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AMENDMENTS TO THE OPERATING RULES OF SYDNEY FUTURES EXCHANGE LIMITED

Amendments and additions have recently been made to the Operating Rules of the Exchange, as set out in the Annexures. These are:

A Market By-Laws for a new cash settled Cash Rate Futures contract, the 30 Day Interbank Cash Rate, which is to be listed at 5.10 pm on 11 August 2003. Details of the contract were provided in Bulletin 42/03 and the By-Laws themselves appear in Annexure A.

The 30 Day Interbank Cash Rate Futures contract is to be based on the Interbank Overnight Cash Rate published by the Reserve Bank of Australia (RBA), which is a rate used by market participants to trade their daily cash exposures. The futures contract will allow users to hedge against expected fluctuations in the overnight rate and better manage their daily cash exposures.

B Amendments to the pre-negotiated business Trading Rules to enable the Exchange to determine additional contracts which may be pre-negotiated. As mentioned in Bulletin 44/03, the Exchange has prescribed the following as contracts which may be pre-negotiated, commencing 4 August 2003. The amendments appear in Annexure B.

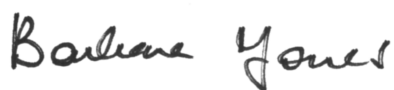
- Serial 90 Day Bank Bill options.
- d-cypha SFE Australian Electricity Futures;
- SFE Wool Futures and Options, and,
- MLA/ SFE Cattle Futures.

C Amendments to the 90 Day Bank Accepted Bill Market By-Laws to enable the Exchange to list serial options over the futures contracts. Details were provided in Bulletin 39/03 and the amendments appear in Annexure C. SFE launched serial options on the 90 Day Bank Bill Futures contracts at 5.10pm on 4 August 2003 (for trade date 5 August 2003). The first expiry months to be listed for trade will be October 2003 and November 2003.

D Amendments to the 90 Day Bank Accepted Bill and Three and Ten Year Treasury Bond Market By-Laws, to require buyers to exercise or abandon prior to or at, but not after, the close of trading on the Declaration Date (although they may continue to exercise or abandon up to 20 or 30 minutes after the close of trading on other days). The amendments are set out in Annexure D. They have not yet come into effect, and an announcement will be made as to the commencement date.

Should you have any queries please contact

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ANNEXURE A**MARKET BY-LAWS FOR THE
30 DAY INTERBANK CASH RATE FUTURES CONTRACT**

- CR.1 (a) The subject of each contract shall be the average monthly yield, calculated in accordance with these Market By-Laws, which would be payable on a notional sum of \$3,000,000 at a rate quoted by the Reserve Bank of Australia and referred to in these By-Laws as the Interbank Overnight Cash Rate.
- (b) The Interbank Overnight Cash Rate shall be the rate quoted by the Reserve Bank of Australia, described as the Interbank Overnight Cash Rate, and published by the Reserve Bank of Australia as one of its Money Market Interest Rates and Yields, or such successor to that rate as, in the opinion of the Exchange, is in all material respects the same as that rate.
- (c) The effect of a 30 Day Interbank Cash Rate Futures contract ("the contract") is that the parties will make an adjustment between them at a specified future time ("the cash settlement day") according to whether a cash settlement price is greater or less than the price at the time of the making of the contract, the difference being determined in accordance with these By-Laws.
- (d) The contract price shall be the price agreed by the parties at the time, quoted in yield per cent per annum in multiples of 0.005% and deducted from 100.

Contract Value

- CR.2 The value or worth of a contract at the time of making that contract (the "contract value") shall be calculated using the following formula:

$$\frac{3,000,000 \times r_1 \times 30}{36500}$$

(expressed in Australian Dollars)

where:

r_1 = the rate at the time the contract was entered into

Cash Settlement Value

- CR.3 (a) The value or worth of a contract on the cash settlement day, (the "cash settlement value") shall be calculated using the following formula:

$$\frac{3,000,000 \times r_2 \times 30}{36500}$$

(expressed in Australian Dollars)

where:

r_2 = the cash settlement rate being the monthly average of the Interbank Overnight Cash Rate, (as quoted to two decimal places by the Reserve Bank of Australia), which is calculated by taking the sum of the daily rates and dividing it by the number of days for the settlement month. Where no rate is quoted in respect of any day, the rate used shall be the rate quoted for the previous day for which a quotation was given.

