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APPLICATION OF A SPECIAL OPENING QUOTATION METHODOLOGY FOR DECEMBER 2001 AND ALL SUBSEQUENT QUARTERLY SPI 200™ CONTRACTS

Introduction

A new expiry methodology will operate for December 2001 and all subsequent quarterly SPI 200™ contract expiries. A Special Opening Quotation will replace the averaging mechanism used in September 2001. Widely held concerns about potential adverse impacts on trading in the underlying index in the period immediately prior to expiry have prompted the change.

This Bulletin gives detail on the Special Opening Quotation methodology and how it will be applied to calculate a Cash Settlement Price for expiring SPI 200™ contracts. In addition, this Bulletin describes the process by which the change to a Special Opening Quotation expiry mechanism and eventual transition of the last trading day to the third Thursday of the settlement month will be implemented.

Overview of the Special Opening Quotation Method of Settlement

Including December 2001 contracts, the Cash Settlement Price of all existing (listed) and subsequent quarterly SPI 200™ futures and options contracts will be the Special Opening Quotation of the underlying S&P/ASX 200 Index on the last trading day. **The Special Opening Quotation will be calculated using the first traded price of each component stock in the S&P/ASX 200 Index on the last trading day, irrespective of when in the ASX trading day those stocks first trade.** This means that the first traded price of each component stock may occur at any time between ASX market open and ASX market close (including the Closing Single Price Auction).

Should any component stock not have traded by ASX market close on the last trading day, the last traded price of that stock will be used to calculate the Special Opening Quotation. This includes situations where stocks are suspended or are under a trading halt and have not traded on the last trading day.

Implementation of the Special Opening Quotation and Changes to Trading Hours

On the last trading day, all SPI 200™ contracts (including expiring contracts) will open at 9:50am. SPI 200™ contracts scheduled to expire will cease trading at 12:00pm (mid-day), whilst all other contracts will continue to trade until 4:30pm. For the benefit of Participants and their clients, SFE will disseminate periodic updates of the current indicative Special Opening Quotation, in addition to the percentage of S&P/ASX 200 Index market

capitalisation open. This information will be published via the SYCOM® message facility shortly after 10:30am, 11:00am, 11:30am and 12:00pm on the last trading day.

As per the existing clearing and settlement model, expiring SPI 200™ contracts will temporarily settle at the mid-point of the futures bid/offer at the close of trading on the last trading day (12:00pm). Positions will subsequently be adjusted the following business day according to the finalised Special Opening Quotation as provided to SFE by Standard and Poors. Participants are advised to refer to Appendix One, which gives a schematic illustration of the key events on the last trading day.

Implementation of Changes to the Last Trading Day

The last trading day of all existing quarterly SPI 200™ contracts (Dec 01 – Mar 03) will remain unchanged as the last business day of the settlement month except for December 2002 contracts, which as previously advised will expire on 19 December 2002.

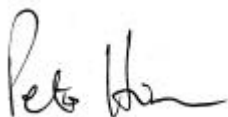
From the June 2003 expiry onwards (due to be listed in December 2001), the last trading day of all quarterly SPI 200™ futures and options contracts will be the third Thursday of the settlement month.

Impact on Serial Options

Participants are advised that there will be no change to the expiry mechanism or last trading day of SPI 200™ serial options (which do not expire in the same calendar month as the underlying futures contract), which will continue to expire at 12:30pm on the last business day of the serial month at the price of the underlying futures contract.

Further Information

For further information, please contact Martyn Wild in SFE Strategy & Business Development on (02) 9256 0178.



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Appendix One - Last trading day of quarterly SPI 200™ Contracts

