SFE BULLETIN

www.sfe.com.au

30 Grosvenor Street
Sydney NSW 2000 Australia
Telephone 61 2 9256 0555
Facsimile 61 2 9256 0666

PO Box N680
Grosvenor Place
NSW 1220 Australia

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INTRODUCTION OF 3 YEAR AND 10 YEAR INTEREST RATE SWAP FUTURES

SFE is pleased to announce the launch of 3 Year and 10 Year Interest Rate Swap Futures. These contracts will be available for trading on the spot and next quarter month with December 2002 and March 2003 being the first two contract months available for trade. **The first day of trading is proposed to be Tuesday, 12 November 2002.**

Product Design

Interest Rate Swap Futures are similar in design to the SFE Treasury Bond Futures in that they share the same expiry day, are coupon based and use the same Treasury Bond formula to calculate contract values. The underlying obligation for the 3 Year Interest Rate Swap Futures is an AUD100,000 3 year swap that exchanges quarterly fixed rate payments against quarterly floating rate payments based on a 6.5% coupon and a term to maturity of 3 years. The underlying obligation for the 10 Year Interest Rate Swap Futures is a AUD100,000 10 year swap that exchanges semi-annual fixed rate payments against semi-annual floating rate payments based on a 6.5% coupon and a term to maturity of 10 years. **Trading and Clearing Participants and Software Vendors are requested to ensure that their systems and procedures are operationally ready for launch**.

SFE Contract and ITC codes

The SFE contract and ITC codes for the 3 Year and 10 Year Interest Rate Swap Futures are YS and XS respectively. The SFE contract and ITC code for the spot 3 Year Interest Rate Swap Future to 90 Day Bank Bill Strip is YI.

Cash Settlement

Interest Rate Swap Futures will be cash settled. Cash settlement prices will be calculated using the arithmetic mean of swap prices provided at three separate session times by eight swap price providers. The settlement price session times will run in parallel with the Treasury Bond Futures settlement process, that is at 9:45am, 10:30am and 11:15am on the expiry day. 3 Year and 10 Year Interest Rate Swap Futures will expire at 12.00 noon on the 15th day of the expiry month, or the next business day if the 15th of the month falls on a non-business day.

Trading Functionality

The following spread trading functionality will be available on SYCOM®:

i. 3 Year Treasury Bond Futures to 3 Year Interest Rate Swap Futures - spot and next month. The ratio will be set at 1:1.
ii. 10 Year Treasury Bond Futures to 10 Year Interest Rate Swap Futures - spot and next month. The ratio will be set at 1:1.
iii. 3 Year Interest Rate Swap Futures to 10 Year Interest Rate Swap Futures - spot and next month. The ratio will be calculated daily by SFE based on changes to the yield curve. The current ratio is 10:27.
iv. Spot to next quarter month spreads in the 3 Year and 10 Year Interest Rate Swap Futures.

Strip Trading functionality will also be available on SYCOM® between the spot 3 Year Interest Rate Swap Future and the 90 Day Bank Accepted Bill Strip. The ratio will be worked out on tick sizes/yields and is currently 9:10. In addition to this, an Exchange for Physical facility will be available for 3 Year and 10 Year Interest Rate Swap Futures.

Exchange Fees

The standard Exchange Fee of $0.90 (plus GST) per side will apply to the 3 Year and 10 Year Interest Rate Swap Futures. The standard Exchange Fee of $12.50 (plus GST) will apply to Exchange for Physicals.

Further Information

The following information for 3 Year and 10 Year Interest Rate Swap Futures is attached:

- **Attachment 1:** Contract Specifications
- **Attachment 2:** Example of Contract Value Calculation
- **Attachment 3:** Data Vendor Access Codes
- **Attachment 4:** Business Rules

An SFE Clearing Bulletin outlining Initial Margins will be issued prior to listing of the contracts.