- (b) In the event that any figure used by the Exchange as the Interbank Overnight Cash Rate is numerically inaccurate, no claim shall lie against the Reserve Bank of Australia, the Clearing House or the Exchange or their agents.

CR.4 The contract value and the cash settlement value are to be rounded to the nearest cent, 0.500 cents being rounded up.

CR.5 For each cash settlement day the Clearing House shall declare a cash settlement price. This cash settlement price shall be accepted as final.

CR.6 If in the opinion of the Exchange or the Clearing House a situation is developing or has developed which is capable of preventing the Clearing House from declaring a cash settlement price in accordance with CR.5, the Clearing House, in consultation with the Exchange, may take such steps as it deems necessary in the circumstances to correct such situation so as to enable it to declare a cash settlement price, and may give directions to Participants accordingly. Any decisions taken by the Clearing House in this regard shall be final.

CR.7 Cash Settlement Day

The cash settlement day of a contract shall be the Business Day immediately following the last day of trading, or such other day as the Exchange may determine.

CR.8 Obligations of parties on the cash settlement day

On the cash settlement day of the contract:

- (a) the obligations of the parties to each contract are as follows:
 - (i) if the contract value is less than the cash settlement value the Seller shall be liable to pay the difference between that contract value and the cash settlement value;
 - (ii) if the contract value is greater than the cash settlement value the Buyer shall be liable to pay the difference between that contract value and the cash settlement value;
- (b) the rights of the parties to each contract are as follows:
 - (i) if the contract value is less than the cash settlement value the Buyer shall be entitled to receive the difference between that contract value and the cash settlement value;
 - (ii) if the contract value is greater than the cash settlement value the Seller shall be entitled to receive the difference between that contract value and the cash settlement value;
- (c) the rights and obligations of the parties to each contract shall be satisfied by cash settlement in the following way:
 - (i) Sellers shall, by no later than the time stipulated by the Clearing House on that day, pay to or receive from the Clearing House (whichever is applicable), the amount representing the difference between the contract value and the cash settlement value;
 - (ii) Buyers shall, by no later than the time stipulated by the Clearing House on that day, pay to or receive from the Clearing House (whichever is applicable), the amount representing the difference between the contract value and the cash settlement value.

Hours of Trading

CR.9 The hours for trading shall be as determined by the Exchange from time to time.

Cash Settlement Months

CR.10 Trading shall be conducted in cash settlement months as determined by the Exchange from time to time. The term "cash settlement month" shall refer to any month in which cash settlement is to take place or takes place.

Price Quotations

- CR.11 The price shall be yield per cent per annum in multiples of 0.005 per cent. For quotation purposes, the price will be deducted from 100.000.

Last Day of Trading

- CR.12 The last day of trading shall be the last Business Day of the cash settlement month or such other day as may be determined by the Exchange.

Trading in the cash settlement month shall cease on the last day of trading at such time as may be determined by the Exchange.

Default

- CR.13 A Buyer or Seller who does not settle with the Clearing House as provided in these By-Laws shall be considered to have defaulted.
- CR.14 In the event of default at cash settlement on the part of a Client to a Participant, such Participant shall, unless the Participant is in default under CR.8, have the right of Closing Out any transaction entered into in any Market by such Participant on behalf of the Client without further notice and without in any way prejudicing any other legal action for recovery which the Participant may take or have taken.

Documents

- CR.15 Documents must be taken up and given by Clearing Participants without prejudice to and regardless of any question in Dispute and such question shall be referred to arbitration. All differences, interest and all other changes are for prompt settlement.

Undesirable Situations or Practices

- CR.16 In the event that an undesirable situation within the meaning of General By-Law G.33 is developing or has developed in relation to Futures Contracts, the provisions set out in that By-Law shall apply.

