

S F E B U L L E T I N



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SFE Bulletin No: 43/02
From: Sydney Futures Exchange Limited ACN 000 943 377
Date of Issue: 26 April 2002
Effective Date: 30 April 2002

RE-ISSUE OF MARKET BY-LAWS FOR BILL AND BOND FUTURES CONTRACTS

SFE announced in Bulletin 40/02 that Intra-Day Options on the spot quarter month of 3 Year and 10 Year Treasury Bond futures Contracts were being launched by Sydney Futures Exchange (the Exchange) on 30 April 2002, and new Market By-Laws of the Exchange to support the trading of these options were attached to the Bulletin. Supporting changes have also been made to the Trading Rules of the Exchange.

In addition, changes have also been made to the Market By-Laws for Treasury Bond and the 90 Day Bank Accepted Bill Futures contracts to provide for consistency of decision-making in administrative matters such as coupon rates, membership of Bond Settlement lists, etc, and to give the power to make these decisions to 'the Exchange'. Prior to the amendments being made the power lay variously with 'the Board', 'the Chief Executive', 'the Chief Executive or his designate' or 'the Exchange'.

The changes made for consistency of administration occur throughout the Market By-Laws for the three contracts, so a new set has been reissued. A marked up version (including the Trading Rule changes) is attached as Annexure A, and the final version will be incorporated into the complete set of Business Rules under the heading 'SFE Trading' on this web-site.

Should you have any queries please contact Barbara Jones on 9256-0560 or bjones@sfe.com.au

A handwritten signature in black ink that reads "Barbara Jones".

Barbara Jones
Senior Legal Counsel

ANNEXURE A

The Ten Year Treasury Bond Contract Market By-Laws have been amended as follows
(additions underlined, deletions lined through):

- TB.1 (a) The subject of each contract shall be Commonwealth Government Treasury bonds with:
- (i) a face value of \$100,000;
 - (ii) a term to maturity of ten years and in respect of which no tax rebate is allowed;
 - (iii) a coupon rate in respect of each cash settlement month, as determined by the ~~Exchange Board or the Chief Executive or his delegate.~~
- (aa) The coupon rate for each cash settlement month referred to in TB.1(a)(iii) may be determined:
- (i) prior to that settlement month being listed; or
 - (ii) after the settlement month has been listed where no Open Positions in futures or options exist in that settlement month at the time of the rate variation.
- A list of coupon rates for each cash settlement month shall be set out in the Twenty-Ninth Schedule.
- (b) The effect of a Ten Year Treasury Bond contract (hereinafter referred to as "the contract") is that the parties will make an adjustment between them at a specified future time (hereinafter referred to as "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.
- TB.2 (a) The value or worth of a contract at the time of making that contract (hereinafter called the "contract value") shall be determined by the following formula:
- $$\text{Contract value} = 1000 \times [c(1 - v^{20})/i + 100v^{20}]$$
- (expressed in Australian Dollars)
- where $i = \frac{\text{one half the contract price (see } \underline{\text{vide TB.11}}}{100}$
- and $v = 1/(1 + i)$
and $c = \text{coupon rate}/2$
- (b) The value or worth of a contract on the cash settlement day (hereinafter called the "cash settlement value") shall be determined by the following formula:
- $$\text{Cash settlement value} = 1000 \times [c(1 - w^{20})/j + 100w^{20}]$$
- (expressed in Australian Dollars)
- where $j = \frac{\text{one half the cash settlement price (see } \underline{\text{vide TB.4}}}{100}$
- and $w = 1/(1 + j)$
and $c = \text{coupon rate}/2$
- (c) In calculating the contract value and cash settlement value in accordance with sub-clauses (a) and (b) hereof the calculation within the brackets shall be carried out to eight decimal places. The contract value and cash settlement value are to be rounded to the nearest cent, 0.500 cents being rounded up.
- (d) For each cash settlement day the Clearing House shall declare a cash settlement price. This cash settlement price shall be accepted as final.

Approved Dealers

- TB.3 For the purpose of By-Law TB.4, the ~~Board of the~~ Exchange shall from time to time designate a Ten Year Treasury Bond Settlement List comprising no less than twelve (12) active participants in the Commonwealth Government Securities Market. The Exchange shall from time to time publish the Ten Year Treasury Bond Settlement List and the date of the effectiveness of such list.

Cash Settlement Price

- TB.4 The cash settlement price referred to in By-Law TB.2(d) shall be determined by the following procedure:
- (a) For each cash settlement month, the ~~Exchange Board~~ shall declare not less than three (3) series of Treasury Bonds whose yields shall be used in the determination of a cash settlement price for that cash settlement month. Such series of Treasury Bonds as declared by the ~~Exchange Board~~ for each cash settlement month shall be set out in the Twentieth Schedule.
 - (ab) For the purposes of this By-Law TB.4, the quotation times shall be 9.45 am, 10.30 am and 11.15 am on the last permitted day for trading.
 - (b) For each cash settlement month for each quotation time, the Clearing House shall randomly select ten (10) names from the Ten Year Treasury Bond Settlement List or following consultation with the Exchange from a sub-set of such List.
 - (c) At the request of the Clearing House on the last permitted day for trading persons representing each of the names selected for a quotation time in accordance with sub-clause (b) hereof, shall quote to the Clearing House the yields to a multiple of 0.005 per cent per annum as at that quotation time on that day at which they would purchase and sell each series of Treasury Bonds declared in accordance with sub-clause (a). All such quotations are to be confirmed to the Clearing House In Writing. If, in submitting quotations to the Clearing House, the person representing a selected name fails to declare buying and selling yields for each series of Treasury Bonds as described in sub-clause (a) or the Spread between the buying and selling yields for any series is greater than 0.10 per cent per annum, then each quotation submitted on behalf of that name for each quotation time shall not be accepted by the Clearing House.
 - (d) For each series of Treasury Bonds for each quotation time, the two highest and the two lowest buying quotations and the two highest and the two lowest selling quotations provided to the Clearing House under sub-clause (c) hereof, shall be discarded. The arithmetic mean of the remaining quotations from all quotation times shall be calculated to four decimal places and rounded to the nearest multiple of 0.005 per cent per annum. In rounding, the arithmetic mean shall be expressed to the nearest multiple of 0.005 per cent per annum on the condition that where the third and fourth decimal places are two and five or seven and five respectively the arithmetic mean shall be rounded to the next highest multiple of 0.005 per cent per annum. The arithmetic mean so calculated shall be the cash settlement price.
 - (e) Subject to By-Law TB.5, the Clearing House shall announce the cash settlement price at 3.00 pm on the last permitted day of trading.
- TB.5 If in the opinion of ~~the Board 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 By-Laws TB.2(d) and TB.4, the Clearing House in consultation with the ~~Board of 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.

Cash Settlement

- TB.6 (a) On the cash settlement day of a contract which shall be the Business Day following the last day of trading in a cash settlement month (as hereinafter defined), the obligations of the parties to the 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) On the cash settlement day of a contract being the day referred to in sub-clause (a) hereof, the rights of the parties to the 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.
- TB.7 On the cash settlement day of a contract, the obligations and the rights of the parties to the contract shall be satisfied by cash settlement in the following way:
- (a) Sellers shall, by no later than the prescribed time on that day, pay to or receive from the Clearing House (whichever is applicable) by Bank Cheque if requested the amount representing the difference between contract value and the cash settlement value.
 - (b) Buyers shall, by no later than 2.00 pm on that day, pay to or receive from the Clearing House (whichever is applicable) by Bank Cheque if requested the amount representing the difference between contract and the cash settlement value.

Hours of Trading

TB.8 The hours for trading in Ten Year Treasury Bond Futures contracts shall be as determined by the ExchangeBoard from time to time.

TB.9 Not in use

Cash Settlement Months

TB.10 Trading in Ten Year Treasury Bond Futures contracts shall be conducted in cash settlement months as determined by the BoardExchange 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

TB.11 Price shall be yield per cent per annum in multiples of 0.005 per cent. For quotation purposes the price shall be deducted from 100.000.

Final Day Trading

- TB.12 (a) Where the fifteenth day of a cash settlement month is a Business Day that day shall be the last permitted day of trading.
- (b) Where the fifteenth day of a cash settlement month is not a Business Day the last permitted day of trading shall be the Business Day immediately succeeding the fifteenth day of the month or such other day as the Exchange may determine.
- (c) Trading in the cash settlement month shall cease at 12.00 noon on the last permitted day of trading or such other time as the Exchange may determine.

Default

TB.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.

TB.14 In the event of default at cash settlement on the part of a Client to a Participant, such Full Participant or Associate Participant shall, unless the Participant is in default under TB.7, have the right of Closing Out any transaction entered into in any Market by such Full Participant or Associate Participant on behalf of the Client without further notice and without in any way prejudicing any other legal action for recovery which the Full Participant or Associate Participant may take or have taken.

Documents

TB.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

TB.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 or Option Contracts or both, the provisions set out in that By-Law shall apply.

Interpretation

TB.17 In order to give effect to the provisions of these By-Laws, the provisions of the General By-Laws and the provisions of the Option By-Laws of the Exchange, when these By-Laws are read in conjunction with the General By-Laws or Option 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 or Option 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 and Option By-Laws.

EXCHANGE TRADED OPTIONS

TB.100 The contract unit shall be an option to buy, in the case of a Call, or an option to sell in the case of a Put, one Ten Year Treasury Bond Futures Contract as described in By-Law TB.1.

TB.101 Trading shall be conducted in those Option Contract months as determined by the ExchangeBoard from time to time PROVIDED THAT the corresponding Ten Year Treasury Bond Futures contract cash settlement month has been listed or is simultaneously listed.

TB.102 (a) The Premium of an option shall be yield per cent per annum in multiples of 0.005 per cent. For quotation purposes the Premium shall be multiplied by 100.

- (b) The value of the Premium in dollars and cents shall be calculated by reference to the following formula:

Value of Premium =

$$1000p \times \left[\frac{c(1-a^{20})}{e} + 100a^{20} \right] - \left[\frac{c(1-b^{20})}{f} + 100b^{20} \right]$$

where p = Premium in yield per cent per annum x 100

$$e = \frac{(100 - \text{Exercise Price})}{200} \text{ (see } \textit{vide} \text{ TB.103(a))}$$

$$a = \frac{1}{1+e}$$

$$f = \frac{(200e + 0.01)}{200}$$

$$b = \frac{1}{1+f}$$

c = coupon rate/2

- (c) In calculating the value of the Premium in accordance with sub-clause (b) hereof, the calculations within the brackets shall be carried out to eight decimal places. The value of the Premium is rounded to the nearest cent, 0.500 cents being rounded up.