Enquiries

For additional information on 3 Year and 10 Year Interest Rate Swap Futures please contact the following:

Business Development:	Maurice Farhart on 612 9256 0183 or mfarhart@sfe.com.au
Clearing Settlements:	Greg Fitzpatrick on 612 9256 0642 or gfitzpatrick@sfe.com.au
Access and Distribution, Software Vendors:	Paul Stonham on 612 9256 0152 or pstonham@sfe.com.au
Trading Operations:	David Raper on 612 9256 0554 or draper@sfe.com.au

Peter Hiom
General Manager
Strategy and Business Development

Attachment 1: Interest Rate Swap Futures Contract Specifications

3 Year Interest Rate Swap Futures

Contract Unit	AUD100,000 swap based on a 6.5% coupon and a term to maturity of three years.
Contract Months	March/ June/September/December up to two quarter months ahead
Contract Code	YS
Minimum Price Movement	Prices are quoted in yield per cent per annum in multiples of 0.01%. For quotation purposes the yield is deducted from an index of 100. The minimum fluctuation of 0.01% equals approximately $28 per contract, varying with the level of interest rates.
Last Trading Day	The fifteenth day of the contract month (or the next succeeding business day where the fifteenth day is not a business day). Trading ceases at 12:00 noon.
Settlement Day	The business day following the last permitted day of trading.
Settlement Method	The arithmetic mean of quotes, taken at 9.45 am, 10.30 am and 11.15 am on the last day of trading, provided by eight dealers randomly selected for each time, at which they would receive and pay a swap that exchanges quarterly fixed rate payments against quarterly floating rate payments for a term of 3 years for that contract month. Receive and pay quotations are provided as a spread to 3 Year Treasury Bond Futures. The highest and lowest receiving quotations and the highest and lowest paying quotations for each swap contract are excluded. Quotes are to be provided as a spread to bond futures. All bought and sold contracts in existence as at the close of trading in the contract month shall be settled by the SFE Clearing Corporation at the cash settlement price.
Trading Hours	5.10pm - 7.00am and 8.30am - 4.30pm (during US daylight saving time) 5.10pm - 7.30am and 8.30am - 4.30pm (during US non daylight saving time)

10 Year Interest Rate Swap Futures

Contract Unit	AUD100,000 swap based on a 6.5% coupon and a term to maturity of ten years.
Contract Months	March/ June/September/December up to two quarter months ahead
Contract Code	XS
Minimum Price Movement	Prices are quoted in yield per cent per annum in multiples of 0.005%. For quotation purposes the yield is deducted from an index of 100. The minimum fluctuation of 0.005% equals approximately $36 per contract, varying with the level of interest rates.
Last Trading Day	The fifteenth day of the contract month (or the next succeeding business day where the fifteenth day is not a business day). Trading ceases at 12:00 noon.
Settlement Day	The business day following the last permitted day of trading.
Settlement Method	The arithmetic mean of quotes, taken at 9.45 am, 10.30 am and 11.15 am on the last day of trading, provided by eight dealers randomly selected for each time, at which they would receive and pay a swap that exchanges semi-annual fixed rate payments against semi-annual floating rate payments for a term of 10 years for that contract month. Receive and pay quotations are provided as a spread to 10 Year Treasury Bond Futures. The highest and lowest receiving quotations and the highest and lowest paying quotations for each swap contract are excluded. Quotes are to be provided as a spread to bond futures. All bought and sold contracts in existence as at the close of trading in the contract month shall be settled by the SFE Clearing Corporation at the cash settlement price.
Trading Hours	5.10pm - 7.00am and 8.30am - 4.30pm (during US daylight saving time) 5.10pm - 7.30am and 8.30am - 4.30pm (during US non daylight saving time)

Attachment 2: Example of Interest Rate Swap Futures Contract Value Calculation

The contract value formula for Interest Rate Swap Futures is a modified version of the Treasury Bond Futures pricing formula. The difference between the two formulas is the coupon rate. Interest Rate Swap Futures have a coupon rate of 6.5% as opposed to the 6% used for Treasury Bond Futures.

