Trades
UBS	48.2%	12	5.8	25.0%	16	4.0	9.8	9.2%	20.4%
MACQ	16.4%	9	1.5	14.0%	16	2.2	3.7	5.2%	11.7%
DMG	10.4%	15	1.6	11.8%	17	2.0	3.6	13.7%	12.6%
MERL	27.2%	6	1.6	20.1%	9	1.8	3.4	7.4%	17.5%
COMM	14.2%	10	1.4	7.2%	15	1.1	2.5	13.0%	5.3%
GS	1.7%	4	0.1	21.8%	11	2.4	2.5	4.0%	5.6%
CITI	8.3%	5	0.4	10.6%	16	1.7	2.1	10.9%	9.1%
CSUI	15.1%	5	0.8	7.4%	6	0.4	1.2	5.1%	2.5%
ETRD	33.3%	3	1.0	8.8%	1	0.1	1.1	3.5%	1.3%
MSDW	7.2%	8	0.6	4.8%	10	0.5	1.1	3.1%	3.4%
SBAR	46.4%	2	0.9	0.0%	0	0.0	0.9	2.2%	1.9%
NATO	27.1%	3	0.8	0.0%	0	0.0	0.8	1.1%	0.5%

Although joined by DMG as a strong auction seller, UBS were clearly the most prominent buying broker during March auctions.



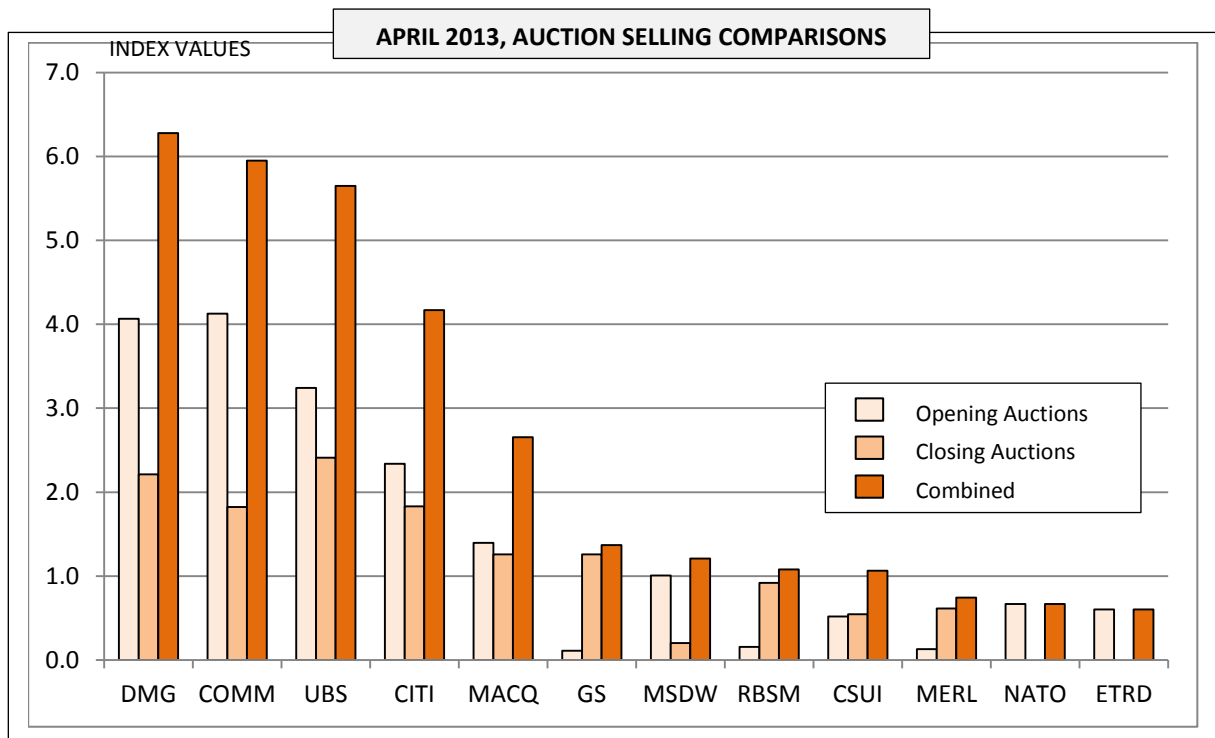


**8.3.6.4.1 APRIL 2013 AUCTION TRENDS - Selling Brokers**

Four brokers (i.e., DMG, COMM, UBS and CITI) dominated auction selling during April with all four brokers showing strong increases in auction selling market shares compared to their selling shares of normal trading. Three of the brokers identify with institutions, and the selling by COMM is likely to be institutionally based as well, suggesting that institutions were again actively engaged in controlling prices.

AUCTION SELLING INDEX COMPARISONS								SELLING VOLUMES	
Apr 2013 Broker	Opening Auctions -Sellers			Closing Auctions - Sellers			Overall INDEX	Market Shares Regarding Selling	
	Average Sells	Attendance	Index (AM)	Average Sells	Attendance	Index (PM)		% of Normal Sell Trades	% of Auction Sells
DMG	27.1%	15	4.1	15.8%	14	2.2	6.3	11.6%	15.1%
COMM	34.4%	12	4.1	14.0%	13	1.8	5.9	8.6%	16.1%
UBS	24.9%	13	3.2	20.1%	12	2.4	5.6	5.3%	12.5%
CITI	33.4%	7	2.3	15.3%	12	1.8	4.2	14.2%	18.1%
MACQ	10.0%	14	1.4	10.5%	12	1.3	2.7	8.0%	10.4%
GS	5.6%	2	0.1	18.0%	7	1.3	1.4	9.3%	7.5%
MSDW	7.2%	14	1.0	4.0%	5	0.2	1.2	3.6%	2.9%
RBSM	15.7%	1	0.2	30.7%	3	0.9	1.1	4.4%	3.0%
CSUI	25.9%	2	0.5	9.1%	6	0.5	1.1	5.5%	2.7%
MERL	13.1%	1	0.1	20.4%	3	0.6	0.7	3.6%	2.2%
NATO	33.4%	2	0.7	0.0%	0	0.0	0.7	1.1%	1.3%
ETRD	30.1%	2	0.6	0.0%	0	0.0	0.6	3.1%	0.5%

The chart compares relative performances as sellers during opening and closing auctions and draws attention to the control over pricing levels exercised by DMG, COMM and UBS with their prominent market shares.



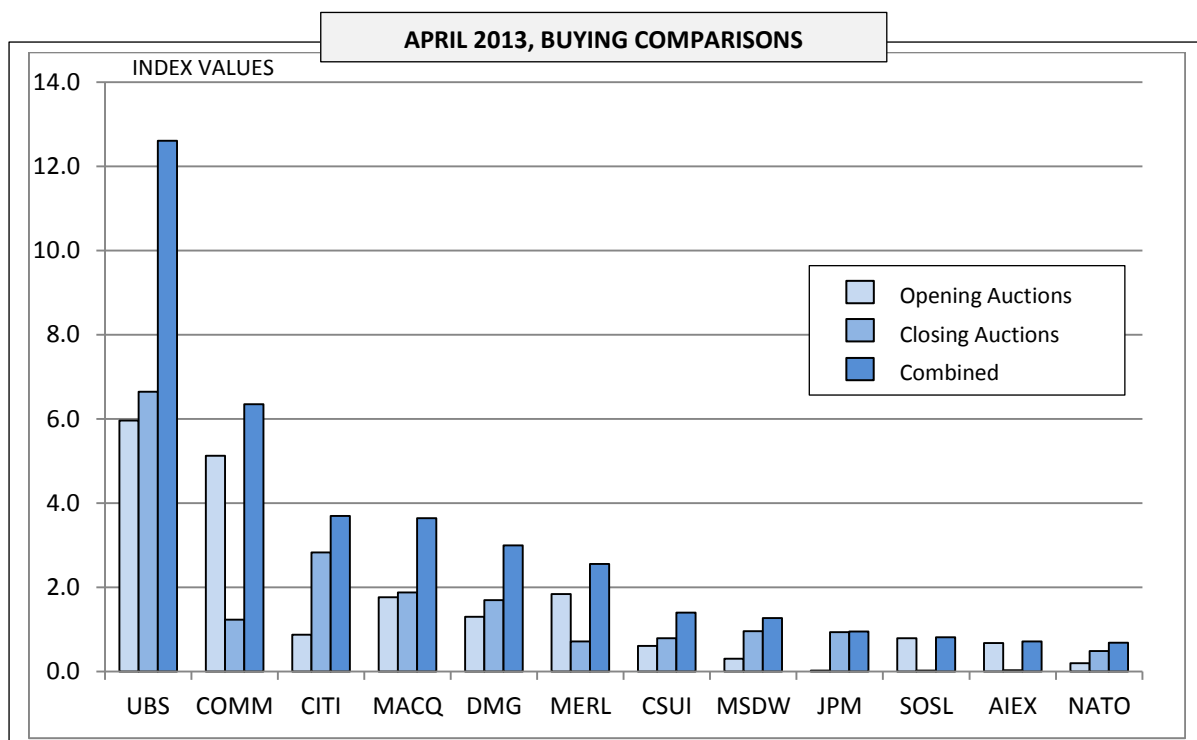
**8.3.6.4.2 APRIL 2013 AUCTION TRENDS – Buying Brokers**

The sheer dominance by UBS as a buyer in auctions through April clearly matches the dominance by institutional brokers as sellers during auctions and presents as a highly dubious situation. Shares are seen to be simply washing back and forth between major players as prices are kept in check.

The strong increase in auction buying volumes by UBS is particularly telling.