Interpretation

- CR.17 In order to give effect to the provisions of these By-Laws and the provisions of the General By-Laws of the Exchange, when these By-Laws are read in conjunction with the General By-Laws of the Exchange, the words "cash settlement", where appearing in these By-Laws shall be deemed to be delivery for the purposes of the General By-Laws, and the words "cash settlement month" where appearing in these By-Laws shall be deemed to be a delivery month for the purposes of the General By-Laws.

Schedule J to the Trading Rules – Specified Tick Range

Add additional lines to the schedule (inserted after 3 YearBonds/10 Year Bonds) to read as follows:

Futures Contracts	Tick Range
30 Day Interbank Cash Rate Futures (Futures)	5
(Intra-Commodity Spreads)	5

TR.20.B PRE-NEGOTIATED BUSINESS

TR.20B.1 For the purpose of TR.20B, “pre-negotiated business” refers to orders executed in accordance with this TR.20B involving classes of contracts which have been prescribed by the Exchange and in numbers of contracts which exceed any minimum volume threshold which has been prescribed by the Exchange in respect of those classes of contracts.

~~The Exchange may prescribe contracts, which may be traded as pre-negotiated business:~~

- ~~(a) in any or all classes of Options Contracts;~~
- ~~(b) in the Custom Market; and~~
- ~~(c) as off-market option strategies.~~

TR.20B.2 Where a Participant or SYCOM® Trader receives an instruction from a Client which can be executed as pre-negotiated business, the Participant or SYCOM® Trader may solicit orders from Clients and other Participants.

TR.20B.3 Where the Participant or SYCOM® Trader solicits counterparties pursuant to TR.20B.2, the Participant or SYCOM® Trader may:

- (a) withhold transmission of the instructions in order to solicit counterparties;
- (b) disclose details of Clients’ instructions;
- (c) aggregate orders received from Clients in satisfaction or part satisfaction of the originating Client order; and
- (d) subject to Tr.17.1(b), execute a cross trade.

TR.20B.4 Transactions negotiated pursuant to TR.20B.3 shall not be in breach of General By-Laws G.26(g), (i), (j), or (n), TR10.2, TR10.3, TR10.5, TR.17.1(c)(v), (vii), or (viii), TR.18 and TR.19.

TR.20B.5 Subject to TR.20B.6, once counterparties have been solicited pursuant to TR.20B.2, the Participant(s) or SYCOM® Trader(s) must enter the orders on SYCOM® for execution.

TR.20B.6 Prior to entering the pre-negotiated orders on SYCOM® for execution in the relevant contract month or strategy, the Participant or SYCOM® Trader holding the originating Client order must make an enquiry via the SYCOM® Message Facility or via the SYCOM® Request For Quote Facility for a market in that contract month or strategy. No pre-negotiated business order shall be entered into SYCOM® unless the prescribed period has elapsed after the entry of the enquiry. For the purposes of this TR.20B.6 the prescribed period is the period prescribed by the Board, the Chief Executive or his Delegate, being not less than 5 seconds.

TR.20B.7 Where a SYCOM® Request for Quote Facility is available all requests for quote must be made via that facility. Where a SYCOM® Request for Quote Facility is not available, all requests for quote must be made via the SYCOM® Message Facility.

TR.20B.8 Following the entry of an enquiry via the SYCOM® Message Facility or SYCOM® Request for Quote Facility the pre-negotiated orders must be entered on SYCOM® for execution immediately after the prescribed period has elapsed pursuant to TR.20B.6.

TR.20B.9 Before entering a pre-negotiated business trade on behalf of a Client pursuant to TR.20B, a Participant or SYCOM® Trader must be authorised In Writing by the Client to do so either specifically or generally.

TR.20B.10 For the purpose of TR.20B, in respect of any Participant that is a corporation, a “Client” shall include a related body corporate as defined by the Corporations Law or a division of the Participant – which is separate from the Participant’s futures division.