TB.103(a) Exercise prices shall be yield per cent per annum in multiples of 0.250 per cent deducted from 100.000.

- (b) Trading in Puts and Calls on the first day of a new Option Contract month shall be at the following Exercise Prices.

- (i) the Daily Settlement Price for the corresponding Ten Year Treasury Bond Futures Contract cash settlement month on the previous Business Day as determined by the Exchange, rounded to the nearest Exercise Price as referred to in sub-clause (a) hereof. In the event that the Daily Settlement Price is precisely midway between two Exercise Prices it shall be rounded off to the lower Exercise Price; and
- (ii) the prices which exceed the price described in paragraph (i), such prices being multiples as determined by the ~~Chief Executive~~Exchange (or his designate), of the interval determined in accordance with TB.103(a); and
- (iii) the prices where are below the prices described in paragraph (i), such prices being multiples as determined by the ~~Exchange~~Chief Executive (or his designate) of the interval determined in accordance with TB.103(a).

- (c) Whenever the Daily Settlement Price determined by the Exchange for Ten Year Treasury Bond Futures Contracts in the cash settlement month corresponding to an Option Contract month is less than 0.300 per cent below the highest Exercise Price or is above the highest Exercise Price, then a new Exercise Price for both Puts and Calls shall be introduced on the following Business Day. The new Exercise Price shall be 0.250 per cent above the highest listed Exercise Price for that Option Contract month.

- (d) Whenever the Daily Settlement Price determined by the Exchange for Ten Year Treasury Bond Futures contracts in the cash settlement month corresponding to an Option Contract month is less than 0.300 per cent above the lowest Exercise Price or is below the lowest Exercise Price, then a new Exercise Price for both Puts and Calls shall be introduced on the following Business Day. The new Exercise Price shall be 0.250 per cent below the lowest listed Exercise Price for that Option Contract month.

- (e) No new Exercise Price shall be introduced in the Option Contract month next due to expire after the Business Day two (2) weeks prior to the expiration of option trading. (see *vide* TB.104(a))

- (f) Notwithstanding the provisions of sub-clauses (a) to (e) hereof the ~~Exchange~~Board may determine, in respect of the listing of an Option Series, that one or more of the provisions of this By-Law shall not apply or shall apply in a manner as varied by the ~~Board~~Exchange.

TB.104(a) Except in the case of Serial Option Contracts the Declaration Date for a Ten Year Treasury Bond Option Contract shall be the last day of trading in the corresponding Ten Year Treasury Bond Futures Contract cash settlement month.

- (b) Except in the case of serial Option Contracts trading shall cease at 12 noon on the Declaration Date, or at such other time as determined by the ~~Board~~Exchange or its designate.

- TB.104A(a) Serial Options are those options which do not expire in the same calendar month as the Underlying Futures Contract.
- (b) The ~~Exchange~~~~Board~~ 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 the Ten Year Treasury Bond Serial Option Contract shall be the fifteenth day of a Serial Option month where that day is a Business Day.
Where the fifteenth day of the Serial Option month is not a Business Day the last permitted day of trading shall be the Business Day immediately succeeding the fifteenth day of the month.
- (d) Trading for Serial Option Contracts shall cease at 12.30 pm on the Declaration Date, or at such other time determined by the ~~Board~~~~Exchange~~ or its designate.
- (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 TB.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.
- TB.105(a) The Buyer of an Option Contract may lodge a Notice of Exercise or Abandonment in respect of that contract.
- (b) A Notice of Exercise or Abandonment in a form determined by the Clearing House shall be effective if received by the Clearing House 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 a Notice of Exercise or Abandonment 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 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.

Notification Excluding the Declaration Date

TB.106 Other than on the Declaration Date the Clearing House shall notify a Seller that an Exercise or Abandonment Notice has been assigned by no later than forty-five (45) minutes prior to the Commencement of Trading in Ten Year Treasury Bond options on the Business Day following the day on which the Exercise Notice has been lodged with the Clearing House.

Notification on Declaration Date

- TB.107 (i) The Clearing Participant must submit a reported position file at settlement of the Serial Option Contracts by no later than 2.00 pm on the settlement day
- (ii) Except in the case of Serial Option Contracts the Clearing House shall notify a Seller by no later than 9.00 am on the Business Day following the Declaration Date if an option has been exercised..
- (iii) In the case of Serial Option Contracts, the Clearing House shall endeavour to notify a Seller than an Exercise or Abandonment Notice has been assigned by 3.30 pm on the Declaration Date, or by such other time as determined by the Clearing House or its designate.

Undesirable Situations or Practices

TB.108 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 or Option Contracts or both, the provisions set out in that By-Law shall apply.

TB.109 The provisions of TB.17 shall apply to these Exchange Traded Options Contract By-Laws.

OVERNIGHT OPTIONS

TB.200 The contract unit shall be an option to buy, in the case of a Call, or an option to sell in the case of a Put, one Ten Year Treasury Bond Futures Contract as described in By-Law TB.1.

TB.201 The Futures Contracts months in respect of which Overnight Options trading may occur (called "option contract months") shall be determined by the ~~Exchange~~~~Board~~ from time to time.

TB.202 Trading shall take place on SYCOM® in accordance with the Trading Rules.

- TB.203 (a) The Premium of an option shall be yield per cent per annum in multiples of 0.005 per cent. For quotation purposes the Premium shall be multiplied by 100.
- (b) The value of the Premium in dollars and cents shall be calculated by reference to the following formula:

Value of Premium =

$$1000p \times \left[\left\{ c \frac{(1-a)^{20}}{e} + 100a^{20} \right\} - \left\{ c \frac{(1-b)^{20}}{f} + 100b^{20} \right\} \right]$$

where p = Premium in yield per cent per annum x 100

$$e = \frac{(100 - \text{Exercise Price})}{200} \quad (\text{see } \textit{vide} \text{ TB.103(a)})$$

$$a = \frac{1}{1+e}$$

$$f = \frac{(200e + 0.01)}{200}$$

$$b = \frac{1}{1+f}$$

c = coupon rate/2

- (c) In calculating the value of the Premium in accordance with sub-clause (b) hereof, the calculations within the brackets shall be carried out to eight decimal places. The value of the Premium is rounded to the nearest cent, 0.500 cents being rounded up.
- TB.204 (a) Exercise prices shall be yield per cent per annum in multiples of 0.01 per cent deducted from 100.000.
- (b) Trading in Puts and Calls of an Overnight Option Contract month shall subject to paragraph (c) below be at the following nine Exercise Prices.
- (i) the Daily Settlement Price for the corresponding Ten Year Treasury Bond Futures Contract cash settlement month as determined by the Exchange, rounded to the nearest Exercise Price as referred to in sub-clause (a) hereof. In the event that the Daily Settlement Price is precisely midway between two Exercise Prices it shall be rounded to the lower Exercise Price;
 - (ii) the price which is 0.010 per cent higher than that described in paragraph (i);
 - (iii) the price which is 0.020 per cent higher than that described in paragraph (i);
 - (iv) the price which is 0.030 per cent higher than that described in paragraph (i);
 - (v) the price which is 0.040 per cent higher than that described in paragraph (i);
 - (vi) the price which is 0.010 per cent lower than that described in paragraph (i);
 - (vii) the price which is 0.020 per cent lower than that described in paragraph (i);
 - (viii) the price which is 0.030 per cent lower than that described in paragraph (i);
 - (ix) the price which is 0.040 per cent lower than that described in paragraph (i).
- (c) Any number of new Exercise Prices for both Puts and Calls can be introduced for trading in the current SYCOM® Trading Session as determined by the ~~Exchange Chief Executive or the SYCOM® Manager~~ in accordance with the Trading Rules.
- (d) Notwithstanding the provisions of sub-clauses (a) to (c) hereof the ~~Exchange Board~~ may determine, in respect of the listing of an Option Series, that one or more of the provisions of this By-Law shall not apply or shall apply in a manner as varied by the ~~Board~~Exchange.
- TB.205 (a) The Declaration Date for a Ten Year Treasury Bond Overnight Option Contract shall be the Business Day immediately following the SYCOM® Session during which the Option Contract was first listed for trading.
- (b) Trading shall cease at the end of the SYCOM® Trading Session in which the Option Contracts were first listed for trading.
- TB.206 (a) On the Declaration Date of an Option Contract the Clearing House shall:
- (i) exercise all In-the-Money Options; and
 - (ii) allow all other options to expire.
- (b) For the purposes of paragraph (i) of sub-clause (a) hereof, an option shall be In-the-Money if the Overnight Option Futures Price 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.

Overnight Option Futures Price

TB.207 The Overnight Option Futures Price referred to in By-Law TB.206(b) hereof shall be determined by the following procedure:

- (a) The Exchange shall determine the weighted average of trade prices executed in the underlying Ten Year Treasury Bond Futures contract between 8.30 am and 8.40 am on each trading day of the Ten Year Treasury Bond Futures Contract.

The weighted average of trade prices is defined as:

$$WA = \frac{\sum (\text{price}_n \times \text{volume}_n)}{V}$$

where n = deal executed between 8.30am and 8.40am
and V = total volume traded between 8.30am and 8.40am

- (b) The weighted average of trade prices shall be calculated to four decimal places and rounded to the nearest multiple of 0.005 per cent per annum. In rounding, the weighted average of trade prices shall be expressed to the nearest multiple of 0.005 per cent per annum on the condition that where the third and fourth decimal places are two and five or seven and five respectively, the weighted average of trade prices shall be rounded to the next highest multiple of 0.005 per cent per annum. The weighted average of trade prices so calculated shall be the Overnight Option Futures Price.
- (c) not in use
- (d) Subject to By-Law TB.208, the Exchange shall announce the Overnight Option Futures Price by no later than 8.45 am on the same Business Day.

TB.208 If in the opinion of the Exchange a situation is developing or has developed which is capable of preventing the Exchange from declaring an Overnight Option Futures Price in accordance with By-Law TB.207, the ~~Exchange Chief Executive~~ may take such steps as deemed necessary in the circumstances so as to enable the Exchange to declare an Overnight Option Futures Price and may give directions to Participants accordingly. Any decision taken by the ~~Exchange Chief Executive~~ in this regard shall be final.