Apr 2013	Opening Auctions -Buyers			Closing Auctions - Buyers			Overall INDEX	Market Shares Regarding Buying	
	Broker	Average Buys	Attendance	Index (AM)	Average Buys	Attendance		Index (PM)	% of Normal Buy Trades
UBS	42.6%	14	6.0	35.0%	19	6.6	12.6	10.0%	30.4%
COMM	39.4%	13	5.1	8.8%	14	1.2	6.3	15.0%	10.7%
CITI	21.8%	4	0.9	14.9%	19	2.8	3.7	9.1%	13.2%
MACQ	13.6%	13	1.8	11.7%	16	1.9	3.6	5.9%	8.6%
DMG	10.0%	13	1.3	9.4%	18	1.7	3.0	8.6%	9.5%
MERL	18.4%	10	1.8	6.5%	11	0.7	2.6	4.4%	5.9%
CSUI	15.1%	4	0.6	6.6%	12	0.8	1.4	2.6%	3.7%
MSDW	3.4%	9	0.3	10.7%	9	1.0	1.3	1.0%	2.3%
JPM	2.1%	1	0.0	6.7%	14	0.9	1.0	0.4%	3.0%
SOSL	39.5%	2	0.8	1.8%	1	0.0	0.8	1.2%	1.4%
AIEX	67.8%	1	0.7	3.1%	1	0.0	0.7	2.3%	0.5%
NATO	19.9%	1	0.2	16.1%	3	0.5	0.7	1.3%	1.4%

The dominance by UBS in controlling prices at auctions both as a buyer and as a seller requires a proper investigation through audits, as brokers in conjunction with UBS once again appear to be acting as a cartel.



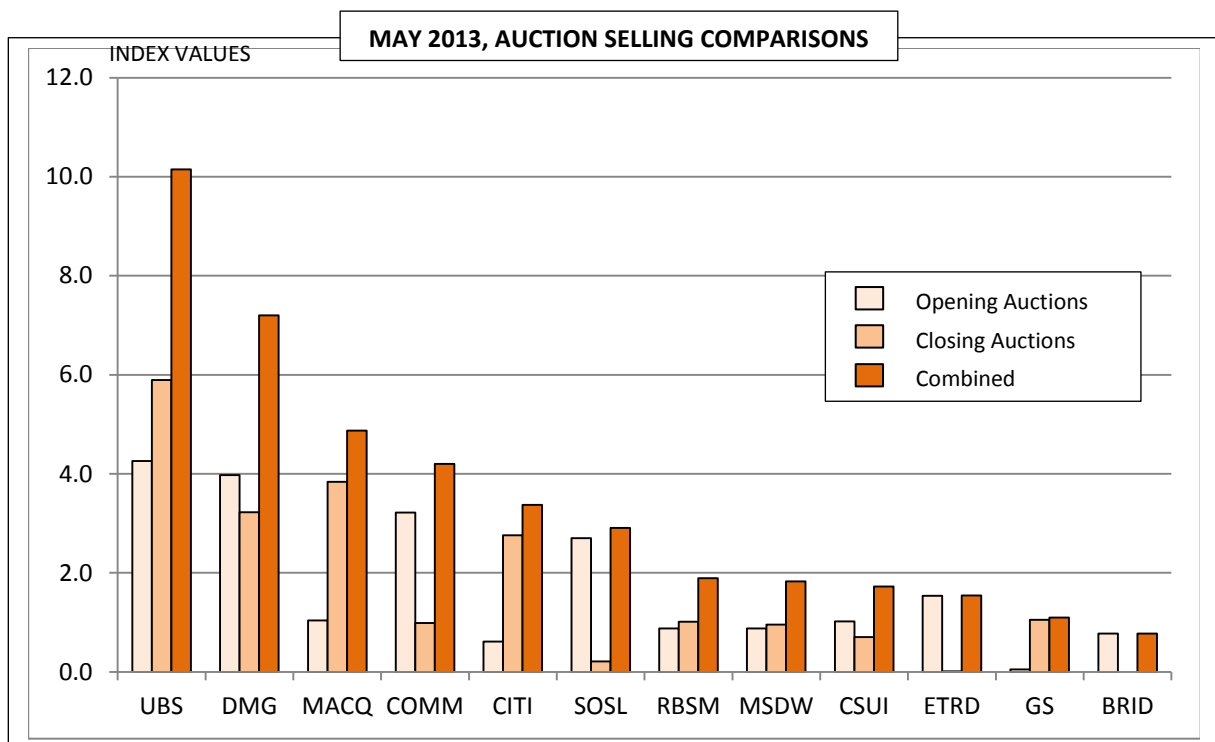
**8.3.6.5.1 MAY 2013 AUCTION TRENDS - Selling Brokers**

UBS resumed its dominant position regarding auction selling during May that it had established throughout earlier months in 2013. Apart from its dominant role in individual auctions throughout the month as measured by the index, UBS increased selling during auctions was again particularly pronounced.

DMG was prominent as well but to a lesser extent with just these two brokers representing an extremely powerful selling presence in the auction markets.

AUCTION SELLING INDEX COMPARISONS								SELLING VOLUMES	
May 2013 Broker	Opening Auctions -Sellers			Closing Auctions - Sellers			Overall INDEX	Market Shares Regarding Selling	
	Average Sells	Attendance	Index (AM)	Average Sells	Attendance	Index (PM)		% of Normal Sell Trades	% of Auction Sells
UBS	38.7%	11	4.3	26.8%	22	5.9	10.1	4.1%	24.8%
DMG	33.1%	12	4.0	15.4%	21	3.2	7.2	7.8%	11.3%
MACQ	10.4%	10	1.0	19.2%	20	3.8	4.9	4.5%	13.3%
COMM	40.2%	8	3.2	6.6%	15	1.0	4.2	11.1%	6.4%
CITI	15.3%	4	0.6	13.8%	20	2.8	3.4	12.5%	11.6%
SOSL	54.0%	5	2.7	21.0%	1	0.2	2.9	8.2%	2.1%
RBSM	87.5%	1	0.9	25.4%	4	1.0	1.9	5.3%	4.2%
MSDW	7.3%	12	0.9	8.7%	11	1.0	1.8	2.6%	2.9%
CSUI	25.6%	4	1.0	8.8%	8	0.7	1.7	11.0%	5.3%
ETRD	30.7%	5	1.5	0.8%	1	0.0	1.5	1.8%	2.2%
GS	4.8%	1	0.0	26.2%	4	1.0	1.1	2.5%	3.5%
BRID	77.6%	1	0.8	0.0%	0	0.0	0.8	0.1%	0.3%

The chart compares relative performances as sellers during opening and closing auctions. It draws attention to the most prominent selling brokers during auctions with UBS clearly dominant.



**8.3.6.5.2 MAY 2013 AUCTION TRENDS – Buying Brokers**

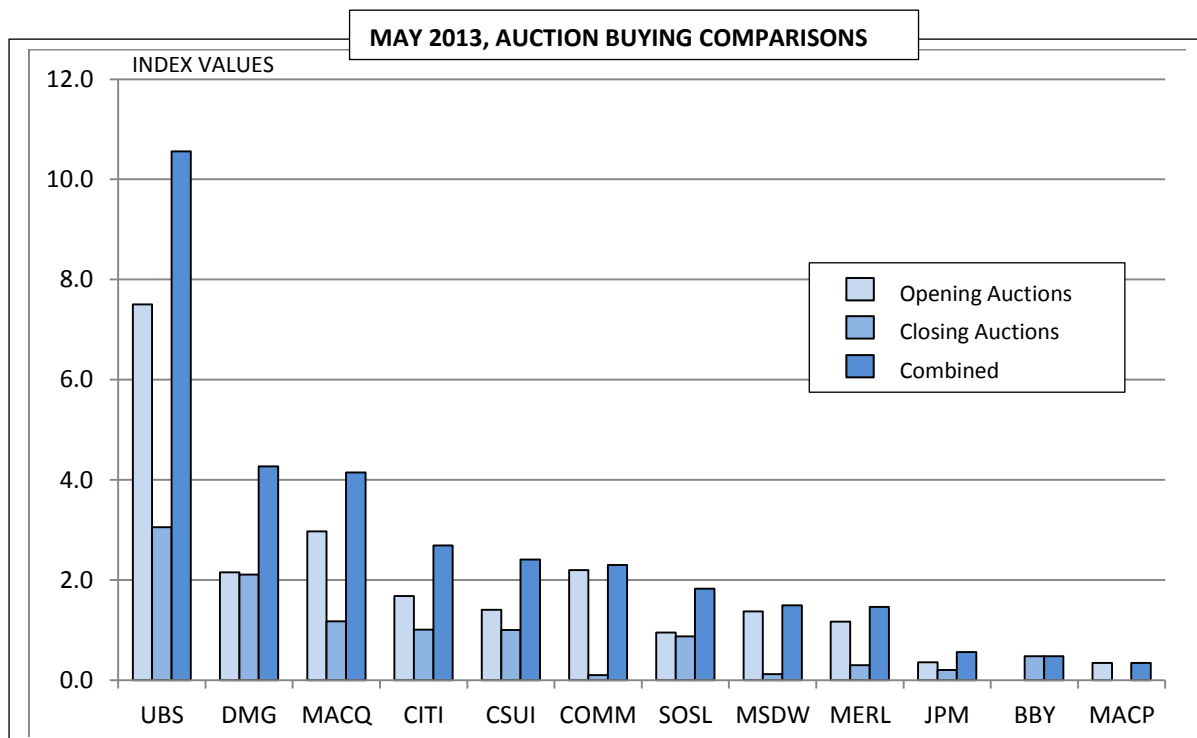
Once again the sheer dominance by UBS as both a seller and as a buyer in auctions throughout the month of May, together with the highly anomalous trading associated with Downticks, very much suggests that the CuDeco share price has been heavily controlled through non-genuine buying and selling that has resulted in artificial pricing levels.

Also, the strong increase in auction buying volumes by UBS compared to their market share of normal trading once again highlights trading activity that identifies with share price manipulation, not genuine trading.

An interest in controlling prices rather than genuine trading that has involved changes in ownership of shares has been the overriding theme across all trading throughout 2013.