Exercise/Abandonment of Options

NB BAB.105 has been amended to provide for changes to the procedure for the exercise and abandonment of options and for serial options. The version below shows only the changes relating to the exercise and abandonment of options.

- TB.105
- (a) The Buyer of an Option Contract may lodge an Exercise Request and/or a Deny Automatic Exercise Request in respect of that contract.
 - (b) ~~To be effective, a~~An Exercise Request and/or a Deny Automatic Exercise Request ~~shall be effective if it is- must be~~ lodged electronically by the Participant in the SFE Allocation & Clearing System (or in such other form determined by the Clearing House from time to time):
 - (i) on any Business Day (except the Declaration Date) on which an Option Contract may be traded, at any time up to thirty minutes after the Close of trading in those Contracts;
 - (ii) on the Declaration Date, at any time up to the Close of trading in those Contracts, prior to thirty minutes after the Close of trading in those contracts on any Business Day (including the Declaration Date) on which an Option Contract may be traded.
 - (c) On the Declaration Date of an Option Contract the Clearing House, unless otherwise directed by an Exercise Request and/or Deny Automatic Exercise Request received in accordance with sub-clause (b) hereof shall:
 - (i) exercise all In-the-Money Options; and
 - (ii) allow all other options to expire.
 - (d) For the purposes of paragraph (i) of sub-clause (c) hereof, an option except for a Serial Options contracts shall be In-the-Money if the cash settlement price referred to in By-Law TB.2 (d) of the Underlying Futures Contract cash settlement month lies above the Exercise Price in the case of a Call Option, or lies below the Exercise Price in the case of a Put Option.
- TRB.105
- (a) The Buyer of an Option Contract may lodge an Exercise Request and/or a Deny Automatic Exercise Request in respect of that contract.
 - (b) ~~To be effective, a~~An Exercise Request and/or Deny Automatic Exercise Request ~~must be shall be effective if it is-~~ lodged electronically by the Participant in the SFE Allocation & Clearing System (or in such other form determined by the Clearing House from time to time):
 - (i) on any Business Day (except the Declaration Date) on which an Option contract may be traded, at any time up to thirty minutes after the Close of trading in those Contracts;
 - (ii) on the Declaration Date, at any time up to the Close of trading in those Contracts, prior to thirty minutes after the Close of trading in those contracts; on any Business Day (including the Declaration Date) on which an Option Contract may be traded.
 - (c) On the Declaration Date of an Option Contract the Clearing House, unless otherwise directed by an Exercise Request and/or Deny Automatic Exercise Request received in accordance with sub-clause (b), hereof, shall:
 - (i) exercise all In-the-Money Options; and
 - (ii) allow all other options to expire.
 - (d) For the purposes of paragraph (i) of sub-clause (c) hereof, an option except for a Serial Options contract shall be In-the-Money if the cash settlement price referred to in By-Law TB.2 (d) of the Underlying Futures Contract cash settlement month lies above the Exercise Price in the case of a Call Option, or lies below the Exercise Price in the case of a Put Option.
- BAB.105
- (a) The Buyer of an Option Contract may lodge an Exercise Request and/or Deny Automatic Exercise Request in respect of that Option Contract.
 - (b) Subject to sub-clause (c), to be effective an Exercise Request and/or Deny Automatic Exercise Request ~~must be shall be effective if it is-~~ lodged electronically by the Participant

in the SFE Allocation & Clearing System (or in such other form determined by the Clearing House from time to time):

- (i) ~~on any Business Day (except the Declaration Date) on which an Option Contract may be traded, at any time up to twenty minutes after the Close of trading in those Contracts;~~
- (ii) ~~on the Declaration Date, at any time up to the Close of trading in those Contracts, prior to twenty minutes after the Close of Trading in those contracts on any Business Day (including the Declaration Date) on which an Option Contract may be traded.~~
- (c) On the Declaration Date of an Option Contract the Clearing House, unless otherwise directed by an Exercise Request and/or Deny Automatic Exercise Request received in accordance with sub-clause (b) hereof, shall:
 - (i) Exercise all In-the-Money options.
 - (ii) Allow all other options to expire.
- (d) For the purpose of paragraph (i) of sub-clause (c) hereof, an option shall be In-the-Money if the Daily Settlement Price as determined by the Clearing House for the underlying Bank Accepted Bill Futures Contract delivery month for the Declaration Date lies above the Exercise Price in the case of a Call Option, or lies below the Exercise Price in the case of a Put Option.