TB 209-210 Not in use

Undesirable Situations or Practices

TB.211 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 or Option Contracts or both, the provisions set out in that By-Law shall apply.

TB.212 The provisions of TB.17 shall apply to these Overnight Options Contract By-Laws.

INTRA-DAY OPTIONS

TB.300 The contract unit shall be an option to buy, in the case of a Call, or an option to sell in the case of a Put, one Ten Year Treasury Bond Futures Contract as described in By-Law TB.1.

TB.301 The Futures Contracts months in respect of which Intra-Day Options trading may occur (called "option contract months") shall be determined by the Exchange from time to time.

TB.302 Trading shall take place on SYCOM® in accordance with the Trading Rules.

TB.303 (a) The Premium of an option shall be yield per cent per annum in multiples of 0.005 per cent. For quotation purposes the Premium shall be multiplied by 100.

- (b) The value of the Premium in dollars and cents shall be calculated by reference to the following formula:

Value of Premium =

$$\frac{1000p \times [\{c(1 - a^{20}) + 100a^{20}\} - \{c(1 - b^{20}) + 100b^{20}\}]}{e \quad \quad \quad f}$$

where p = Premium in yield per cent per annum x 100

$$e = \frac{(100 - \text{Exercise Price})}{200} \quad (\text{see TB.103(a)})$$

$$a = \frac{1}{1 + e}$$

$$f = \frac{(200e + 0.01)}{200}$$

$$b = \frac{1}{1 + f}$$

c = coupon rate/2

- (c) In calculating the value of the Premium in accordance with sub-clause (b) hereof, the calculations within the brackets shall be carried out to eight decimal places. The value of the Premium is rounded to the nearest cent, 0.500 cents being rounded up.
- TB.304 (a) Exercise prices shall be yield per cent per annum in multiples of 0.01 per cent deducted from 100.000.
- (b) Trading in Puts and Calls of an Intra-Day Option Contract month shall subject to paragraph (c) below be at the following nine Exercise Prices.
- (i) the last traded price in the evening SYCOM® session for the corresponding Ten Year Treasury Bond Futures Contract cash settlement month as determined by the Exchange, rounded to the nearest Exercise Price as referred to in sub-clause (a) hereof. In the event that the last traded price in the evening SYCOM® session is precisely midway between two Exercise Prices it shall be rounded to the lower Exercise Price;
 - (ii) the price which is 0.010 per cent higher than that described in paragraph (i);
 - (iii) the price which is 0.020 per cent higher than that described in paragraph (i);
 - (iv) the price which is 0.030 per cent higher than that described in paragraph (i);
 - (v) the price which is 0.040 per cent higher than that described in paragraph (i);
 - (vi) the price which is 0.010 per cent lower than that described in paragraph (i);
 - (vii) the price which is 0.020 per cent lower than that described in paragraph (i);
 - (viii) the price which is 0.030 per cent lower than that described in paragraph (i);
 - (ix) the price which is 0.040 per cent lower than that described in paragraph (i).
- (c) Any number of new Exercise Prices for both Puts and Calls can be introduced for trading in the current SYCOM® Trading Session as determined by the Exchange in accordance with the Trading Rules.
- (d) Notwithstanding the provisions of sub-clauses (a) to (c) hereof the Exchange may determine, in respect of the listing of an Option Series, that one or more of the provisions of this By-Law shall not apply or shall apply in a manner as varied by the Exchange.
- TB.305 (a) The Declaration Date for a Ten Year Treasury Bond Intra-Day Option Contract shall be the same Business Day as the SYCOM® Session during which the Option Contract was first listed for trading.
- (b) Trading shall cease at 4.10pm in the SYCOM® Trading Session in which the Option Contracts were first listed for trading.
- TB.306 (a) On the Declaration Date of an Option Contract the Clearing House shall:
- (i) exercise all In-the-Money Options; and
 - (ii) allow all other options to expire.
- (b) For the purposes of paragraph (i) of sub-clause (a) hereof, an option shall be In-the-Money if the Intra-Day Option Futures Price 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.

Intra-Day Option Futures Price

TB.307 The Intra-Day Option Futures Price referred to in By-Law TB.306(b) hereof shall be determined by the following procedure:

- (a) The Exchange shall determine the weighted average of trade prices executed in the underlying Ten Year Treasury Bond Futures contract between 4.15pm and 4.25pm on each trading day of the Ten Year Treasury Bond Futures Contract.

The weighted average of trade prices is defined as:

$$\text{WA} = \frac{\Sigma(\text{price}_n \times \text{volume}_n)}{V}$$

where n = deal executed between 4.15pm and 4.25pm
and V = total volume traded between 4.15pm and 4.25pm

- (b) The weighted average of trade prices shall be calculated to four decimal places and rounded to the nearest multiple of 0.005 per cent per annum. In rounding, the weighted average of trade prices shall be expressed to the nearest multiple of 0.005 per cent per annum on the condition that where the third and fourth decimal places are two and five or seven and five respectively, the weighted average of trade prices shall be rounded to the next highest multiple of 0.005 per cent per annum. The weighted average of trade prices so calculated shall be the Intra-Day Option Futures Price.
- (c) In the event that no trades occur between 4.15pm and 4.25pm the Intra-Day Option Futures Price shall be the midpoint of the bid and ask prices rounded up to the nearest 0.005 per cent in the underlying Ten Year Treasury Bond Futures contract at 4.25pm.
- (d) Subject to By-Law TB.308, the Exchange shall announce the Intra-Day Option Futures Price by no later than 4.30pm on the same Business Day.

TB.308 If in the opinion of the Exchange a situation is developing or has developed which is capable of preventing the Exchange from declaring an Intra-Day Option Futures Price in accordance with By-Law TB.307, the Exchange may take such steps as deemed necessary in the circumstances so as to it to declare an Intra-Day Option Futures Price and may give directions to Participants accordingly. Any decision taken by the Exchange in this regard shall be final.

Undesirable Situations or Practices

TB.309 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 or Option Contracts or both, the provisions set out in that By-Law shall apply.

TB.310 The provisions of TB.17 shall apply to these Intra-Day Options Contract By-Laws.

The Three Year Treasury Bond Contract Market By-Laws have been amended as follows
(additions underlined, deletions lined through):

- TRB.1 (a) The subject of each contract shall be Commonwealth Government Treasury bonds with:
- (i) a face value of one hundred thousand dollars (\$100,000);
 - (ii) a term of maturity of three years and in respect of which no tax rebate is allowed;
 - (iii) a coupon rate in respect of each cash settlement month, as determined by the Exchange board or the Chief Executive or his delegate.
- (aa) The coupon rate for each cash settlement month referred to in TRB.1(a)(iii) may be determined:
- (i) prior to that settlement month being listed; or
 - (ii) after the settlement month has been listed where no Open Positions in futures or options exist in that settlement month at the time of the rate variation.
- A list of coupon rates for each cash settlement month shall be set out in the Twenty-Ninth Schedule.
- (b) The effect of a Three Year Treasury Bond contract (hereinafter referred to as "the contract") is that the parties will make an adjustment between them at a specified future time (hereinafter referred to as "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.
- TRB.2 (a) The value or worth of a contract at the time of making that contract (hereinafter called the "contract value") shall be determined by the following formula:
- $$\text{Contract value} = 1000 \times [c(1 - v^6)/i + 100v^6]$$
- (expressed in Australian Dollars)
- where $i = \frac{\text{one half the contract price}}{100}$ (see ~~side~~ TRB.11)
- and $v = 1/(1 + i)$
- and $c = \text{coupon rate}/2$
- (b) The value or worth of a contract on the cash settlement day (hereinafter called the "cash settlement value") shall be determined by the following formula:
- $$\text{Cash settlement value} = 1000 \times [c(1 - w^6)/j + 100w^6]$$
- (expressed in Australian Dollars)
- where $j = \frac{\text{one half the cash settlement price}}{100}$ (see ~~side~~ TRB.4)
- and $w = 1/(1 + j)$
- and $c = \text{coupon rate}/2$
- (c) In calculating the contract value and cash settlement value in accordance with sub-clauses (a) and (b) hereof the calculation within the brackets shall be carried out to eight decimal places. The contract value and cash settlement value are to be rounded to the nearest cent, 0.500 cents being rounded up.
- (d) For each cash settlement day the Clearing House shall declare a cash settlement price. This cash settlement price shall be accepted as final.

Approved Dealers

- TRB.3 For the purposes of By-Law TRB.4, the ~~Board of the~~ Exchange shall from time to time designate a Three Year Treasury Bond Settlement List comprising no less than twelve (12) active participants in the Commonwealth Government Securities Market. The Exchange shall from time to time publish the Three Year Treasury Bond Settlement List and the date of effectiveness of such list.

Cash Settlement Price

- TRB.4 The cash settlement price referred to in By-Law TRB.2(d) shall be determined by the following procedure:

- (a) Prior to the listing of a cash settlement month, the ~~Board~~ Exchange shall declare not less than three (3) series of Treasury Bonds whose yields shall be used in the determination of a cash settlement price for that cash settlement month. Such series of Treasury Bonds as declared by the ~~Board~~ Exchange for each cash settlement month shall be set out in the Nineteenth Schedule.

- (ab) For the purposes of this By-Law TRB.4, the quotation times shall be 9.45 am, 10.30 am and 11.15 am on the last permitted day for trading.
- (b) For each cash settlement month for each quotation time, the Clearing House shall randomly select ten (10) names from the Three Year Treasury Bond Settlement List or following consultation with the Exchange from a sub-set of such List.
- (c) At the request of the Clearing House on the last permitted day for trading persons representing each of the names selected for a quotation time in accordance with sub-clause (b) hereof, shall quote to the Clearing House the yields to two decimal places as at that quotation time on that day at which they would purchase and sell each series of Treasury Bonds declared in accordance with sub-clause (a). All such quotations are to be confirmed to the Clearing House In Writing. If, in submitting quotations to the Clearing House, the person representing a selected name fails to declare buying and selling yields for each series of Treasury Bonds as described in sub-clause (a) or the Spread between the buying and selling yields for any series is greater than 0.10 per cent per annum, then each quotation submitted on behalf of that name for each quotation time shall not be accepted by the Clearing House.
- (d) For each series of Treasury Bonds for each quotation time, the two highest and the two lowest buying quotations and the two highest and the two lowest selling quotations provided to the Clearing House under sub-clause (c) hereof, shall be discarded. The arithmetic mean of the remaining quotations from all quotations times shall be calculated to three decimal places and rounded to two decimal places. In rounding, the arithmetic mean shall be expressed to the nearest second decimal place on the condition that where the third decimal place is five the arithmetic mean shall be rounded to the next highest second decimal place. The arithmetic mean so calculated shall be the cash settlement price.
- (e) Subject to By-Law TRB.5, the Clearing House shall announce the cash settlement price at 3.00 pm on the last permitted day of trading.