May 2013	Opening Auctions -Buyers			Closing Auctions - Buyers			Overall INDEX	Market Shares Regarding Buying	
	Broker	Average Buys	Attendance	Index (AM)	Average Buys	Attendance		Index (PM)	% of Normal Buy Trades
UBS	34.1%	22	7.5	27.8%	11	3.1	10.6	10.7%	24.5%
DMG	16.6%	13	2.2	21.1%	10	2.1	4.3	8.3%	13.8%
MACQ	18.6%	16	3.0	11.7%	10	1.2	4.1	4.8%	15.1%
CITI	18.7%	9	1.7	12.7%	8	1.0	2.7	13.6%	8.0%
CSUI	17.6%	8	1.4	16.7%	6	1.0	2.4	4.8%	6.2%
COMM	31.4%	7	2.2	3.5%	3	0.1	2.3	8.6%	3.1%
SOSL	31.8%	3	1.0	87.5%	1	0.9	1.8	7.1%	9.1%
MSDW	9.8%	14	1.4	3.1%	4	0.1	1.5	2.7%	1.8%
MERL	9.7%	12	1.2	5.0%	6	0.3	1.5	9.0%	5.2%
JPM	35.8%	1	0.4	5.2%	4	0.2	0.6	0.0%	3.3%
BBY	0.0%	0	0.0	48.1%	1	0.5	0.5	5.6%	3.0%
MACP	34.7%	1	0.3	0.0%	0	0.0	0.3	0.4%	0.4%

The cartel like behaviours evident amongst the leading brokers identified in auction trading requires a full and proper investigation, as manipulative trading via algorithms has serious implications for the trading in all stocks on the ASX.



### 8.3.6.6.1 AUCTION TRADING VERSUS NORMAL TRADING BETWEEN JANUARY and MAY 2013

#### SELLING PROFILES

The table compares brokers by listing the market shares of selling during normal trading, the market shares of Downticks as sellers, the selling auction index, and the market shares of selling during auctions. Brokers are listed in order of selling in normal trading. The results are extremely revealing in that some brokers influenced prices to a degree far in excess of their levels of selling in active trading.

January 2013 to May 2013 Selling Statistics				
Broker	Normal Selling	Downtick Sells	Auction Index	Auction Selling
CITI	12.6%	7.3%	18.4	11.1%
DMG	11.0%	7.2%	41.4	12.5%
COMM	9.2%	10.4%	24.5	9.2%
UBS	7.4%	18.7%	48.9	20.5%
CSUI	6.3%	7.4%	13.1	5.3%
MACQ	5.8%	6.2%	28.7	9.5%
GS	5.4%	2.8%	8.2	8.2%
SOSL	4.8%	1.2%	8.4	1.9%
MSDW	4.3%	10.5%	21.6	5.3%
INST	3.3%	6.3%	-	0.3%
MERL	3.1%	6.4%	2.6	2.6%
ETRD	3.0%	1.5%	8.5	1.6%
SBAR	3.0%	0.9%	2.3	1.9%
GETCO	2.8%	3.3%	-	0.2%

#### OBSERVATIONS

- Citigroup Global was the leading seller in normal trading, just ahead of DMG with a gap to COMM and then UBS. As leading seller in the market their level of Downtick sales ranked only 5<sup>th</sup> and their auction selling ranked only 6<sup>th</sup>. However, it is possible that their clients were selling more aggressively and/or manipulatively through other brokers which is why audits are necessary to clarify the situation.
- UBS Securities were ranked 4<sup>th</sup> in terms of selling during normal trading but led Downtick sales by a very wide margin. Also they were by far the most influential broker as a seller in auctions both in terms of the index and also in terms of the volumes sold through auctions. Despite reduced selling volumes in the market, their selling was clearly dominant when there was an opportunity to impact prices such as in relation to Downticks and in auctions.
- Deutsche Bank was noted as a prominent seller in daily trading and was also extremely influential in auctions being ranked second behind UBS. They ranked 6<sup>th</sup> in terms of Downtick sales.
- Morgan Stanley had a relatively minor selling profile in the market (ranked 9<sup>th</sup>), but was noted for both its level of Downticks (2<sup>nd</sup>) and its influence during auctions (5<sup>th</sup>). Its selling is also seen to be more pronounced when there was an opportunity to impact prices.
- Trading by Instinet and Getco both showed a tendency to target lower prices with small volumes of daily selling resulting in relatively high levels of Downticks. While their overall influence across 5 months of trading is minor, as shown in the research, they were in fact extremely influential on particular days. Both had negligible impact in auction selling. The comments apply similarly to MERL.
- Commonwealth Securities was 3<sup>rd</sup> ranked seller and had a significant influence in both Downtick sales and auction selling.

The picture that emerges is for some brokers to dominate selling generally, for others to provide significant levels of selling that has heavily targeted prices, and others with negligible selling to also significantly impact prices. It is clear that share price manipulation is occurring, although it is not clear if brokers are acting for themselves or for their clients. Audits would reveal who has been responsible.

### b8.3.6.6.2 BUYING PROFILES

The table compares brokers by listing the market shares of buying during normal trading, the market shares of Downticks as buyers, the buying auction index and the market shares of buying during auctions. Brokers are listed in order of buying in normal trading. Again the results are extremely revealing.

January 2013 to May 2013 Buying Statistics				
Broker	Normal Buying	Downtick Buys	Auction Index	Auction Buying
COMM	13.4%	7.4%	16.8	5.8%
CITI	12.7%	11.0%	18.3	10.1%
DMG	10.0%	9.3%	33.9	13.2%
UBS	9.8%	14.7%	65.6	23.9%
MERL	5.7%	12.4%	19.5	8.1%
MACQ	5.4%	4.1%	32.5	10.8%
GS	4.4%	3.5%	6.6	4.9%
SOSL	3.9%	2.3%	6.1	3.0%
INST	3.9%	5.6%	-	0.3%
CSUI	3.8%	5.2%	15.9	4.1%
ETRD	2.9%	1.4%	4.2	1.4%
MSDW	2.3%	2.2%	22.4	3.4%
SBAR	1.1%	0.4%	0.9	0.6%
GETCO	2.8%	9.3%	-	0.3%

### OBSERVATIONS

- The symmetry between buying and selling by leading brokers demonstrates the high levels of trading churn taking place. The churn is likely to contain a significant level of wash trades or trades that have the same effect as wash trades. i.e., shares sold pass back and forth between other brokers before being reclaimed but the end result is no beneficial change to ownership. Such trading is manipulative as stated in the Corporations Act.
- Citigroup was a leading buyer in normal trading (i.e., 2<sup>nd</sup> placed) but was only 6<sup>th</sup> ranked in auctions based on the auction index.
- UBS was the most influential broker in auctions by a very wide margin. Their prominence in auctions is despite ranking only 4<sup>th</sup> largest buyer in normal trading. They were also the leading buyer (and seller) of Downticks, demonstrating active trading to influence prices. The non-genuine nature of UBS trading is reflected in their crossings which represented only 17.0% of all sales and 13.4% of all purchases despite having access to large volumes of buying and selling. Their trading appears particularly focussed on impacting prices rather than genuinely transacting for clients.
- Deutsche Bank was a leading buyer in normal trading and had an increased profile during auctions.
- Morgan Stanley's low buying profile in the market is in contrast to a much greater influence during auctions, and its significant influence regarding Downtick sales.
- GETCO's prominence with Downtick purchases is in contrast to their low levels of buying.
- Merrill Lynch was prominent with Downtick purchases and with their buying during auctions at levels far above their market profile in normal trading.

The same group of brokers has dominated buying and selling, with particular brokers targeting lower prices through Downtick sales while other brokers specialised in being the recipient of DT sales. It also shows buying and selling during auctions are totally controlled by a small subset of brokers. The situation is made all the more murkier by the fact that the same institutional interests are likely to have been responsible for the majority of buying and selling taking place across all brokers. The lack of responsiveness to announcements and the poor share price performance over the period clearly rests with non-genuine buying and selling, artificial pricing and manipulative trading behaviours rather than legitimate market trends.

### 8.3.6.7.1 THE SPREAD OF INSTITUTIONAL INFLUENCES ACROSS AUCTIONS

A persistent trend evident in research data for the period January 2013 through May 2013 is for a small group of brokers out of the 50 brokers who traded in CuDeco shares, to dominate the setting of prices in the market through control over Downticks, control over Upticks and control over auction prices. Having all price setting functions controlled by the joint activities of a small, but extremely influential, group of brokers identifies strongly with an artificial market and share price manipulation issues.

A key feature of trading is for dominance in regard to price setting to constantly rotate amongst members of the small group of institutional brokers. The situation is illustrated in auctions for the month of May 2013 in the tables that follow.

Closing auction data for May has been analysed to determine the selling market share of all brokers involved in the auctions that took place.

The table summarizes each broker's daily selling profile. The 'Total' column shows that on 12 of the 23 trading days (shown shaded), a small group of brokers controlled over 80% of all auction selling. On days where there were shortfalls, the accompanying table shows the contributions of 'other brokers' who were also prominent with their selling. Their selling is also likely to be the result of sporadic institutional selling orders as well, and when added to the 5 brokers featured, total control over all auctions has been achieved.

