

**FINANCIAL MARKETS CONDUCT BILL
SUBMISSION ON EXPOSURE DRAFT**

iPredict Limited

Clause Number	Clause heading	Submission
Part 1	Preliminary provisions	
Clause 7	Meaning of financial product	<p>Section 40 of the Securities Act creates a safe harbour by providing that the Gambling Act does not apply to authorised futures contracts.</p> <p>No equivalent provision is contained in the exposure draft of the Securities Markets Conduct Bill. In its “Query Notes” on the bill (paras 45 – 52), MED specifically addresses this. We agree with the MED that “the issue probably needs to be addressed”. The MED lists three alternatives.</p> <p>Option A is strongly preferred by iPredict. iPredict and, as the MED notes, other persons selling derivatives will be likely excluded under Option B. We believe iPredict is likely to be excluded under Option C.</p> <p>While the MED raises the possibility that Option A will permit illegal gambling, this possibility must be weighed against the certainty that iPredict and, most likely, other sellers of derivatives will be excluded under Option B, and the possibility that iPredict and other derivatives sellers will be excluded under Option C. The inadvertent exclusion of existing derivatives sellers, with associated stranding of assets and regime uncertainty for all derivatives sellers, will almost certainly be more costly than the inadvertent inclusion of gambling operators.</p>
Part 2	Misleading or deceptive conduct or false or misleading representations	
[insert rows]		
Part 3 and schedules 1 and 2	Disclosure offers of financial products	
[insert rows]		
Part 4 and schedule 3	Governance of financial products	
[insert rows]		
Part 5	Dealing in financial products on markets	
[insert rows]		
Part 6	Licensing and other regulation of market services	

[Insert name of submitter]

Clause Number	Clause heading	Submission
[insert rows]		
Part 7	Enforcement and liability	
[insert rows]		
Part 8	Regulations and exemptions	
[insert rows]		
Part 9 and schedule 4	Miscellaneous provisions	
[insert rows]		