TRB.5 If in the opinion of the ~~Board 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 By-Laws TRB.2(d) and TRB.4, the Clearing House in consultation with the ~~Board of 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.

Cash Settlement

- TRB.6 (a) On the cash settlement day of a contract which shall be the Business Day following the last day of trading in a cash settlement month (as hereinafter defined), the obligations of the parties to the 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) On the cash settlement day of a contract being the day referred to in sub-clause (a) hereof, the rights of the parties to the 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.
- TRB.7 On the cash settlement day of a contract, the obligations and the rights of the parties to the contract shall be satisfied by cash settlement in the following way:
- (a) Sellers shall, by no later than the prescribed time on that day, pay to or receive from the Clearing House (whichever is applicable) by Bank Cheque if requested the amount representing the difference between contract value and the cash settlement value.
 - (b) Buyers shall, by no later than 2.00 pm on that day, pay to or receive from the Clearing House (whichever is applicable) by Bank Cheque if requested the amount representing the difference between contract value and the cash settlement value.

Hours of Trading

TRB.8 The hours for trading in Three Year Treasury Bond Futures Contracts shall be as determined by the ~~Board~~Exchange from time to time.

TRB.9 Not in use.

Cash Settlement Months

TRB.10 Trading in Three Year Treasury Bond Futures Contracts shall be conducted in cash settlement months as determined by the **BoardExchange** 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

TRB.11 Price shall be yield per cent per annum in multiples of 0.01 per cent. For quotation purposes the price shall be deducted from 100.00.

Final Day Trading

- TRB.12 (a) Where the fifteenth day of a cash settlement month is a Business Day that day shall be the last permitted day of trading.
- (b) Where the fifteenth day of a cash settlement month is not a Business Day the last permitted day of trading shall be the Business Day immediately succeeding the fifteenth day of the month or such other day as the Exchange may determine.
- (c) Trading in the cash settlement month shall cease at 12.00 noon on the last permitted day of trading or such other time as the Exchange may determine.

Default

TRB.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.

TRB.14 In the event of default at cash settlement on the part of a Client to a Participant, such Full Participant or Associate Participant shall, unless the Participant is in default under TRB.7, have the right of Closing Out any transaction entered into in any Market by such Full Participant or Associate Participant on behalf of the Client without further notice and without in any way prejudicing any other legal action for recovery which the Full Participant or Associate Participant may take or have taken.

Documents

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

Undesirable Situations or Practices

TRB.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 or Option Contracts or both, the provisions set out in that By-Law shall apply.

Interpretation

TRB.17 In order to give effect to the provisions of these By-Laws, the provisions of the General By-Laws and the provisions of the Option By-Laws of the Exchange, when these By-Laws are read in conjunction with the General By-Laws or Option 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 or Option 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 and Option By-Laws.

EXCHANGE TRADED OPTIONS

TRB.100 The contract unit shall be an option to buy, in the case of a Call, or an option to sell in the case of a Put, one Three Year Treasury Bond Futures Contract as described in By-Law TRB.1.

TRB.101 Trading shall be conducted in those Option Contract months as determined by the **BoardExchange** from time to time PROVIDED THAT the corresponding Three Year Treasury Bond Futures Contract cash settlement month has been listed or is simultaneously listed.

- TRB.102 (a) The Premium of an option shall be yield per cent per annum in multiples of 0.005 per cent. For quotation purposes the Premium shall be multiplied by 100.
- (b) The value of the Premium in dollars and cents shall be calculated by reference to the following formula:

Value of Premium =

$$1000p \times \left[\frac{\{c(1-a)^6 + 100a^6\}}{e} - \frac{\{c(1-b)^6 + 100b^6\}}{f} \right]$$

where p = Premium in yield per cent per annum x 100

$e = (100 - \text{Exercise Price}) \div 200$ (~~see~~ TRB.103(a))

$$a = \frac{1}{1+e}$$

$f = (200e + 0.01) \div 200$

$$b = \frac{1}{1+f}$$

c = coupon rate/2

- (c) In calculating the value of the Premium in accordance with sub-clause (b) hereof, the calculations within the brackets shall be carried out to eight decimal places. The value of the Premium is rounded to the nearest cent, 0.500 cents being rounded up.
- TRB.103 (a) Exercise Prices shall be yield per cent per annum in multiples of 0.25 per cent deducted from 100.00.
- (b) Trading in Puts and Calls on the first day of a new Option Contract month shall be at the following Exercise Prices:
- (i) the Daily Settlement Price for the corresponding Three Year Treasury Bond Futures Contract cash settlement month on the previous Business Day as determined by the Exchange, rounded to the nearest Exercise Price as referred to in sub-clause (a) hereof. In the event that the Daily Settlement Price is precisely midway between two Exercise Prices it shall be rounded off to the lower Exercise Price; and
 - (ii) the prices which exceed the price described in paragraph (i), such prices being multiples as determined by the ~~Exchange Chief Executive (or his designate)~~ of the interval determined in accordance with TRB.103(a); and
 - (iii) the prices which are below the prices described in paragraph (i), such prices being multiples as determined by the ~~Exchange Chief Executive (or his designate)~~ of the interval determined in accordance with TRB.103(a).
- (c) Whenever the Daily Settlement Price determined by the Exchange for Three Year Treasury Bond Futures Contracts in the cash settlement month corresponding to an Option Contract month is less than 0.30 per cent below the highest Exercise Price or is above the highest Exercise Price, then a new Exercise Price for both Puts and Calls shall be introduced on the following Business Day. The new Exercise Price shall be 0.25 per cent above the highest listed Exercise Price for that Option Contract month.
- (d) Whenever the Daily Settlement Price determined by the Exchange for Three Year Treasury Bond Futures Contracts in the cash settlement month corresponding to an Option Contract month is less than 0.30 per cent above the lowest Exercise Price or is below the lowest Exercise Price, then a new Exercise Price for both Puts and Calls shall be introduced on the following Business Day. The new Exercise Price shall be 0.25 per cent below the lowest listed Exercise Price for that Option Contract month.
- (e) No new Exercise Price shall be introduced in the Option Contract month next due to expire after the Business Day two weeks prior to the expiration of option trading. (~~see~~ TRB.104(a))
- (f) Notwithstanding the provisions of sub-clauses (a) to (e) hereof the ~~BoardExchange~~ may determine, in respect of the listing of an Option Series, that one or more of the provisions of this By-Law shall not apply or shall apply in a manner as varied by the ~~BoardExchange~~.
- TRB.104(a) Except in the case of Serial Option Contracts the Declaration Date for a Three Year Treasury Bond Option Contract shall be the last day of trading in the corresponding Three Year Treasury Bond Futures Contract cash settlement month. (Amended 2/4/96, 15/7/97)
- (b) Except in the case of Serial Option Contracts trading shall cease at 12.00 noon on the Declaration Date or at such other time as determined by the ~~BoardExchange or its designate~~.
- TRB.104A(a) Serial options are those options which do not expire in the same calendar month as the Underlying Futures Contract.

- (b) The **BoardExchange** 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 the Three Year Treasury Bond Serial Option Contract shall be the fifteenth day of a Serial Option month where that day is a Business Day.
Where the fifteenth day of the Serial Option month is not a Business Day the last permitted day of trading shall be the Business Day immediately succeeding the fifteenth day of the month.
- (d) Trading for Serial Option Contracts shall cease at 12.30 pm on the Declaration Date, or at such other time determined by the **BoardExchange or its designate**.
- (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 TRB.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.

- TRB.105(a) The Buyer of an Option Contract may lodge a Notice of Exercise or Abandonment in respect of that contract.
- (b) A Notice of Exercise or Abandonment in a form determined by the Clearing House shall be effective if received by the Clearing House prior to thirty (30) 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, or at such other time as determined by the **BoardExchange or its designate**.
 - (c) On the Declaration Date of an Option Contract the Clearing House, unless otherwise directed by a Notice of Exercise or Abandonment received in accordance with sub-clause (b) hereof, shall:
 - (i) exercise all In-the-Money Options; and
 - (ii) allow all other options to expire. (Amended 2/4/96, 15/7/97)
 - (d) For the purposes of paragraph (i) of sub-clause (c) hereof, an option except for Serial Options Contracts shall be In-the-Money if the cash settlement price referred to in By-Law TRB.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.

Notification Excluding the Declaration Date

TRB.106 Other than on the Declaration Date the Clearing House shall notify a Seller that an Exercise or Abandonment Notice has been assigned by no later than forty-five (45) minutes prior to the Commencement of Trading in Three Year Treasury Bond options on the Business Day following the day on which the Exercise Notice has been lodged with the Clearing House.

Notification on Declaration Date

- TRB.107(i) The Clearing Participant must submit a reported position file at settlement of the Serial Option Contracts by no later than 2.00 pm on the settlement day. (Amended 15/7/97)
- (ii) Except in the case of Serial Option Contracts the Clearing House shall notify a Seller by no later than 9.00 am on the Business Day following the Declaration Date if an option has been exercised.
 - (iii) In the case of Serial Option Contracts, the Clearing House shall endeavour to notify a Seller that an Exercise or Abandonment Notice has been assigned by 3.30 pm on the Declaration Date, or by such other time as determined by the Clearing House or its designate.

Undesirable Situations or Practices

TRB.108 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 or Option Contracts or both, the provisions set out in that By-Law shall apply.

TRB.109 The provisions of TRB.17 shall apply to these Exchange Traded Options Contract By-Laws.

OVERNIGHT OPTIONS

TRB.200 The contract unit shall be an option to buy, in the case of a Call, or an option to sell in the case of a Put, one Three Year Treasury Bond Futures Contract as described in By-Law TRB.1.