#### DAILY MARKET SHARES OF PROMINENT AUCTION SELLERS – May 2013

DATE	UBS	MSDW	MACQ	DMG	CITI	Total	OTHERS
May 1	69.7%			14.4%	8.9%	93.0%	
May 2	20.2%	2.4%	21.9%	12.1%	28.4%	85.0%	JPM 14.0%
May 3	5.1%	12.0%	15.3%	48.0%		80.4%	JPM 9.2%
May 6	18.6%			0.8%	10.7%	30.1%	GS: 43.8%, JPM: 12.0%
May 7	12.3%	9.7%	13.9%	0.1%	19.7%	55.7%	RBSM: 22.4%
May 8	20.9%	2.0%	50.2%		2.5%	75.6%	RBSM: 22.4%
May 9	42.4%		18.3%	11.8%	9.7%	82.2%	
May 10	42.5%		20.0%	15.3%	10.8%	88.6%	
May 13	47.3%	26.0%	11.8%	1.5%		86.6%	
May 14	24.2%		34.1%	28.0%	9.4%	95.7%	
May 15	6.3%		29.4%	32.7%	11.7%	80.1%	
May 16	3.3%		16.1%	30.6%	10.0%	60.0%	MERL: 32.4%
May 17	31.9%	3.0%	17.6%	4.9%	19.2%	76.6%	GS: 14.3%
May 20		22.6%	29.6%	0.7%	30.2%	83.1%	
May 21	3.8%			40.1%	4.5%	48.4%	BBY: 42.4%
May 22	69.4%	2.2%	6.1%	5.6%	13.6%	96.9%	
May 23	35.5%		2.4%	0.6%	12.7%	51.2%	RBSM: 45.9%
May 24	65.2%	10.0%	6.0%	3.9%	9.3%	94.4%	
May 27	0.6%		6.0%	8.2%	41.9%	56.7%	CSUI: 26.2%
May 28	15.9%	3.5%	13.9%	0.1%	7.8%	41.2%	CSUI: 24.2%, JPM: 5.7%
May 29	7.9%		20.4%	41.8%		70.1%	INST: 1.7%
May 30	3.1%	2.1%	19.3%		15.0%	39.5%	GS: 31.2%, SOSL: 21.0%
May 31	43.1%		31.3%	21.2%		95.6%	
Averages	26.8%	8.7%	19.2%	15.4%	13.8%	72.5%	

Monthly averages tend to conceal the quite substantial impact that individual brokers have on particular days such as UBS with 69.7%, 69.4% and 65.2% of all auction selling on particular days but with an overall average of 26.8%. Other brokers also have days where they largely controlled the auction outcome in their own right.

The data overwhelmingly demonstrates an institutional selling dominance in regard to setting auction prices. The data does not include Commonwealth Securities who throughout the period is more likely to have been servicing institutions rather than retail investors with their selling, thereby increasing levels of institutional control further.

### 8.3.6.7.2 CLOSING AUCTION BUYING - May 2013

Analysis of buying during closing auctions throughout May raises similar concerns to those raised by a breakdown of the selling. However, buying amongst brokers was more widely distributed. MERL and CSUI are seen to have higher profiles as buyers in closing auctions compared to their levels of selling. UBS on the other hand is seen to be an extremely influential seller and an extremely influential buyer yet only 13.6% of their closing auction selling represented crossings. The behaviour strongly suggests attempts to impact or control prices rather than dealing with genuine client orders.

#### DAILY MARKET SHARES OF PROMINENT AUCTION BUYERS – May 2013

DATE	Wider Institutional Buying Group					CSUI	GS	MERL	JPM	TOTALS	OTHERS
	UBS	MSDW	MACQ	DMG	CITI						
May 1	21.7%	4.5%	1.4%		8.2%	6.2%	30.8%	25.4%		98.2%	
May 2	21.0%	6.7%			43.9%	9.0%		8.4%		89.0%	
May 3	0.9%		49.7%	10.3%	33.7%	0.2%		0.7%		95.5%	
May 6	75.7%	2.4%	0.2%	11.1%				7.4%		96.8%	
May 7	29.8%		9.6%	25.3%	2.6%	25.2%		6.9%		99.4%	
May 8	22.8%	5.6%	12.0%	19.0%	13.0%	7.3%		1.2%		80.9%	SOSL: 15%
May 9	14.0%		57.9%	6.3%			19.8%	0.8%		98.8%	
May 10	9.0%		74.5%	3.9%	8.9%				2.3%	98.6%	
May 13	14.2%		3.6%	40.2%	14.0%	3.0%		1.2%	2.8%	79.0%	CIMB 21%
May 14	20.0%		13.5%	8.4%	16.3%			17.6%		75.8%	COMM: 24.3%
May 15	26.4%	19.8%		0.8%	4.0%			2.0%		53.0%	ETRD: 43.6%
May 16	47.9%			0.5%	9.8%			39.8%		98.0%	
May 17	48.4%		4.8%	33.0%	11.4%					97.6%	
May 20	42.8%	4.4%	7.6%	14.8%	10.0%	11.1%				90.7%	
May 21	17.7%	1.1%	15.1%	1.8%	45.9%				3.1%	84.7%	
May 22	19.0%	4.1%	12.9%	20.6%	0.6%	16.8%		1.9%		75.9%	D2MX:15.5%
May 23	5.6%		1.9%	84.6%	3.0%	4.1%		0.8%		100.0%	
May 24	3.9%		33.0%	1.2%				1.1%	12.8%	52.0%	BBY: 48%
May 27	90.8%		0.8%						2.0%	93.6%	
May 28	9.5%			0.2%	2.7%					12.4%	SOSL: 87.5%
May 29	37.2%		17.6%	5.7%	12.8%	4.5%	0.3%	20.9%		99.0%	
May 30	18.7%		15.6%	46.0%		16.8%		1.8%		98.9%	
May 31	13.2%	2.6%	8.1%	3.2%	14.8%	46.8%	0.2%	3.4%	2.8%	95.1%	
Averages	26.5%	5.7%	17.9%	16.8%	14.2%	12.6%	12.8%	8.3%	4.3%	85.3%	

If the majority of buying and selling across all brokers was on behalf of the same institutional interests or on behalf of interests affiliated with their trading, and with prominence on any given day shared around, then cartel activity would be an apt description of trading and market manipulation the most likely explanation for trading anomalies. It is why audits are so necessary to get to the bottom of spurious trading behaviours.



### **Section 8.3.7**

## **BROKER and REGISTRY SUMMARIES**

January through May 2013

### 8.3.7.1 BROKER SUMMARY – January 2013 to may 2013

The table summarizes all buying and selling by brokers over the 5-month period. Market share refers to the total value of trades (i.e. Buys plus sells by value compared to the value of all buying and selling).

Broker	CODE	Total Value	Market Share	Sells	% Sells	Buys	% Buys	NET
Citigroup	CITI	\$22,540,107	12.2%	3,008,483	12.1%	2,991,389	12.0%	-17,094
Deutsche	DMG	\$19,785,246	10.7%	2,757,012	11.1%	2,577,077	10.3%	-179,935
Commonwealth	COMM	\$19,769,506	10.7%	2,260,944	9.1%	3,027,496	12.2%	766,552
UBS	UBS	\$19,520,982	10.5%	2,291,304	9.2%	2,910,786	11.7%	619,482
Macquarie Insto	MACQ	\$12,486,403	6.7%	1,726,206	6.9%	1,684,324	6.8%	-41,882
Goldman Sachs	GS	\$9,258,193	5.0%	1,423,953	5.7%	1,100,293	4.4%	-323,660
Credit Suisse	CSUI	\$9,202,818	5.0%	1,536,149	6.2%	977,887	3.9%	-558,262
Merrill Lynch	MERL	\$8,790,757	4.7%	811,828	3.3%	1,573,673	6.3%	761,845
State One Stock	SOSL	\$7,567,488	4.1%	1,081,688	4.3%	913,001	3.7%	-168,687
Morgan Stanley	MSDW	\$6,471,570	3.5%	1,113,554	4.5%	613,787	2.5%	-499,767
Instinet Nomura	INST	\$5,745,758	3.1%	699,904	2.8%	824,328	3.3%	124,424
GETCO Australia	GETCO	\$5,151,530	2.8%	686,383	2.8%	686,318	2.8%	-65
E-Trade	ETRD	\$5,023,576	2.7%	679,937	2.7%	649,571	2.6%	-30,366
BBY	BBY	\$4,416,022	2.4%	150,405	0.6%	1,102,723	4.4%	952,318
AIEX	AIEX	\$4,039,902	2.2%	608,768	2.4%	473,122	1.9%	-135,646
Susquehanna	SUSQ	\$3,632,991	2.0%	487,472	2.0%	501,996	2.0%	14,524
Morgan Smith	SBAR	\$3,537,708	1.9%	688,941	2.8%	241,465	1.0%	-447,476
RBS Morgans	RBSM	\$2,489,985	1.3%	584,182	2.3%	82,590	0.3%	-501,592
Virtu Financial	VIRT	\$1,965,913	1.1%	253,801	1.0%	289,283	1.2%	35,482
Macquarie Retail	MACP	\$1,705,403	0.9%	272,489	1.1%	181,989	0.7%	-90,500
Wealthhub	NATO	\$1,694,302	0.9%	218,139	0.9%	238,991	1.0%	20,852
CITADEL	CITADEL	\$1,575,418	0.8%	212,551	0.9%	213,569	0.9%	1,018
JPMorgan	JPM	\$1,462,826	0.8%	178,003	0.7%	206,312	0.8%	28,309
Moelis	MOELIS	\$972,394	0.5%	258,230	1.0%	0	0.0%	-258,230
ABN AMRO	ABNA	\$889,245	0.5%	125,282	0.5%	112,437	0.5%	-12,845
Others	-	\$5,728,724	3.1%	790,697	3.1%	731,898	2.9%	-58,799
Totals		185,424,769	100%	24,906,305	100%	24,906,305	100%	0

Average buying prices and averaging selling prices on a stock by stock basis are provided in Appendix 1.

The churn trading by the likes of CITI and GETCO draws attention to the corporate agendas behind their trading as very little appears to have been achieved in terms of profits despite all of the buying and selling resulting in the disposal of just 17 thousand shares. CITI showed a margin of -10.7 cents between average selling prices and average buying prices for the 3 million shares it bought and sold. The loss making trading statistic draws attention to what agendas motivate their trading. (Refer Appendix 1)

The table below summarizes the leading net-sellers and the leading net-buyers of stock for the period. Brokers appearing as net sellers or buyers not evident in the above table form part of the 'Others' group.

