

SFE CIRCULAR:**NO. 208/00****12.30PM OPTION EXPIRY PROCESS FOR BANK BILL OPTIONS**

Participants are advised that the expiry time for the Bank Bill Option contract will change from 4.30pm to 12.30pm. The first expiry under the new timetable will, subject to regulatory non-disallowance, be for the December 2000 contract on 1 December 2000.

The earlier option expiry time reduces the risk faced by option sellers as they are advised of manual exercise and abandonment assignments on the same day they occur, allowing them to cover their positions before the close of trading on that day.

Clearing Participants have up to **20 minutes** after the close of trading on the Declaration Date to submit a Notice of Exercise or Abandonment form. Unless directed by a manual exercise or abandonment all in-the-money options are automatically exercised. All other options, ie., out-of-the-money and at-the-money options are allowed to expire.

SFECH will notify Clearing Participants on a best endeavours basis of assigned futures positions resulting from manual exercise and abandonments by **3.30pm on the Declaration Date**.

The timetable below highlights the cut-off times for activities on the expiry day.

12.30pm Bank Bill Option Expiry Timetable

Deadline	Activity
12:30pm	Trading closes in the IR Option contract
12.50pm	Clearing Participants to submit Notice of Option Exercise/Abandonment forms to SFECH (for manual exercise/abandonments only)
1:30pm	All trades in the expiring options month confirmed within STACS SFE will apply contract lock ensuring no more allocations/assignments can be performed via STACS
2:00pm	Clearing Participants download Reported Position file for expiring option contract to SFE Operations Participants who submit a Reported Position file via a bureau should allow 15 minutes for transfer of the files from the bureau to the Exchange
3.30pm	Following processing, SFECH advises Clearing Participants on a best endeavours basis (via fax and phone) of any assigned positions resulting from manual exercise/abandonments
	Members to allocate positions to clients (where applicable)

If you would like further information on this matter please contact Kyrra Grunnsund, Manager, Clearing Services on (02) 9256 0430 or kgrunnsund@sfe.com.au or myself on (02) 9256 0489 or kvandege@sfe.com.au.

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