TRB.201 The Futures Contracts months in respect of which Overnight Options trading may occur (called "option contract months") shall be determined by the **BoardExchange** from time to time.

TRB.202 Trading shall take place on SYCOM® in accordance with the Trading Rules.

TRB.203(a) The Premium of an option shall be yield per cent per annum in multiples of 0.005 per cent. For quotation purposes the Premium shall be multiplied by 100.

- (b) The value of the Premium in dollars and cents shall be calculated by reference to the following formula:

Value of Premium =

$$1000p \times \left[\frac{\{c(1-a)^6 + 100a^6\}}{e} - \frac{\{c(1-b)^6 + 100b^6\}}{f} \right]$$

where p = Premium in yield per cent per annum x 100

$$e = \frac{(100 - \text{Exercise Price})}{20} \text{ (see ~~TRB.103(a)~~ TRB.103(a))}$$

$$a = \frac{1}{1+e}$$

$$f = \frac{(200e + 0.01)}{200}$$

$$b = \frac{1}{1+f}$$

c = coupon rate/2

- (c) In calculating the value of the Premium in accordance with sub-clause (b) hereof, the calculations within the brackets shall be carried out to eight decimal places. The value of the Premium is rounded to the nearest cent, 0.500 cents being rounded up.
- TRB.20 (a) Exercise Prices shall be yield per cent per annum in multiples of 0.01 per cent deducted from 100.000.
- (b) Trading in Puts and Calls of an Overnight Option Contract month shall subject to paragraph (c) below be at the following nine Exercise Prices.
- (i) the Daily Settlement Price for the corresponding Three Year Treasury Bond Futures Contract cash settlement month as determined by the Exchange, rounded to the nearest Exercise Price as referred to in sub-clause (a) hereof. In the event that the Daily Settlement Price is precisely midway between two Exercise Prices it shall be rounded to the lower Exercise Price;
 - (ii) the price which is 0.010 per cent higher than that described in paragraph (i);
 - (iii) the price which is 0.020 per cent higher than that described in paragraph (i);
 - (iv) the price which is 0.030 per cent higher than that described in paragraph (i);
 - (v) the price which is 0.040 per cent higher than that described in paragraph (i);
 - (vi) the price which is 0.010 per cent lower than that described in paragraph (i);
 - (vii) the price which is 0.020 per cent lower than that described in paragraph (i);
 - (viii) the price which is 0.030 per cent lower than that described in paragraph (i);
 - (ix) the price which is 0.040 per cent lower than that described in paragraph (i).
- (c) Any number of new Exercise Prices for both Puts and Calls can be introduced for trading in the current SYCOM® Trading Session as determined by the ~~Exchange Chief Executive or the SYCOM® Manager~~ in accordance with the Trading Rules.
- (d) Notwithstanding the provisions of sub-clauses (a) to (c) hereof the ~~Board~~Exchange may determine, in respect of the listing of an Option Series, that one or more of the provisions of this By-Law shall not apply or shall apply in a manner as varied by the ~~Board~~Exchange.
- TRB.205 (a) The Declaration Date for a Three Year Treasury Bond Overnight Option Contract shall be the Business Day immediately following the SYCOM® Session during which the Option Contract was first listed for trading.
- (b) Trading shall cease at the end of the SYCOM® Trading Session in which the Option Contracts were first listed for trading.
- TRB.206 (a) On the Declaration Date of an Option Contract the Clearing House shall:
- (i) exercise all In-the-Money Options; and
 - (ii) allow all other options to expire.
- (b) For the purposes of paragraph (i) of sub-clause (a) hereof, an option shall be In-the-Money if the Overnight Option Futures Price 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.

Overnight Option Futures Price

TRB.207 The Overnight Option Futures Price referred to in By-Law TRB.206(b) hereof shall be determined by the following procedure:

- (a) The Exchange shall determine the weighted average of trade prices executed in the underlying Three Year Treasury Bond futures Contract between 8.30 am and 8.40 am on each Trading Day of the Three Year Treasury Bond Futures Contract.

The weighted average of trade prices is defined as:

$$WA = \frac{\sum (\text{price}_n \times \text{volume}_n)}{V}$$

where n = deal executed between 8.30am and 8.40am
and V = total volume traded between 8.30am and 8.40am

- (b) The weighted average of trade prices shall be calculated to three decimal places and rounded to two decimal places. In rounding, the weighted average of trade prices shall be expressed to the nearest second decimal place on the condition that where the third decimal place is five the weighted average of trade prices shall be rounded to the next highest second decimal place. The weighted average of trade prices so calculated shall be the Overnight Option Futures Price.
- (c) not in use
- (d) Subject to By-Law TRB.208, the Exchange shall announce the Overnight Option Futures Price by no later than 8.45 am on the same Business Day.

TRB.208 If in the opinion of the Exchange a situation is developing or has developed which is capable of preventing the Exchange from declaring an Overnight Option Futures Price in accordance with By-Law TRB.207, ~~the Chief Executive Exchange~~ may take such steps as deemed necessary in the circumstances so as to enable ~~the Exchange~~ it to declare an Overnight Option Futures Price and may give directions to Participants accordingly. Any decision taken by the ~~Chief Executive Exchange~~ in this regard shall be final.

TRB 209-210 Not in use

Undesirable Situations or Practices

TRB.211 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 or Option Contracts or both, the provisions set out in that By-Law shall apply.

TRB.212 The provisions of TRB.17 shall apply to these Overnight Options Contract By-Laws.

INTRA-DAY OPTIONS

TRB.300 The contract unit shall be an option to buy, in the case of a Call, or an option to sell in the case of a Put, one Three Year Treasury Bond Futures Contract as described in By-Law TRB.1.

TRB.301 The Futures Contracts months in respect of which Intra-Day Options trading may occur (called "option contract months") shall be determined by the Exchange from time to time.

TRB.302 Trading shall take place on SYCOM® in accordance with the Trading Rules.

TRB.303(a) The Premium of an option shall be yield per cent per annum in multiples of 0.005 per cent. For quotation purposes the Premium shall be multiplied by 100.

- (b) The value of the Premium in dollars and cents shall be calculated by reference to the following formula:

Value of Premium =

$$\frac{1000p \times [\{c(1 - a^6) + 100a^6\} - \{c(1 - b^6) + 100b^6\}]}{e \quad f}$$

where p = Premium in yield per cent per annum x 100

$$e = \frac{(100 - \text{Exercise Price})}{20} \text{ (see TRB.103(a))}$$

$$a = \frac{1}{1 + e}$$

$$f = \frac{(200e + 0.01)}{200}$$

$$b = \frac{1}{1 + f}$$

$$c = \text{coupon rate}/2$$

- (c) In calculating the value of the Premium in accordance with sub-clause (b) hereof, the calculations within the brackets shall be carried out to eight decimal places. The value of the Premium is rounded to the nearest cent, 0.500 cents being rounded up.

TRB.304(a) Exercise Prices shall be yield per cent per annum in multiples of 0.01 per cent deducted from 100.000.

- (b) Trading in Puts and Calls of an Intra-Day Option Contract month shall subject to paragraph (c) below be at the following nine Exercise Prices.

- (i) the last traded price in the evening SYCOM® session for the corresponding Three Year Treasury Bond Futures Contract cash settlement month as determined by the Exchange, rounded to the nearest Exercise Price as referred to in sub-clause (a) hereof. In the event that the last traded price in the evening SYCOM® session is precisely midway between two Exercise Prices it shall be rounded to the lower Exercise Price;
- (ii) the price which is 0.010 per cent higher than that described in paragraph (i);
- (iii) the price which is 0.020 per cent higher than that described in paragraph (i);
- (iv) the price which is 0.030 per cent higher than that described in paragraph (i);
- (v) the price which is 0.040 per cent higher than that described in paragraph (i);
- (vi) the price which is 0.010 per cent lower than that described in paragraph (i);
- (vii) the price which is 0.020 per cent lower than that described in paragraph (i);
- (viii) the price which is 0.030 per cent lower than that described in paragraph (i);
- (ix) the price which is 0.040 per cent lower than that described in paragraph (i).

- (c) Any number of new Exercise Prices for both Puts and Calls can be introduced for trading in the current SYCOM® Trading Session as determined by the Exchange in accordance with the Trading Rules.

- (d) Notwithstanding the provisions of sub-clauses (a) to (c) hereof the Exchange may determine, in respect of the listing of an Option Series, that one or more of the provisions of this By-Law shall not apply or shall apply in a manner as varied by the Exchange.

TRB.305(a) The Declaration Date for a Three Year Treasury Bond Intra-Day Option Contract shall be the same Business Day as the SYCOM® Session during which the Option Contract was first listed for trading.

- (b) Trading shall cease at 4:10pm in the SYCOM® Trading Session in which the Option Contracts were first listed for trading.

TRB.306 (a) On the Declaration Date of an Option Contract the Clearing House shall:

- (i) exercise all In-the-Money Options; and
- (ii) allow all other options to expire.

- (b) For the purposes of paragraph (i) of sub-clause (a) hereof, an option shall be In-the-Money if the Intra-Day Option Futures Price 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.

Intra-Day Option Futures Price

TRB.307 The Intra-Day Option Futures Price referred to in By-Law TRB.306(b) hereof shall be determined by the following procedure:

- (a) The Exchange shall determine the weighted average of trade prices 4:15pm and 4:25pm on each Trading Day of the Three Year Treasury Bond Futures Contract.

The weighted average of trade prices is defined as:

$$\text{WA} = \frac{\sum (\text{price}_n \times \text{volume}_n)}{V}$$

where n = deal executed between 4:15pm and 4:25pm
and V = total volume traded between 4:15pm and 4:25pm

- (b) The weighted average of trade prices shall be calculated to three decimal places and rounded to two decimal places. In rounding, the weighted average of trade prices shall be expressed to the nearest second decimal place on the condition that where the third decimal place is five the weighted average of trade prices shall be rounded to the next highest second decimal place. The weighted average of trade prices so calculated shall be the Intra-Day Option Futures Price.
- (c) In the event that no trades occur between 4.15pm and 4.25pm the Intra-Day Option Futures Price shall be the midpoint of the bid and ask prices rounded up to the nearest 0.01 per cent in the underlying Three Year Treasury Bond Futures contract at 4.25pm.
- (d) Subject to By-Law TRB.308, the Exchange shall announce the Intra-Day Option Futures Price by no later than 4:30pm on the same Business Day.