#### LEADING NET SELLERS

Broker	Sells	%Sells	Buys	%Buys	Net Sells
CSUI	1,536,149	6.2%	977,887	3.9%	-558,262
RBSM	584,182	2.3%	82,590	0.3%	-501,592
MSDW	1,113,554	4.5%	613,787	2.5%	-499,767
SBAR	688,941	2.8%	241,465	1.0%	-447,476
GS	1,423,953	5.7%	1,100,293	4.4%	-323,660
MOELIS	258,230	1.0%	0	0.0%	-258,230
DMG	2,757,012	11.1%	2,577,077	10.3%	-179,935
SOSL	1,081,688	4.3%	913,001	3.7%	-168,687
AIEX	608,768	2.4%	473,122	1.9%	-135,646
RBSA	165,754	0.7%	50,831	0.2%	-114,923
MACQ	1,726,206	6.9%	1,684,324	6.8%	-41,882
CITI	3,008,483	12.1%	2,991,389	12.0%	-17,094
Others	2,147,612	8.6%	1,764,537	7.1%	-383,075
Totals	17,100,532	68.7%	13,470,303	54.1%	-3,630,229

#### LEADING NET BUYERS

Broker	Sells	%Sells	Buys	%Buys	Net Sells
BBY	150,405	0.6%	1,102,723	4.4%	952,318
COMM	2,260,944	9.1%	3,027,496	12.2%	766,552
MERL	811,828	3.3%	1,573,673	6.3%	761,845
UBS	2,291,304	9.2%	2,910,786	11.7%	619,482
INST	699,904	2.8%	824,328	3.3%	124,424
WILS	30,350	0.1%	137,900	0.6%	107,550
CLSA	0	0.0%	51,877	0.2%	51,877
PETRA	0	0.0%	50,000	0.2%	50,000
VIRT	253,801	1.0%	289,283	1.2%	35,482
EVAN	200	0.0%	30,000	0.1%	29,800
JPM	178,003	0.7%	206,312	0.8%	28,309
SUSQ	487,472	2.0%	501,996	2.0%	14,524
Others	641,562	2.6%	729,628	3.0%	88,066
Totals	7,805,773	31.4%	11,436,002	46.0%	3,630,229

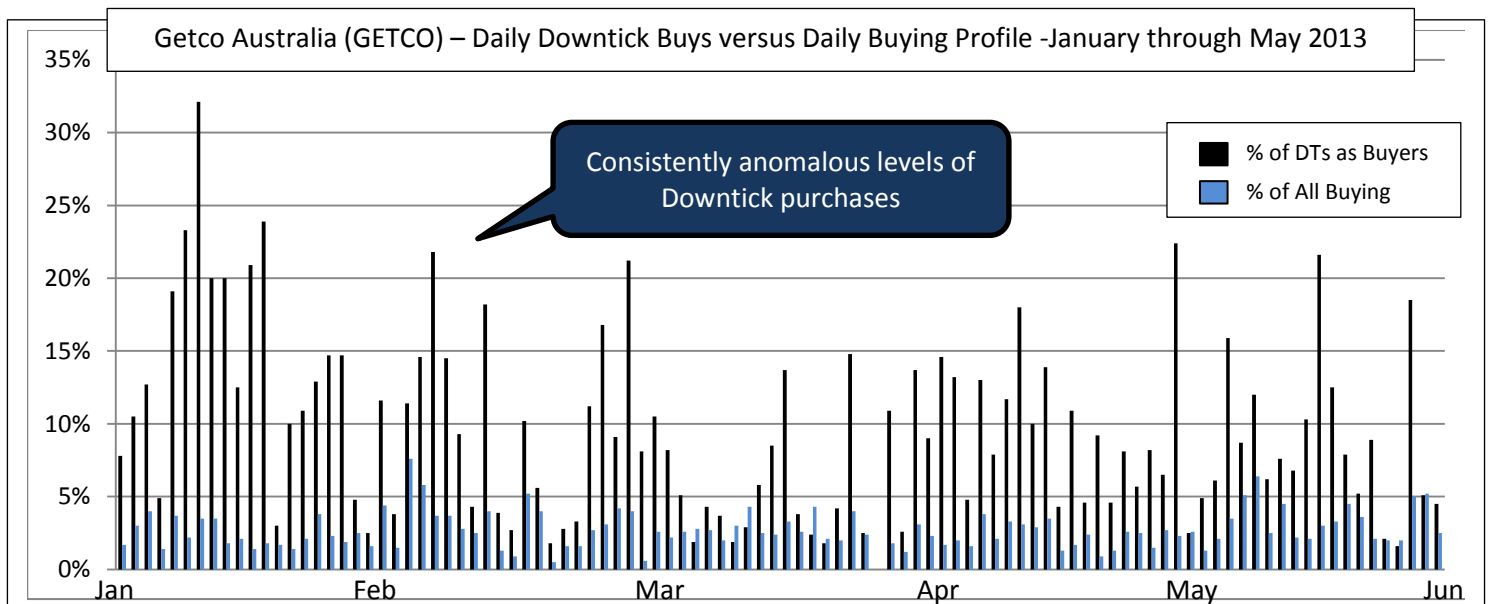
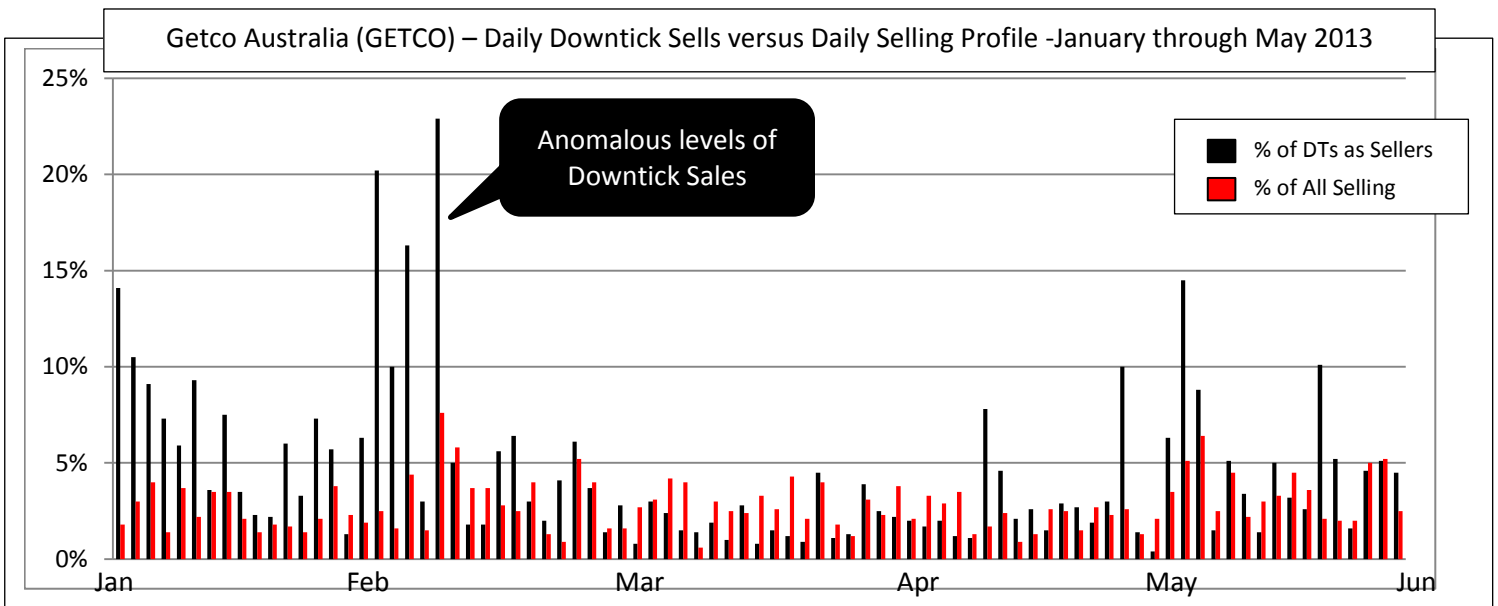
In contrast to CITI, UBS's margin was +5.7 cents suggesting that if a major client was using both brokers, and others as well for their buying and selling, with shares being churned back and forth, individual profits and losses would tend to even out when all trades were reconciled. Such activity would however qualify as non-genuine trading resulting in the creation of artificial pricing levels and would therefore be manipulative.

Further complicating trading issues is the fact that the 3 million buys and sells by broker Citi Group Global fall well short of the 5+ million shares that moved ON and OFF the register regarding its affiliate's shareholding, Citicorp Nominees, which showed a net gain of 450,509 shares. (Refer to Table 3, Section 8.3.7.3). Clearly, other brokers traded in support of the Citicorp Nominees holding which adds further credibility to the previous suggestion regarding trading.

The situation with GETCO is similar with close to 686,000 buys and sells resulting in virtually a zero net position and zero profits with an average buying and average selling prices being identical. The zero gain is associated with \$5.2 million worth of buying and selling orders put through the market. (Refer Appendix 1)

GETCO was associated with anomalous levels of Downtick sales and Downtick purchases which suggest that much of its trading either targeted or supported lower prices despite returning zero profits. The charts summarize all of GETCO's Downtick sales and all of their Downtick purchases over the 5 month period. In each case a comparison is made with their overall selling profiles and their overall buying profiles each day.

The large numbers of anomalies are a notable feature of GETCO trading over the period, especially DT buys.