Serial Options over 90 Day Bank Accepted Bill Futures contracts

- NB.1 *BAB.105 has been amended to provide for changes to the procedure for the exercise and abandonment of options and for serial options. The version below shows only the serial options changes.*
- NB.2 *An amendment to BAB 106 corrects a typographical error.*

- BAB.104 (a) The Declaration Date for ~~a~~ Bank Accepted Bill Option Contracts shall, except for Serial Option Contracts, be the Friday immediately prior to the settlement day of the corresponding Bank Accepted Bill Futures Contract delivery month, unless that Friday is not a Business Day in which case the Declaration Date shall be the Business Day immediately preceding that day.
- (b) Trading shall cease on the Declaration Date at 12.30 pm or such other time as determined by the Board or its designate.

Serial Options

- BAB.104A (a) Serial options are those options which do not expire in the same calendar month as the Underlying Futures Contract.
- (b) The Exchange may list Serial Option months which expire in any calendar month so long as the Serial Option corresponds to an Underlying Futures Contract and does not expire in the same calendar month as the Underlying Futures Contract.
- (c) The Declaration Date for 90 Day Bank Accepted Bill Serial Option Contracts shall be the first Friday of the Serial Option month or, if that day is not a Business Day, the Business Day immediately preceding that day.
- (d) Trading for Serial Option Contracts shall cease at 12.30 pm on the Declaration Date, or at such other time determined by the Exchange.
- (e) The Exchange shall determine a Serial Option Price by reference to the underlying futures market price at expiry of the Serial Option Contract. For the purposes of BAB.105(c)(i), a Serial Option Contract shall be In-the-Money if the Serial Option Price lies above the Exercise Price in the case of a Call Option, or lies below the Exercise Price in the case of a Put Option.

- BAB.105 (a) The Buyer of an Option Contract may lodge an Exercise Request and/or Deny Automatic Exercise Request in respect of that Option Contract.
- (b) Subject to sub-clause (c) an Exercise Request and/or Deny Automatic Exercise Request shall be effective if it is lodged electronically by the Participant in the SFE Allocation & Clearing System (or in such other form determined by the Clearing House from time to time) prior to twenty minutes after the Close of Trading in those contracts on any Business Day (including the Declaration Date) on which an Option Contract may be traded.
- (c) On the Declaration Date of an Option Contract the Clearing House, unless otherwise directed by an Exercise Request and/or Deny Automatic Exercise Request received in accordance with sub-clause (b) hereof, shall:
- (i) Exercise all In-the-Money options.
 - (ii) Allow all other options to expire.
- (d) For the purpose of paragraph (i) of sub-clause (c) hereof, an option (other than a Serial Option) shall be In-the-Money if the Daily Settlement Price as determined by the Clearing House for the underlying Bank Accepted Bill Futures Contract delivery month for the Declaration Date lies above the Exercise Price in the case of a Call Option, or lies below the Exercise Price in the case of a Put Option.

Notification to Sellers on days other than the Declaration Date

- BAB.106 Other than on the Declaration Date the Clearing House shall notify a Seller that an Exercise Request has been assigned at the conclusion of ~~after~~ business processing by the Clearing House at the end of the Business Day on which the Exercise Request is lodged by the Participant in the SFE Allocation & Clearing System in accordance with BAB.105 (b) or in any event by no later than forty-five (45) minutes prior to the Commencement of Trading in Bank Accepted Bill options on the next Business Day on which clearing occurs following the day on which the Exercise request is lodged by the Participant with the Clearing House in accordance with BAB.105(b) or by such other time as determined by the Clearing House or its designate.