TRB.308 If in the opinion of the Exchange a situation is developing or has developed which is capable of preventing the Exchange from declaring an Intra-Day Option Futures Price in accordance with By-Law TRB.307, the Exchange may take such steps as deemed necessary in the circumstances so as to enable the Exchange to declare an Intra-Day Option Futures Price and may give directions to Participants accordingly. Any decision taken by the Exchange in this regard shall be final.

Undesirable Situations or Practices

TRB.309 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 or Option Contracts or both, the provisions set out in that By-Law shall apply.

TRB.310 The provisions of TRB.17 shall apply to these Intra-Day Options Contract By-Laws.

The 90 Day Bank Accepted Bills Of Exchange Contract Market By-Laws have been amended as follows (additions underlined, deletions lined through):

Contract Unit

BAB.1 Each bought and each sold contract shall consist of securities (hereafter referred to as “bills”) with a face value of \$1,000,000 accepted by an approved acceptor and maturing 90 days from settlement day. Any such bill must be either:

- (A) a bill of exchange under the Bills of Exchange Act (as amended); or
- (B) an electronically recorded debt obligation defined as an “EBA” within the definition of “Dematerialised Security” in the Operating Manual of Austraclear Limited (hereafter referred to as “EBA”).

Buyers and Sellers should note the following in relation to the two types of bill described above:

- (i) An EBA is not the legal equivalent of a bill of exchange under the Bills of Exchange Act and accordingly delivery of an EBA may not be the same as delivery of a bank accepted bill of exchange under the Bills of Exchange Act.
- (ii) The Bills of Exchange Act is a Commonwealth Act which grants and guarantees rights of title, enforcement and negotiability to instruments which qualify as bills of exchange under the Act.
- (iii) An EBA is not a bill of exchange unless and until it is uplifted from the Austraclear Limited system in accordance with the Regulations and Operating Manual of Austraclear Limited AND the uplifted EBA satisfies the requirements of a bill of exchange under the Bills of Exchange Act.

Buyers and Sellers should note that in most cases the subject of delivery under the contract will be an EBA, however where a Seller intends to deliver an EBA and a Buyer requires the delivery of a bill of exchange in accordance with the Bills of Exchange Act, the Seller shall be required to uplift the EBA and re-lodge a bill of exchange in accordance with the Bills of Exchange Act as required by these By-Laws.

The Seller reserves the option to deliver bills of other maturities or negotiable certificates of Deposit within the tolerances as provided in these By-Laws.

Tenderable Instruments

BAB.2 (a) In fulfillment of each contract the Seller must deliver either:

- (i) \$1,000,000 face value of either bank accepted bills of exchange or EBA’s (hereafter referred to as “bills”) comprising either one (1) bill having a face value of \$1,000,000 or two (2) bills each having a face value of \$500,000 or ten (10) bills each having a face value of \$100,000; or
 - (ii) \$1,000,000 in face value of either bank negotiable certificates of deposit or electronically recorded debt obligations defined as an “ECD” within the definition of “Dematerialised Security” in the Operating Manual of Austraclear Limited (hereafter referred to as ECDs”) comprising either one (1) ECD having a face value of \$1,000,000 or two (2) ECDs each having a face value of \$500,000 or ten (10) ECDs each having a face value of \$100,000.
- (b) Each bill delivered pursuant to paragraph (i) of sub-clause (a) hereof shall:
- (i) Have been accepted by the same Approved Bank.
 - (ii) Have been drawn by the same drawer.
 - (iii) Have the same maturity date.
 - (iv) Be payable at the same city branch of an Approved Bank in either Sydney, Melbourne, Perth, Brisbane, Adelaide, or such other locations as the BoardExchange may from time to time determine.
- (c) Each ECD delivered pursuant to paragraph (ii) of sub-clause (a) hereof shall:
- (i) Have been issued by the same Approved Bank.
 - (ii) Have the same maturity date.
 - (iii) Be payable at the same city branch of an Approved Bank in either Sydney, Melbourne, Perth, Brisbane, Adelaide, or such other locations as the BoardExchange may from time to time determine.
- (d) The maturity date of each bill or ECD delivered pursuant to sub-clause (a) hereof shall be not less than 85 days and not more than 95 days from settlement day.

- (e) For the purposes of these By-Laws a city branch of a trading bank shall mean a branch designated by the Approved Settlement Facility as City Branches.
- (f) For the purposes of these By-Laws, references to a time of day shall be references to that time in Sydney.

Hours of Trading

BAB.3 The hours of trading in 90 Day Bank Accepted Bills of Exchange Futures Contracts shall be determined by the ~~Board~~Exchange.

BAB.4 Not in use

Delivery Months

BAB.5 Trading shall be conducted for delivery in any sixty (60) month period as set out in the attached schedule.

Price Multiples

BAB.6 Price shall be yield per cent per annum in multiples of 0.01 per cent. For quotation purposes the price shall be deducted from 100.00.

Approved Banks

- BAB.7
- (a) The ~~Board of the~~Exchange in consultation with the Clearing House shall from time to time designate those banks whose acceptance of a bill or issuance of an ECD shall be approved as good delivery.
 - (b) Banks approved in accordance with sub-clause (a) shall be called "Approved Banks". The Exchange shall from time to time publish the list of Approved Banks and the date of effectiveness of such list.

Approved Settlement Facility

- BAB.8
- (a) The Approved Settlement Facility for the settlement of bills and ECD's shall be Austraclear Limited (a company incorporated in the State of New South Wales) in Sydney and Melbourne and such other locations as the ~~Board~~Exchange may from time to time determine.
 - (b)
 - (i) Sellers and Buyers who are Members of Austraclear Limited shall be entitled to give or take delivery (as the case may be) in their own name PROVIDED THAT Sellers and Buyers who are Associate Members of Austraclear Limited, as defined in the Regulations of Austraclear Limited, shall not be entitled to give or take delivery in their own name.
 - (ii) A Seller or Buyer who is to give or take delivery may appoint a Member of Austraclear Limited (not being an Associate Member of Austraclear Limited) as its agent for this purpose (hereafter referred to as "Agent").
 - (c) Where bills or ECD's are lodged with Austraclear Limited in order to fulfil obligations pursuant to a Futures Contract such lodgement shall be governed by the Regulations of Austraclear Limited. Austraclear Limited may impose on its Members such charges as provided for in its Regulations.

Authorities

BAB.9 A Clearing Participant who appoints a Member of Austraclear Limited as its Agent shall by no later than 3.00 pm on the last permitted day for trading have delivered to the Clearing House an appropriate document authorising that Member of Austraclear Limited to act on its behalf for the delivery and settlement of bills or ECD's.

Settlement Day

BAB.10 Settlement day shall be the second Friday of the delivery month or such other day as the ~~Board~~Exchange may determine.

Tendering Procedures

BAB.11 The Seller or its Agent shall give details of tenders to the Clearing House through the Austraclear Limited system by no later than 5.00 pm on the last permitted day for trading and such details shall include:

- (a) In the case of bills:
 - (i) Name of the Member of Austraclear Limited. (~~see~~vide-BAB.9)
 - (ii) Face Value.
 - (iii) Drawer.
 - (iv) Acceptor.
 - (v) Place of Payment - Bank/Branch.
 - (vi) Maturity Date.
 - (vii) Tendering Clearing Participant.

- (b) In the case of ECD's:
- (i) Name of the Member of Austraclear Limited. (see BAB.9)
 - (ii) Face Value.
 - (iii) Issuing Bank.
 - (iv) Place of Payment - Bank/Branch.
 - (v) Maturity Date.
 - (vi) Tendering Clearing Participant.

Final Day of Trading

BAB.12 The last permitted day for trading in a delivery month shall be the Business Day immediately prior to settlement day or such other day as the BoardExchange may determine. Trading in such delivery month shall cease at 12.00 noon on the last permitted day for trading or such other time as the Exchange may determine.

Invoicing

BAB.13 The settlement value of each contract shall be calculated using the following formula:

$$\frac{1,000,000 \times 365}{365 + \left(\frac{\text{invoice price} \times 90}{100} \right)}$$

The invoice price shall be the Daily Settlement Price for the delivery month for the last permitted day for trading deducted from 100.00.

The settlement value is to be rounded to the nearest cent, 0.500 cents being rounded up.

Any days to maturity before or after 90 days but within the permissible range (85 to 95 days) as provided in these By-Laws shall be calculated and invoiced at the invoice price.

BAB.14 The Buyer or its Agent shall pay the Seller or its Agent the amount advised as per By-Law BAB.15(b)(iii), such payment to be made through the Austraclear Limited system by no later than 1.00 pm on settlement day.

- BAB.15 (a) The Clearing House shall advise the Seller by 7.00 am on settlement day, in respect of each contract:
- (i) the name of the Member of Austraclear Limited to whom the bills or ECD's are to be transferred;
 - (ii) the details as described in By-Law BAB.11 of the bills or ECD's to be transferred to that Member of Austraclear Limited; and
 - (iii) the amount that will be received from that Member of Austraclear Limited.
- (b) The Clearing House shall advise the Buyer by 7.00 am on settlement day, in respect of each contract:
- (i) the name of the Member of Austraclear Limited from whom bills or ECD's are to be transferred;
 - (ii) the details as described in By-Law BAB.11 of the bills or ECD's that will be transferred by that Member of Austraclear Limited; and
 - (iii) the amount to be paid to that Member of Austraclear Limited.
- (c) The Seller or its Agent shall lodge the bills or ECD's as described in By-Law BAB.11, in the Austraclear Limited system in the Seller's or Agent's account (as the case may be) by no later than 5.00 pm on the last permitted day for trading so as to be transferred on settlement day in accordance with By-Law BAB.16(a).

- BAB.15A (a) Where a Buyer requires delivery of a bill of exchange in accordance with the Bills of Exchange Act rather than an EBA, or a bank negotiable certificate of deposit rather than an ECD, the Buyer shall advise the Seller of that requirement in respect of each contract by 8.00 am on settlement day.
- (b) Where the Seller receives advice from the Buyer under sub-clause (a) hereof, the Seller shall, as required by the Regulations and Operating Manual of Austraclear Limited, uplift the EBA or ECD and re-lodge a bill of exchange in accordance with the Bills of Exchange Act or a bank negotiable certificate of deposit.
- (c) The Buyer may only require delivery of a bill of exchange in accordance with the Bills of Exchange Act or a bank negotiable certificate of deposit under sub-clause (a) hereof which is identical with the EBA or ECD referred to in sub-clause (a) hereof in all relevant characteristics.