### 8.3.7.2 INSTINET TRADING (INST)

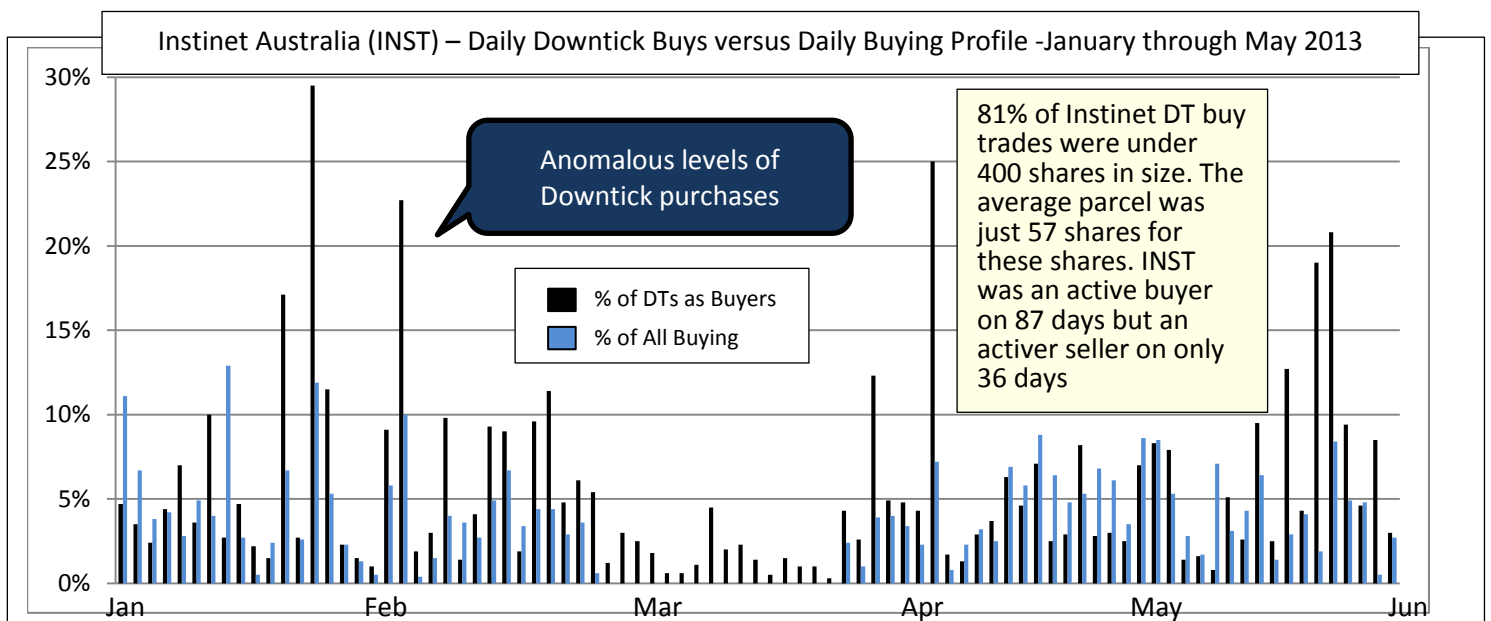
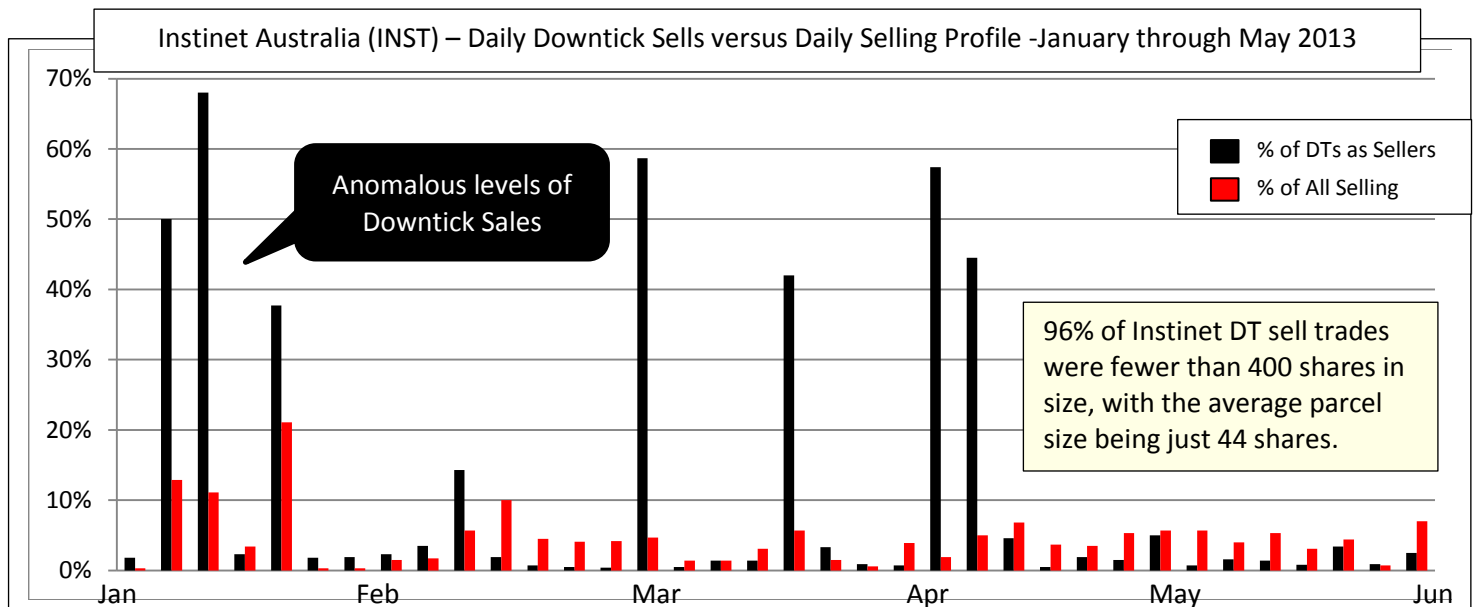
Instinet was fined for trading breaches in August this year for misdemeanours taking place late 2010. The fines were announced in an article by The Sydney Morning Herald. <[Reference Link](#)>. An excerpt is provided below.

*A high-frequency trader was allowed to make hundreds of potentially highly suspect trades for three weeks in late 2010, and the broker that facilitated those trades has now been fined \$130,000. But the corporate regulator will not say who the high-frequency trader was, if it is still operating here, or if it will be facing disciplinary action.*

*The Australian Securities and Investments Commission has fined **Instinet Australia** - an agency-only institutional broker - for allowing one of its high-speed trading clients to issue hundreds of "wash trades" to the market in late 2010 without stopping those trades or alerting authorities to them.*

*Wash trading is considered a form of stock manipulation in which an investor simultaneously buys and sells the same shares to artificially increase trading volume and the stock price. ASIC says Instinet was aware that it did not have an appropriate filter on its automated processing system to accommodate high-speed traders.*

Trading by Instinet in CuDeco some two years later (i.e., Jan 2013 through May 2013, featured large numbers of small trades that tended to target lower prices both as a seller and a buyer of DT trades.



### 8.3.7.3 REGISTRY MOVEMENTS – January 2013 through May 2013

Shareholder movements associated with various types of investors over the 5-month period are summarized in the table.

#### Institutions:

Institutional holdings comprise investment banks acting as custodians on behalf of pension funds, mutual funds, large private investors, corporations etc. and where in many cases, fund managers have rights to use the holdings for stock lending purposes. Some of CuDeco's large shareholders such as the M&G Group, and China Oceanwide are also held in institutional accounts

#### Corporate Entities:

Include the Company Employee share purchase scheme, investors close to the company such as New Apex Asia, and entities such as QLD Investment Corporation and AMP Life who invest across a range of companies.

**Funds:** Include the likes of Bond Street Custodians, BNP Paribas, BT Portfolio Services etc.

**Retail Investors:** Are represented by personal holdings or shares held in small private companies.

**Table 1**

	OFF	ON	NET
Corporate Entities	2,379,814	2,183,036	-196,778
Funds	774,548	810,295	35,747
Institutions	25,870,138	27,724,990	1,854,852
Retail Investors	4,354,983	4,916,541	561,558
<b>Totals</b>	<b>33,379,483</b>	<b>35,634,862</b>	<b>2,255,379</b>

Also includes retail self managed super accounts

Most classes of investors accumulated shares

Broker Nominees represent share flows associated with securities lending. Short sales and short covering purchases are reflected in the movements in and out of institutional holdings which are the source of shares for stock lending. Shares flowing in and out of Broker nominee accounts usually balance out, however over the period 2.5 million shares left broker nominee accounts and mainly ended up back with institutions.

**Table 2**

Broker Nominees	14,280,736	11,790,644	-2,490,092
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The shares leaving Nominee accounts have ended up with institutions

The following table compares institutional activity with the trading of all other investors for the 5-month period.

	OFF	ON
Registry Movements	33,379,483	35,634,862
Institutions	25,870,138	27,724,990
	77.5%	77.8%
Others	7,509,345	7,909,872
	22.5%	22.2%

Institutions have again been the dominant group regarding trading.

The following table summarizes registry share flows associated with institutional holdings.

**Table 3**

Institutional Entity	OFF	ON	NET
National Nominees	5,015,857	4,125,109	-890,748
Citicorp Nominees	5,373,101	5,823,610	450,509
HSBC Nominees	9,221,372	9,918,529	697,157
JP Morgan	1,194,317	1,047,494	-146,823
J P Morgan Nominees	5,065,491	6,810,248	1,744,757
<b>Totals</b>	<b>25,870,138</b>	<b>27,724,990</b>	<b>1,854,852</b>

The net gains closely equate to shares leaving Nominee accounts

The M&G holding is distributed across HSBC Nominees and the two JP Morgan Entities. This provides an opportunity for trading back and forth but where the beneficial ownership of the group remains unchanged. In view of all of the anomalous trading that has occurred over the 5-month period, it would be prudent to check the share flows associated with their various holdings and the extent of their stock lending activity.

A comparison of registry movements to broker buying and selling over the period reveals surplus registry transactions. It suggests off-market dealings such as previously addressed in Research Paper 6.3 <Ref. LINK>. The imbalances are a measure of unorthodox trading activity that require proper clarification particularly if manipulative sales to affiliates on-market have been re-distributed through off-market adjustments.