3 Year Interest Rate Swap Futures

The formula for the value (P) of 3 Year Interest Rate Swap Futures at SFE is written as:

$$P = 1000 \times \left[\frac{c\left(1 - v^n\right)}{i} + 100v^n \right]$$

where: i = yield % pa divided by 200
v = 1/(1+i)
n = the number of coupon payments
c = coupon rate/2

Thus to value a 6.5% coupon 3 Year Interest Rate Swap Futures contract which is trading at a price of 94.30 (ie. a yield of 5.70% pa.), the inputs would be:

i = 0.0285
v = 0.97228974
n = 6
c = 3.25

When these inputs are included in the formula, the contract value for the above contract will be AUD102,177.69.

Note that the mathematical convention is that multiplication and division take precedence over, addition and subtraction. In the futures formula, this means that the division by i is performed before the addition of $100v^6$.

To exactly match the contract value as calculated by SFE Clearing Corporation (SFECC), steps C, D and G *must be rounded to exactly eight decimal places*, with 0.5 being rounded up. No other steps are rounded except K, which is rounded to 2 decimal places. The SFECC makes the calculation in the following manner:

	Futures Price	94.30
A	100 – price	5.70
B	i = A/200	0.0285
C	v = 1/(1 + B)	0.97228974
D	v^6	0.84483951
E	1 – v^6 = 1 - D	0.15516049
F	3.25(1 – v^6) = 3.25 x E	0.5042715925
G	3.25(1 – v^6)/i = F/B	17.69374009
H	$100v^6$ = 100 x D	84.483951
I	G + H	102.17769109
J	I x 1,000	$102,177.69109
K	Rounded	$102,177.69

10 Year Interest Rate Swap Futures

The formula for the value (P) of 10 Year Interest Rate Swap Futures at SFE is written as:

$$P = 1000 \times \left[\frac{c\left(1 - v^{n}\right)}{i} + 100v^{n} \right]$$

where: i = yield % pa divided by 200
v = 1/(1+i)
n = the number of coupon payments
c = coupon rate/2

Thus to value a 6.5% coupon 10 Year Interest Rate Swap Futures contract which is trading at a price of 95.500 (ie. a yield of 4.500% pa.), the inputs would be:

i = 0.0225
v = 0.97799511
n = 20
c = 3.25

When these inputs are included in the formula, the contract value for the above contract will be AUD115,963.71.

Note that the mathematical convention is that multiplication and division take precedence over, addition and subtraction. In the futures formula, this means that the division by i is performed before the addition of $100v^{20}$.

To exactly match the contract value as calculated by SFE Clearing Corporation (SFECC), steps C, D and G *must be rounded to exactly eight decimal places*, with 0.5 being rounded up. No other steps are rounded except K, which is rounded to 2 decimal places. The SFECC makes the calculation in the following manner:

	Futures Price	95.500
A	100 – price	4.500
B	i = A/200	0.0225
C	v = 1/(1 + B)	0.97799511
D	v^{20}	0.64081647
E	1 - v^{20} = 1 - D	0.35918353
F	3.25(1 - v^{20}) = 3.25 x E	1.1673464725
G	3.25(1 - v^{20})/i = F/B	51.88206544
H	100v^{20} = 100 x D	64.081647
I	G + H	115.96371244
J	I x 1,000	$115,963.71244
K	Rounded	$115,963.71

Attachment 3: Data Vendor Access Codes

Vendor	3 Year Interest Rate Swap Futures	10 Year Interest Rate Swap Futures
SFE Code	**YS**	**XS**
Bloomberg	XIA <CMDTY>	XJA <CMDTY>
Bourse Data	YS	XS
Derivatives.com.au	YSMMYY	XSMMYY
FT Interactive Data	YSmy	XSmy
FutureSource	AYS	AXS
ILX Systems	YS	XS
IRESS Market Technology	YSmy	XSmy
MarketCast	YS	XS
Moneyline Telerate – station codes	Day: au@YS.1 Night: au@SY.1 Combined: au@YSC.1	Day: au@XS.1 Night: au@SX.1 Combined: au@XSC.1
Resource Data	YS	XS
Reuters 2000	Full: 0#YYS: Night: 0#1YYS: Day: 0#2YYS:	Full: 0#YXS: Night: 0#1YXS: Day: 0#2YXS:
S&P Comstock	1mYSmy	1mXSmy
Telekurs	3,YSym,359	3,XSym,359
Thomson Financial	YS	XS

A spot 3 Year Interest Rate Swap Future to 90 Day Bank Bill Strip will also be available for trade with an SFE contract code of YI.