- (d) The Seller or its Agent shall lodge the bill of exchange in accordance with the Bills of Exchange Act or the bank negotiable certificate of deposit in the Austraclear Limited system in the Seller's or Agent's account (as the case may be) by no later than 12.00 noon on settlement day.

- BAB.16 (a) The Seller or its Agent shall transfer the bills or ECD's which are the subject of BAB.15(c) to the Buyer or its Agent no later than 1.00 pm on settlement day. Such transfer shall be in accordance with the regulations of Austraclear Limited.
- (b) The Buyer shall be responsible for checking that the bills or ECD's which are the subject of the transfer referred to in sub-clause (a) hereof conform with the details advised to it pursuant to By-Law BAB.15(b)(ii).
- (c) Where the bills or ECD's which are the subject of the transfer referred to in sub-clause (a) hereof conform with the details advised pursuant to By-Law BAB.15(b)(ii) the Buyer or its Agent shall by 2.00 pm on settlement day confirm for immediate settlement.
- (d) Where the bills or ECD's which are the subject of the transfer referred to in sub-clause (a) hereof do not conform with the details advised pursuant to By-Law BAB.15(b)(ii) the Buyer shall by 2.00 pm on settlement day advise the Clearing House accordingly.
- (e) Where the Seller or its Agent does not receive the amount referred to in By-Law BAB.15(a)(iii) through the Austraclear Limited system by 2.00 pm on settlement day, then the Seller shall immediately advise the Clearing House accordingly.

Default

- BAB.17 (a) Should a delivery not be duly made by the Seller or its Agent as provided in these By-Laws, such Seller shall be in default.
- (b) Should a delivery not be duly taken by the Buyer or its Agent as provided in these By-Laws, such Buyer shall be in default.
- (c) Should the Seller fail to uplift an EBA or an ECD from the Austraclear Limited system for the purpose of providing the Buyer with a bill of exchange in accordance with the Bills of Exchange Act or a bank negotiable certificate of deposit as required under BAB.15A, such Seller shall be in default.
- (d) Should the Seller fail to deliver a bill of exchange which conforms with the Bills of Exchange Act or a bank negotiable certificate of deposit in all relevant respects as required in BAB.15A, such Seller shall be in default. (Amended 19/8/99)

BAB.18 In the event of default arising under By-Law BAB.17(a), (b), (c) or (d) and such defaulter is a Client of a Clearing Participant, the Clearing Participant shall have the right of:

- (a) (i) lodging tenderable Bills or ECD's in the Austraclear Limited system by 12.30 pm on settlement day, so as to be transferred in accordance with By-Law BAB.16(a); or
- (ii) taking delivery of tenderable bills or ECD's through the Austraclear Limited system by immediate settlement of the amount referred to in By-Law BAB.15(b)(iii) by no later than 3.30 pm on settlement day, as the case may be.

All differences, interest and all other charges shall be settled by the Client with the Clearing Participant forthwith.

- (b) Closing out all or any transactions entered into in any Market by such Clearing Participant on behalf of the Client without further notice and without in any way prejudicing any other legal action for recovery which the Clearing Participant may take or have taken.

Documents

- BAB.19 (a) If any transfer of deliverable stock required under these By-Laws cannot be accomplished by the time specified on Settlement Day due to the unavailability of the Austraclear system, or due to the unavailability of the Buyer's or its Agent's, the Seller's or its Agent's or the Clearing House's access to the Austraclear Limited system, such transfer shall be made as soon as possible and in accordance with any instructions which may be given by the Exchange in consultation with the Clearing House.
- (b) Should a situation arise as described in sub-clause (a) hereof, no alteration shall be made to the invoiced amount, provided that in respect of such delay:
- (i) the obligations of the Buyer shall extend to the payment to the Clearing House of a sum calculated in accordance with sub-clause (c) hereto; and
- (ii) the rights of the Seller shall extend to the right to receive from the Clearing House a sum calculated in accordance with sub-clause (c) hereto.
- (c) The sum as described in sub-clause (b) hereof shall be calculated in accordance with the formula:

$$\frac{D}{365} \times \frac{R}{100} \times I$$

- Where D = the number of days from (and excluding) Settlement Day up to (and including) the day on which transfer is effected;
 R = the average of the Clearing House's Australian Dollar Base Rate in percentage terms at the close of business on each day from (and including) Settlement Day up to (and excluding) the day on which transfer is effected;
 I = the invoiced amount in respect of the relevant lot; and

and shall be payable at such time and in such manner as the Clearing House may specify.

- (d) Should a situation arise as described in sub-clause (a) hereof, the Buyer and Seller shall provide to the Clearing House documentary evidence satisfactory to the Clearing House that they had complied with their obligations under these By-Laws by the time and in the manner prescribed.

BAB.20 If invoices are not ready when documents are required payments shall be made and received on account PROVIDED THAT this rule shall not apply to circumstances as described in BAB.19(a).

BAB.21 Bills or ECD's must be taken up without prejudice to any question in Dispute and such question shall be referred to arbitration, failing which the Clearing House may resell the bills or ECD's for account of whom it may concern. All differences, interests and all other charges are for prompt settlement.

BAB.22 Should payment for any delivery not be made by the Buyer as provided in these By-Laws, the Seller with the agreement of and in conjunction with the Clearing House is authorised to sell the bills or ECD's. Any difference in price resulting through such sales, together with interest and all charges incurred by the delay, shall be settled with the Clearing House forthwith. (Amended 19/8/99)

Undesirable Situations and Practices

BAB.23 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 or Options Contracts or both, the provisions set out in that By-Law shall apply.

EXCHANGE TRADED OPTIONS

BAB.100 The contract unit shall be an option to buy, in the case of a Call, or an option to sell in the case of a Put, one 90 Day Bank Accepted Bill of Exchange Futures Contract as described in By-Law BAB.1.

BAB.101 Trading shall be conducted in those months as set out in the attached option schedule.

- BAB.102 (a) The Premium of an option shall be yield per cent per annum in multiples of 0.005 per cent. For quotation purposes the Premium shall be multiplied by 100.
 (b) The value of the Premium in dollars and cents shall be calculated by reference to the following formula:

Value of Premium =

$$\left[\frac{\{1,000,000 \times 365\} - \{1,000,000 \times 365\}}{\{365 + \frac{(e \times 90)}{100}\} \{365 + \frac{(e + 0.01) \times 90}{100}\}} \right] \times p$$

where e = 100-Exercise Price (~~see~~ vide BAB.103(a))
 and p = (Premium in yield per cent per annum) x 100

- BAB.103 (a) Exercise prices shall be yield per cent per annum in multiples of 0.25 per cent deducted from 100.00.
 (b) Trading in Puts and Calls on the first day of a new Option Contract month shall be at the following Exercise Prices:
 (i) the Daily Settlement Price for the corresponding Bank Accepted Bill Futures Contract delivery month on the preceding Business Day as determined by the Exchange rounded to the nearest Exercise Price as referred to in sub-clause (a) hereof. In the event that Daily Settlement Price is precisely midway between two Exercise Prices it shall be rounded to the lower Exercise Price;
 (ii) the prices which exceed the price described in paragraph (i), such prices being multiples as determined by the ~~Chief Executive~~ Exchange (~~or his designate~~) of the interval determined in accordance with BAB.103(a); and

- (iii) the prices which are below the prices described in paragraph (i), such prices being multiples as determined by the ~~Chief Executive~~Exchange (or his designate) of the interval determined in accordance with BAB.103(a).
 - (c) Whenever the Daily Settlement Price determined by the Exchange for Bank Accepted Bill Futures Contracts in the delivery month corresponding to an Option Contract month is less than 0.30 per cent below the highest Exercise Price or is above the highest Exercise Price, then a new Exercise Price for both Puts and Calls shall be introduced on the following Business Day.
 - (d) Whenever the Daily Settlement Price as determined by the Exchange for Bank Accepted Bill Futures Contracts in the delivery month corresponding to an Option Contract month is less than 0.30 per cent above the lowest Exercise Price or is below the lowest Exercise Price, then a new Exercise Price for both Puts and Calls shall be introduced on the following Business Day. The new Exercise Price shall be 0.25 per cent below the lowest listed Exercise Price for that Option Contract month.
 - (e) No new Exercise Price shall be introduced in the Option Contract month next due to expire after the Business Day two week prior to the expiration of option trading (~~see~~ vide BAB.104).
 - (f) Notwithstanding the provisions of sub-clauses (a) to (e) hereof the ~~Board~~Exchange may determine, in respect of the listing of an Option Series, that one or more of the provisions of this By-Law shall not apply or shall apply in a manner as varied by the ~~Board~~Exchange.
- BAB.104 (a) The Declaration Date for a Bank Accepted Bill Option Contract shall 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 the time of cessation of Bank Accepted Bill Futures Contract trading.
- BAB.105 (a) The Buyer of an Option Contract may lodge a Notice of Exercise or Abandonment in respect of that Option Contract.
- (b) Subject to sub-clause (c) a Notice of Exercise or Abandonment in a form determined by the Clearing House shall be effective if received by the Clearing House prior to twenty minutes after the Close of Trading on any Business Day on which an Option Contract may be traded.
- (c) On the Declaration Date of an Option Contract the Clearing House, unless otherwise directed by a Notice of Exercise or Abandonment received in accordance with sub-clause (b) hereof, shall:
- (i) Exercise all In-the-Money options.
 - (ii) Allow all other options to expire. (Amended 18/8/87)
- (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.
- BAB.106 Other than on the Declaration Date the Clearing House shall notify a Seller that an exercise notice has been assigned by no later than forty-five (45) minutes prior to the Commencement of Trading in Bank Accepted Bill options on the Business Day following the day on which the exercise notice has been lodged with the Clearing House in accordance with BAB.105(b).
- BAB.107 The Clearing House shall endeavour to notify a Seller that an Exercise or Abandonment Notice has been assigned by the Clearing House and or its designate by 3.00 pm on the Declaration Date.
- BAB.108 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 or Options Contracts or both, the provisions set out in that By-Law shall apply.