	OFF	ON
Shareholder Registry Movements	33,379,483	35,634,862
	SELLS	BUYS
Broker Buying & Selling Activity	24,906,305	24,906,305
<b>Surplus Registry Movements</b>	<b>8,473,178</b>	<b>10,728,557</b>
Compared to Broker Trades	34.0%	43.1%

Large additional share flows opaque to the market

#### 8.3.7.4 SETTLEMENT ACTIVITY— January 2013 through May 2013

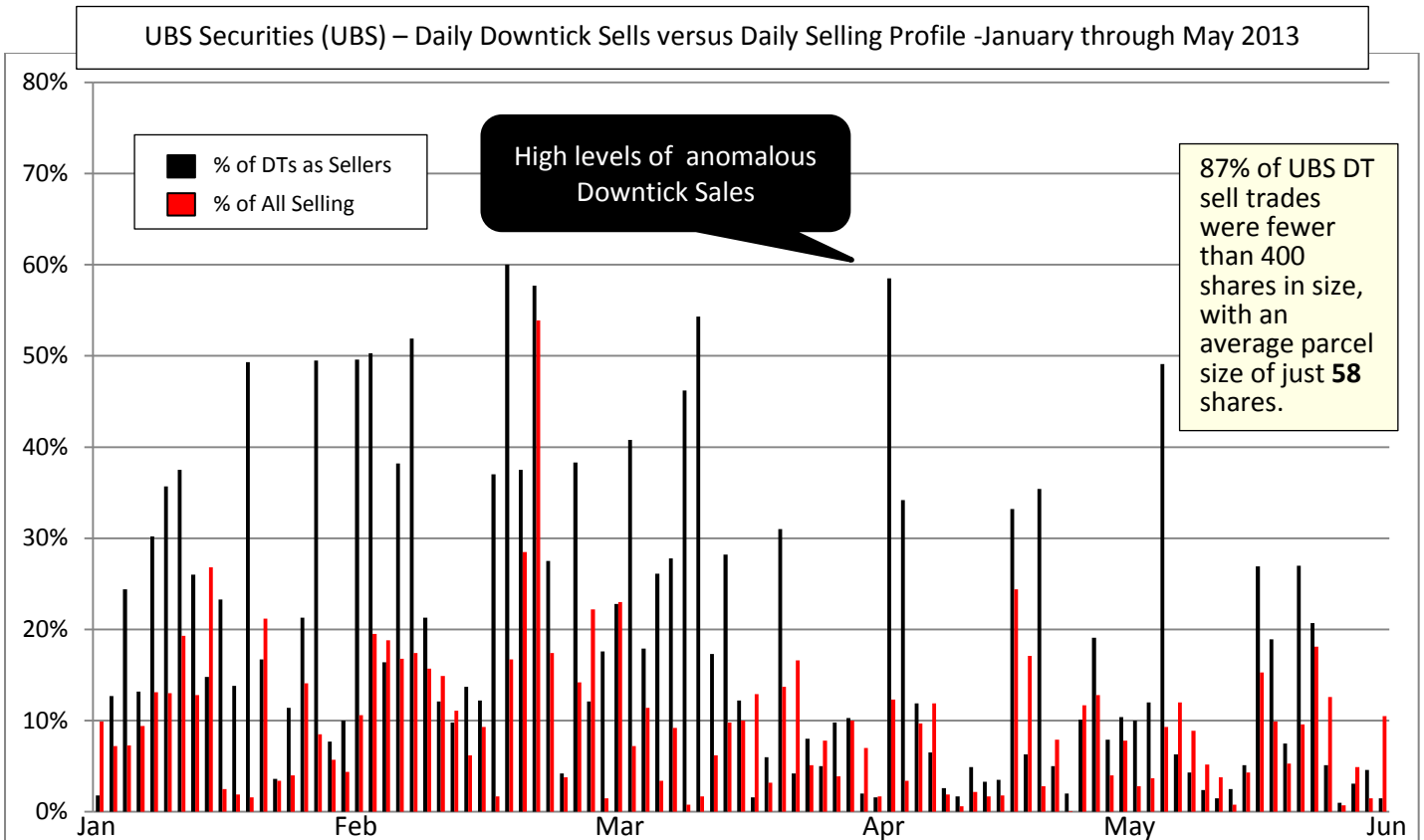
The leading brokers regarding settlements are listed in the table together with their share of all settlements. Their share (%) of settlements is based on the combined ON and OFF movements of individual brokers compared to all ON and OFF settlement share flows.

Broker	Code	Settlement Entity	OFF	ON	Share
AIEX	AIEX	Netshare Nominees	993,452	994,845	4.3%
Commonwealth State One	COMM SOSL	Comsec Nominees State One Nominees	2,437,724 464,800	2,465,869 678,272	10.7% 2.5%
UBS Securities	UBS	UBS Nominees	8,670,847	8,652,093	37.7%
Merrill Lynch	MERL	MLEQ Nominees	3,530,787	3,534,728	15.4%
Macquarie Institutional	MACQ	Woodross Nominees	2,944,009	2,934,642	12.8%
Deutsche Bank	DMG	Bainpro Nominees	1,362,789	1,332,271	5.9%
JP Morgan	JPM	Ecapital Nominees	1,141,623	1,160,398	5.0%
Other			1,318,739	1,346,365	5.8%
Total Settlement Flows			22,864,770	23,099,483	100%

The remarkable features of trading that require a full regulatory assessment is the large involvements with settlements by UBS Securities (i.e., 37.7%) yet their market share over all trading was 10.5%. It suggests extensive support offered to a range of brokers through settlements which may also have influenced UBS's trading in the market. In particular, UBS Securities is noted as the leading seller of Downtick trades even though they were a leading accumulator of shares. The table below lists the leading sellers of Downticks over the 5-month period, together with their overall selling profiles in the market, the proportion of DT trades that involved parcel sizes fewer than 400 shares, and the average parcel size for these transactions. The data strongly indicates the artificial nature of trading and the targeting of lower prices individually and as a group.

DT Seller	Number	%DTs	%Sells	<400 shares	Avg. Size
UBS	1,692	18.7%	9.2%	87.0%	58
MSDW	951	10.5%	4.5%	90.5%	86
COMM	942	10.4%	9.1%	77.8%	93
CSUI	668	7.4%	6.2%	83.7%	73
CITI	659	7.3%	12.1%	78.6%	93
DMG	653	7.2%	11.1%	77.3%	83
MERL	583	6.4%	3.3%	94.9%	55
INST	571	6.3%	2.8%	95.6%	32
MACQ	565	6.2%	6.9%	87.3%	86
GETCO	300	3.3%	2.8%	88.0%	109
GS	249	2.8%	5.7%	72.3%	74
JPM	134	1.5%	0.7%	94.8%	32

UBS's high level of anomalous DT trades over the 5-month period is captured in the following chart. The number of small trades that forced Downticks in price is extremely revealing. It highlights trading that has provided downward pressure on pricing levels rather than achieving the best returns for sales. UBS trading strongly contradicts the High Court's clarification of how a genuine seller is meant to operate in the market.



The following chart summarizes UBS's trading over various periods during the last three and a half years. The consistently high settlement participation by UBS Securities, despite much lower trading profiles in the market, is a prominent feature of all trading. Very little trading is transparent and reconcilable with shareholder movements. The transparency issue also applies to all of the institutional brokers including CITI, DMG, MSDW, MERL, MACQ, and GS. It makes share price manipulation and market integrity issues extremely difficult to resolve under current arrangements yet the regulator isn't prepared to take steps to ensure full transparency which would immediately remedy the situation.

Period	% of ASX Trading	% of Broker Settlements	% of Shareholder Movements	Broker Nominee Entity	% of all Nominee Share Flows
Period Nov/Dec 2010	6.9%	21.6%	0.0%	UBS Nominees	65.9%
Period Jan 2010/June 2012	5.4%	37.2%	2.7%	UBS Nominees	17.7%
Period Jan/May 2013	10.5%	37.7%	0%	UBS Nominees	0.5%

Another prominent feature of UBS trading has been the levels of selling they have put through the market. Despite being a leading accumulator of stock for the 5-month period reviewed for 2013, over the preceding three years they were a leading net-seller of stock, along with the retail brokers COMM and AIEX. Yet over the same period, institutions were strong accumulators of stock, both in the market due to strong buying by M&G, and also through placements.

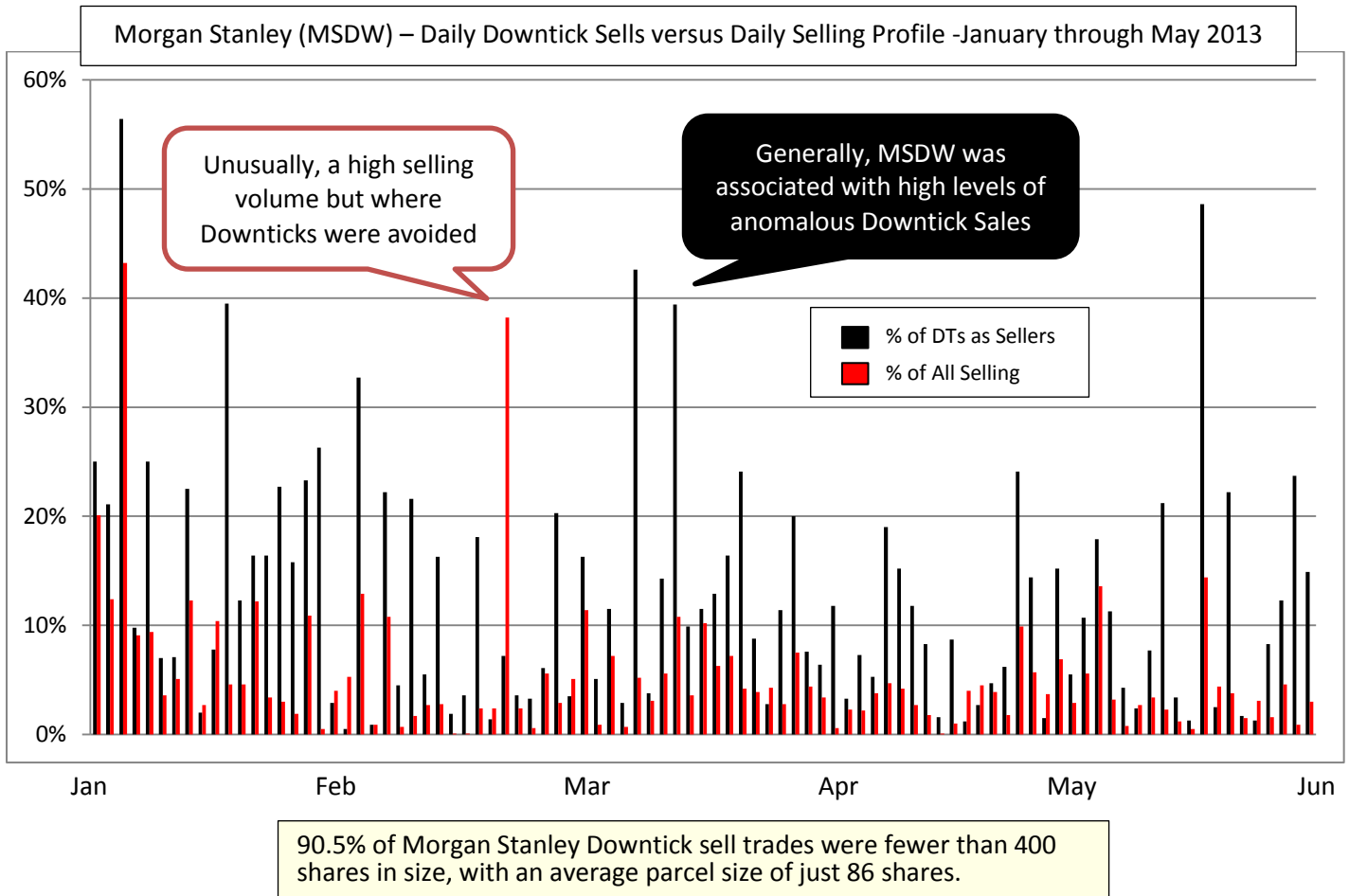
The leading roles by UBS as a net-seller of stock, as the leading seller of Downtick trades and in being prominent in controlling auction prices, requires clarification through audits particularly as its market share by total value of trades ranked only fourth. Also, its level of buying and selling was only around a third that of the leading broker (by total value of trades) which was Commonwealth Securities.