Attachment 4: Interest Rate Swap Futures Business Rules

BY-LAWS OF THE
THREE YEAR INTEREST RATE SWAP FUTURES CONTRACT

YS.1 (a) The subject of each contract shall be a fixed rate yield on a Fixed for Floating Interest Rate Swap which has:
(i) a notional value of $A100,000;
(ii) a notional term to maturity of three years;
(iii) a fixed coupon rate in respect of each cash settlement month, as determined by the Exchange.

(b) The coupon rate for each cash settlement month referred to in YS.1(a)(iii) may be determined:
(i) prior to that settlement month being listed; or
(ii) after the settlement month has been listed, provided that 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-Seventh Schedule.

(c) The contract is based on the yield of the fixed rate side of a 3-year interest rate swap with a fixed coupon rate determined in accordance with sub paragraph (a)(iii), that exchanges quarterly fixed rate payments against quarterly floating rate payments based on the quarterly Bank Bill Swap Reference Rate (BBSW).

(d) The effect of a Three Year Interest Rate Swap 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.

YS.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:

Contract value = $1000 \times [c\,(1 - v^{6})/i + 100v^{6}]$
(expressed in Australian Dollars)

where $i = \dfrac{\text{one half the contract price}}{100}$ (*see* YS.10)

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:

Cash settlement value = $1000 \times [c\,(1 - w^{6})/j + 100w^{6}]$
(expressed in Australian Dollars)

where $j = \dfrac{\text{one half the cash settlement price}}{100}$ (*see* YS.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.

Swap Price Settlement Providers

YS.3 For the purposes of By-LawYS.4, the Exchange shall from time to time designate a Three Year Interest Rate Swap Settlement List of active participants in the Interest Rate Swap Market.

Cash Settlement Price

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

(a) For the purposes of this By-Law YS.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 eight (8) names from the Three Year Interest Rate Swap Settlement List or following consultation with the Exchange from a sub-set of such List.

(c) (i) 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 (a) hereof, shall quote to the Clearing House the spread between the 3-Year swap yield and the spot Three Year Treasury Bond futures price.

(ii) The swap yield spread will be quoted to a multiple of 0.05 per cent per annum as at that quotation time on that day at which they would receive fixed rate and pay fixed rate Three Year Interest Rate Swaps.

(iii) All such quotations are to be confirmed to the Clearing House in writing.

(iv) If, in submitting quotations to the Clearing House, the person representing a selected name fails to declare receive fixed and pay fixed swap spread quotes for Three Year Interest Rate Swaps or the difference between the receive fixed and pay fixed swap spread quotes 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 quotation time the highest and the lowest from both receive and pay quotes provided to the Clearing House will be discarded. The arithmetic mean of the remaining quotations from all quotation times shall be calculated to three decimal places and rounded to the nearest multiple of 0.01 per cent per annum. In rounding, the arithmetic mean shall be expressed to the nearest multiple of 0.01 per cent per annum on the condition that where the third decimal place is five the arithmetic mean shall be rounded to the next highest multiple of 0.01 per cent per annum. The arithmetic mean so calculated shall be the final settlement price.

(f) Subject to By-Law YS.5, the Clearing House shall announce the cash settlement price by no later than 12:30pm on the last permitted day of trading.

YS.5 If in the opinion of the Exchange or the Clearing House a situation is developing or has developed which is capable of preventing the Clearing House from declaring a cash settlement price in accordance with By-Laws YS.2(d) andYS.4, the Clearing House in consultation with the Exchange may take such steps as it deems necessary in the circumstances to correct such situation so as to enable it to declare a cash settlement price and may give directions to Participants accordingly. Any decisions taken by the Clearing House in this regard shall be final.

Cash Settlement

YS.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.

YS.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 such time on that day as may be determined by the Exchange, pay to or receive from the Clearing House (whichever is applicable) via Austraclear if requested the amount representing the difference between contract value and the cash settlement value.