OVERNIGHT OPTIONS

- BAB.200 The contract unit shall be an option to buy, in the case of a call, or an option to sell in the case of a put, one 90 Day Bank Accepted Bill of Exchange Futures contract as described in By-Law BAB.1.
- BAB.201 The futures contracts months in respect of which overnight options trading may occur (called "option contract months") shall be determined by the ~~Board~~Exchange from time to time.
- BAB.202 (a) The premium of an option shall be yield per cent per annum in multiples of 0.005 per cent. For quotation purposes the premium shall be multiplied by 100.
- (b) The value of the premium in dollars and cents shall be calculated by reference to the following formula:

Value of Premium =

$$\left[\frac{\{1,000,000 \times 365\}}{100} - \frac{\{1,000,000 \times 365\}}{100} \right] \times p$$

$$\left[\frac{\{365 + (\frac{e \times 90}{100})\}}{100} - \frac{\{365 + (\frac{(e + 0.01) \times 90}{100})\}}{100} \right]$$

where e = 100-Exercise Price (see BAB.203(a))

and p = (premium in yield percent per annum) x 100

- (c) In calculating the value of the premium in accordance with sub-clause (b) hereof, the calculations within the brackets shall be carried out to eight decimal places. The value of the premium is rounded to the nearest cent, 0.500 cents being rounded up.
- BAB.203 (a) Exercise prices shall be yield per cent per annum in multiples of 0.01 per cent deducted from 100.000.
- (b) Trading in puts and calls of an overnight option contract month shall subject to paragraph (c) below be at the following nine exercise prices.
- (i) the daily settlement price for the corresponding 90 Day Bank Accepted Bill of Exchange Futures contract delivery month as determined by the Exchange, rounded to the nearest exercise price as referred to in sub-clause (a) hereof. In the event that the daily settlement price is precisely midway between two exercise prices it shall be rounded to the lower exercise price;
 - (ii) the price which is 0.010 per cent higher than that described in paragraph (i);
 - (iii) the price which is 0.020 per cent higher than that described in paragraph (i);
 - (iv) the price which is 0.030 per cent higher than that described in paragraph (i);
 - (v) the price which is 0.040 per cent higher than that described in paragraph (i);
 - (vi) the price which is 0.010 per cent lower than that described in paragraph (i);
 - (vii) the price which is 0.020 per cent lower than that described in paragraph (i);
 - (viii) the price which is 0.030 per cent lower than that described in paragraph (i);
 - (ix) the price which is 0.040 per cent lower than that described in paragraph (i).
- (c) Any number of new exercise prices for both puts and calls can be introduced for trading in the current SYCOM trading session as determined by the ~~Chief Executive Exchange or his designate or the SYCOM Manager~~ in accordance with the SYCOM Trading Etiquette.
- (d) Notwithstanding the provisions of sub-clauses (a) to (c) hereof the ~~Board Exchange~~ may determine, in respect of the listing of an option series, that one or more of the provisions of this By-Law shall not apply or shall apply in a manner as varied by the ~~Board Exchange~~.
- BAB.204 (a) The Declaration Date for a 90 Day Bank Accepted Bill of Exchange Overnight Option contract shall be the Business Day immediately following the SYCOM session during which the option contract was first listed for trading.
- (b) Trading shall cease at the end of the SYCOM trading session in which the option contracts were first listed for trading.
- BAB.205 (a) On the Declaration Date of an option contract the Clearing House shall:
- (i) exercise all in-the-money options, and
 - (ii) allow all other options to expire.
- (b) For the purposes of paragraph (i) of sub-clause (a) hereof, an option shall be in-the-money if the Overnight Option Futures Price of the underlying futures contract delivery 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.

Overnight Option Futures Price

BAB.206 The Overnight Option Futures Price referred to in By-Law BAB.205(b) hereof shall be determined by the following procedure:

- (a) The Exchange shall determine the weighted average of trade prices executed in the underlying 90 Day Bank Accepted Bill of Exchange Futures contract between 8.30am and 8:40 am on each trading day of the 90 Day Bank Accepted Bill of Exchange Futures contract:
- (i) The weighted average of trade prices is defined as:

$$WA = \frac{\sum (\text{price}_n \times \text{volume}_n)}{V}$$

where n = deal executed between 8.30am and 8.40am
and V = total volume traded between 8.30am and 8.40am

- (c) Any number of new exercise prices for both puts and calls can be introduced for trading in the current SYCOM trading session as determined by the Exchange in accordance with the SYCOM Trading Etiquette.
- (d) Notwithstanding the provisions of sub-clauses (a) to (c) hereof the Exchange may determine, in respect of the listing of an option series, that one or more of the provisions of this By-Law shall not apply or shall apply in a manner as varied by the Exchange.

- BAB.304 (a) The Declaration Date for a 90 Day Bank Accepted Bill of Exchange Intra-Day Option contract shall be the same Business Day as the SYCOM session during which the option contract was first listed for trading.
- (b) Trading shall cease at 4.10pm in the SYCOM trading session in which the option contracts were first listed for trading.

- BAB.305 (a) On the Declaration Date of an option contract the Clearing House shall:
- (i) exercise all in-the-money options, and
- (ii) allow all other options to expire.
- (b) For the purposes of paragraph (i) of sub-clause (a) hereof, an option shall be in-the-money if the Intra-Day Option Futures Price of the underlying futures contract delivery 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.

Intra-Day Option Futures Price

BAB.306 The Intra-Day Option Futures Price referred to in By-Law BAB.305(b) hereof shall be determined by the following procedure:

- (a) The Exchange shall determine the weighted average of trade prices executed in the underlying 90 Day Bank Accepted Bill of Exchange Futures contract between 4:15pm and 4:25pm on each trading day of the 90 Day Bank Accepted Bill of Exchange Futures contract:
- (i) The weighted average of trade prices is defined as:

$$WA = \frac{\sum (\text{price}_n \times \text{volume}_n)}{V}$$

where n = deal executed between 4.15pm and 4.25pm
and V = total volume traded between 4.15pm and 4.25pm

- (b) The weighted average of trade prices shall be calculated to three decimal places and rounded to two decimal places. In rounding, the weighted average of trade prices shall be expressed to the nearest second decimal place on the condition that where the third decimal place is five the weighted average of trade prices shall be rounded to the next highest second decimal place. The weighted average of trade prices so calculated shall be the Intra-Day Option Futures Price.
- (c) In the event that no trades occur between 4.15pm and 4.25pm the Intra-Day Option Futures Price shall be the midpoint of the bid and ask prices rounded up to the nearest 0.01 per cent in the underlying 90 Day Bank Accepted Bill of Exchange Futures contract at 4.25pm.
- (d) Subject to By-Law BAB.307, the Exchange shall announce the Intra-Day Option Futures Price by no later than 4:30pm on the same business day.

BAB.307 If in the opinion of the Exchange a situation is developing or has developed which is capable of preventing the Exchange from declaring an Intra-Day Option Futures Price in accordance with By-Law BAB.306, the Exchange may take such steps as deemed necessary in the circumstances so as to enable it to declare an Intra-Day Option Futures Price and may give directions to Participants accordingly. Any decision taken by the Exchange in this regard shall be final.

Undesirable Situations or Practices

BAB.308 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 or option contracts or both, the provisions set out in that By-Law shall apply.

The Trading Rules and Schedule J thereto have been amended as follows
(additions underlined, deletions lined through):

TR.1.1

<u>Intra-Day Option</u>	<u>An option on a Futures Contract which expires on the afternoon of the same Business Day of the relevant SYCOM® Trading Date, on the basis of an Intra-Day Options Price established in accordance with the Business Rules.</u>
<u>Intra-Day Options Daily Settlement Price</u>	<u>The price against which an Intra-Day Option is settled.</u>

TR.5.3

Overnight Options, Intra-Day Options and Option Series

Prior to each SYCOM® Trading Date, the Trading Manager will calculate the Option Series to be listed in relation to Overnight Options and Intra-Day Options in accordance with the contract specifications. New Option Series may be introduced for trading during the current SYCOM® Trading Date at the discretion of the Exchange ~~Chief Executive or Trading Manager.~~

Overnight Options and Intra-Day Options Daily Settlement Price Procedures

TR.21.3

- (a) The relevant Overnight Options Daily Settlement Price and Intra-Day Options Daily Settlement Price shall be calculated in the manner set out in the relevant Market By-Laws.
- (b) Once established, a SYCOM® Trader may raise an objection and must immediately notify an Exchange Official of such an objection. At least two (2) objections from different SYCOM® Traders being Officers or Representatives of different Participants need to be received before the matter can be referred to a Contract Committee.
- (c) deleted
- (d) No attempt may be made to alter the Daily Settlement Price or any component thereof by artificial means.

SCHEDULE J
SPECIFIED TICK RANGE TABLE

Futures Contracts		Tick Range
90 Day Bank Bills	(First four quarters)	5
	(Remaining expiries)	5
Intra-Commodity Spreads - When trading against opposite. Spreads which are legged will be considered as individual trades		5
3 Year Treasury Bonds	(Futures)	5
	(Intra-Commodity Spreads)	5
10 Year Treasury Bonds	(Futures)	5
	(Intra-Commodity Spreads)	5
3 Year Bonds/10 Year Bonds		
	(Inter-Commodity Spreads)	5
SPI	(First two quarters)	10
	(Remaining expiries)	10
ISF's		10
Wool		10
Wheat		10
Electricity		10

Option Contracts		Tick Range
90 Day Bank Bills	(First four quarters)	5
	(Remaining expiries)	5
	<u>(Overnight Options)</u>	<u>5</u>
	<u>(Intra-Day Options)</u>	<u>5</u>
3 Year Treasury Bonds	(Options)	5
	(Overnight Options)	5
	<u>(Intra-Day Options)</u>	<u>5</u>
10 Year Treasury Bonds	(Options)	5
	(Overnight Options)	5
	<u>(Intra-Day Options)</u>	<u>5</u>
SPI	(First two quarters)	10
	(Remaining expiries)	10
	(Overnight Options)	10
Wool		10
Wheat		10

SPECIFIED DELTA RANGE IN OPTIONS

Option Contracts		Delta Range
90 Day Bank Bills		Calculated at price
3 Year Treasury Bonds		Calculated at price
10 Year Treasury Bonds		Calculated at price
SPI	(Within 250 points of the money)	Within 3% of exchange delta
	(Outside 250 points of the money)	Within 10% of exchange delta