The leading net-sellers over the period 2010 through to the end of 2012 were as follows.

Broker	By Value of Trades	Sells	% Sells	Buy	% Buys	Net Sales
Commonwealth	Ranked 1: 16.8%	81,632,409	18.5%	76,982,444	17.5%	-4,649,965
AIEX	Ranked 2: 5.3%	26,375,660	6.0%	22,225,216	5.1%	-4,150,444
UBS	Ranked 4: 5.9%	27,082,527	6.2%	23,268,186	5.3%	-3,814,341

### 8.3.7.5 OTHER ISSUES

In view of the aggressive selling by the M&G Group in disposing of their substantial holding in June, July and August 2013, it would be timely to review the activity of their broker Morgan Stanley in the lead-up to the M&G selling. Certainly MSDW played a leading role, along with UBS Securities, in providing Downward pressure to the share price as highlighted by the chart.





## APPENDIX 1 – Summary of Broker Trading Data January 2013 through May 2013

The margin provides a comparison between average buying and selling prices but only when net accumulation is close to zero does it provide an indication of whether trading has been profitable or not. Even then, the buying and selling clients are not necessarily one and the same so it is a guide only.

BROKER	CODE	TOTAL VALUE	SELLS	AVG. SELL	% SELLS	BUYS	% BUYS	AVG. BUY	NET	MARGIN
Citigroup	CITI	\$22,540,107	3,008,483	\$3.703	12.1%	2,991,389	12.0%	\$3.810	-17,094	-\$0.107
Deutsche	DMG	\$19,785,246	2,757,012	\$3.679	11.1%	2,577,077	10.3%	\$3.742	-179,935	-\$0.063
UBS	UBS	\$19,520,982	2,291,304	\$3.784	9.2%	2,910,786	11.7%	\$3.728	619,482	\$0.057
Commonwealth	COMM	\$19,769,506	2,260,944	\$3.755	9.1%	3,027,496	12.2%	\$3.726	766,552	\$0.029
Macquarie Insto	MACQ	\$12,486,403	1,726,206	\$3.630	6.9%	1,684,324	6.8%	\$3.693	-41,882	-\$0.063
Credit Suisse	CSUI	\$9,202,818	1,536,149	\$3.634	6.2%	977,887	3.9%	\$3.702	-558,262	-\$0.068
Goldman Sachs	GS	\$9,258,193	1,423,953	\$3.634	5.7%	1,100,293	4.4%	\$3.711	-323,660	-\$0.077
Morgan Stanley	MSDW	\$6,471,570	1,113,554	\$3.753	4.5%	613,787	2.5%	\$3.734	-499,767	\$0.019
State One Stock	SOSL	\$7,567,488	1,081,688	\$3.816	4.3%	913,001	3.7%	\$3.768	-168,687	\$0.048
Merrill Lynch	MERL	\$8,790,757	811,828	\$3.704	3.3%	1,573,673	6.3%	\$3.675	761,845	\$0.029
Instinet	INST	\$5,745,758	699,904	\$3.753	2.8%	824,328	3.3%	\$3.783	124,424	-\$0.030
Morgan Smith	SBAR	\$3,537,708	688,941	\$3.883	2.8%	241,465	1.0%	\$3.571	-447,476	\$0.313
GETCO Australia	GETCO	\$5,151,530	686,383	\$3.753	2.8%	686,318	2.8%	\$3.753	-65	\$0.000
E-Trade	ETRD	\$5,023,576	679,937	\$3.881	2.7%	649,571	2.6%	\$3.671	-30,366	\$0.210
AIEX	AIEX	\$4,039,902	608,768	\$3.764	2.4%	473,122	1.9%	\$3.696	-135,646	\$0.068
RBS Morgans	RBSM	\$2,489,985	584,182	\$3.661	2.3%	82,590	0.3%	\$4.253	-501,592	-\$0.592
Susquehanna	SUSQ	\$3,632,991	487,472	\$3.678	2.0%	501,996	2.0%	\$3.666	14,524	\$0.012
Macquarie Retail	MACP	\$1,705,403	272,489	\$3.804	1.1%	181,989	0.7%	\$3.676	-90,500	\$0.128
Moelis Sec	MOELIS	\$972,394	258,230	\$3.766	1.0%	0	0.0%	\$0.000	-258,230	na
Virtu Financial	VIRT	\$1,965,913	253,801	\$3.626	1.0%	289,283	1.2%	\$3.615	35,482	\$0.011
Wealthhub	NATO	\$1,694,302	218,139	\$3.763	0.9%	238,991	1.0%	\$3.655	20,852	\$0.107
CITADEL	CITADEL	\$1,575,418	212,551	\$3.695	0.9%	213,569	0.9%	\$3.699	1,018	-\$0.004
JPMorgan	JPM	\$1,462,826	178,003	\$3.792	0.7%	206,312	0.8%	\$3.819	28,309	-\$0.026
RBS Securities	RBSA	\$754,855	165,754	\$3.468	0.7%	50,831	0.2%	\$3.540	-114,923	-\$0.072
BBY	BBY	\$4,416,022	150,405	\$3.829	0.6%	1,102,723	4.4%	\$3.482	952,318	\$0.346
ABN AMRO	ABNA	\$889,246	125,282	\$3.754	0.5%	112,437	0.5%	\$3.726	-12,845	\$0.028
Ord Minnett	ORDS	\$352,672	71,178	\$4.102	0.3%	17,200	0.1%	\$3.530	-53,978	\$0.572
Bell Potter	BELL	\$474,354	59,914	\$3.871	0.2%	71,280	0.3%	\$3.401	11,366	\$0.470
Third Party	TPPM	\$442,856	54,648	\$3.722	0.2%	64,894	0.3%	\$3.690	10,246	\$0.033
ITG Aust.	ITG	\$381,191	54,283	\$3.348	0.2%	48,778	0.2%	\$4.089	-5,505	-\$0.740
Pershing	PERSH	\$278,283	52,672	\$3.774	0.2%	21,877	0.1%	\$3.633	-30,795	\$0.141
CIMB	CIMB	\$195,162	52,140	\$3.416	0.2%	4,290	0.0%	\$3.980	-47,850	-\$0.564
CMC Markets	CMCS	\$373,396	42,395	\$3.760	0.2%	56,391	0.2%	\$3.795	13,996	-\$0.034
Phillip Capital	PCAP	\$344,314	33,600	\$4.129	0.1%	55,042	0.2%	\$3.735	21,442	\$0.394
Baillieu	BAIL	\$118,700	31,000	\$3.829	0.1%	0	0.0%	\$0.000	-31,000	na
Wilson	WILS	\$623,329	30,350	\$3.491	0.1%	137,900	0.6%	\$3.752	107,550	-\$0.261
D2MX Pty Ltd	D2MX	\$94,722	22,450	\$3.597	0.1%	3,450	0.0%	\$4.050	-19,000	-\$0.453
BTIG	BTIG	\$120,172	22,000	\$3.776	0.1%	10,000	0.0%	\$3.710	-12,000	\$0.066
Patersons	PSL	\$182,382	20,315	\$3.724	0.1%	29,461	0.1%	\$3.622	9,146	\$0.102
CSHK	#N/A	\$148,393	17,653	\$4.345	0.1%	16,635	0.1%	\$4.309	-1,018	\$0.036
Bridges	BRID	\$59,822	13,419	\$3.919	0.1%	2,000	0.0%	\$3.615	-11,419	\$0.304
Euroz	EURO	\$50,996	13,313	\$3.831	0.1%	0	0.0%	\$0.000	-13,313	na
Shaw	SHAW	\$49,822	12,242	\$3.866	0.0%	700	0.0%	\$3.570	-11,542	\$0.296
Timber Hill	TIMR	\$75,798	11,484	\$3.783	0.0%	8,292	0.0%	\$3.902	-3,192	-\$0.119
Interactive	IABL	\$22,884	6,118	\$3.740	0.0%	0	0.0%	\$0.000	-6,118	na
HUB24CS	HUB24	\$10,706	2,484	\$4.310	0.0%	0	0.0%	\$0.000	-2,484	na
Burrell	BRLL	\$7,904	1,085	\$4.160	0.0%	1,000	0.0%	\$3.390	-85	\$0.770
Evans & Partner	EVAN	\$131,024	200	\$3.570	0.0%	30,000	0.1%	\$4.344	29,800	-\$0.774
CLSA	CLSA	\$225,294	0	\$0.000	0.0%	51,877	0.2%	\$4.343	51,877	na
Petra Capital	PETRA	\$209,694	0	\$0.000	0.0%	50,000	0.2%	\$4.194	50,000	na
Totals		\$185,424,768	24,906,305	100%	100%	24,906,305	100%	0		