(b) Buyers shall, by no later than such time on that day as may be determined by the Exchange, pay to or receive from the Clearing House (whichever is applicable) via Austraclear if requested the amount representing the difference between contract value and the cash settlement value.

Hours of Trading

YS.8 The hours for trading in Three Year Interest Rate Swap Futures Contracts shall be as determined by the Exchange from time to time.

Cash Settlement Months

YS.9 Trading in Three Year Interest Rate Swap Futures Contracts shall be conducted in cash settlement months as determined by the Exchange from time to time. The term "cash settlement month" shall refer to any month in which cash settlement is to take place or takes place.

Price Quotations

YS.10 The price shall be yield per cent per annum in multiples of 0.01 per cent. For quotation purposes the price will be deducted from 100.00.

Final Day Trading

YS.11 (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 on the last permitted day of trading at such time as may be determined by the Exchange.

Default

YS.12 A Buyer or Seller who does not settle with the Clearing House as provided in these By-Laws shall be considered to have defaulted.

YS.13 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 YS.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

YS.14 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

YS.15 In the event that an undesirable situation within the meaning of General By-Law G.33 is developing or has developed in relation to Futures Contracts, the provisions set out in that By-Law shall apply.

Interpretation

YS.16 In order to give effect to the provisions of these By-Laws, the provisions of the General By-Laws of the Exchange, when these By-Laws are read in conjunction with the General By-Laws of the Exchange, the words "cash settlement", where appearing in these By-Laws shall be deemed to be delivery for the purposes of the General By-Laws, and the words "cash settlement month" where appearing in these By-Laws shall be deemed to be a delivery month for the purposes of the General By-Laws.

BY-LAWS FOR THE
TEN YEAR INTEREST RATE SWAP FUTURES CONTRACT

XS.1 (a) The subject of each contract shall be the fixed rate yield on a Fixed for Floating Interest Rate Swap which has:
- (i) a notional value of $A100,000;
- (ii) a notional term to maturity of ten years;
- (iii) a fixed coupon rate in respect of each cash settlement month, as determined by the Exchange

(b) The coupon rate for each cash settlement month referred to in XS.1(a)(iii) may be determined:
- (i) prior to that settlement month being listed; or
- (ii) after the settlement month has been listed, provided that 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-Sixth Schedule.

(c) The contract is based on the yield of the fixed rate side of a 10-year interest rate swap with a fixed coupon rate determined in accordance with sub paragraph (a)(iii), that exchanges semi-annual fixed rate payments against six monthly floating rate payments based on the 6 month Bank Bill Swap Reference Rate (BBSW).

(d) The effect of a Ten Year Interest Rate Swap 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.

XS.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)

$$\text{where } i = \frac{\text{one half the contract price}}{100}$$ (*see* XS.10)

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)

$$\text{where } j = \frac{\text{one half the cash settlement price}}{100}$$ (*see* XS.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.

Swap Price Settlement Providers

XS.3 For the purpose of By-Law XS.4, the Exchange shall from time to time designate a Ten Year Interest Rate Swap Settlement List of active participants in the Interest Rate Swap Market.

Cash Settlement Price

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

(a) For the purposes of this By-Law XS.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 at least eight (8) names from the Ten Year Interest Rate Swap Settlement List or following consultation with the Exchange from a sub-set of such List.

(c) (i) 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 (a) hereof, shall quote to the Clearing House the spread between the 10-Year swap yield and the spot Ten Year Treasury Bond futures price.

(ii) The swap yield spread will be quoted to a multiple of 0.005 per cent per annum as at that quotation time on that day at which they would receive fixed rate Ten Year Interest Rate Swaps and pay fixed rate Ten Year Interest Rate Swaps.

(iii) All such quotations are to be confirmed to the Clearing House in writing.

(iv) If, in submitting quotations to the Clearing House, the person representing a selected name fails to declare receive fixed and pay fixed swap spread quotes for Ten Year

Interest Rate Swaps or the difference between the receive fixed and pay fixed swap spread quotes 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 quotation time the highest and the lowest from both receive and pay quotes provided to the Clearing House will 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 final settlement price.

(f) Subject to By-Law XS.5, the Clearing House shall announce the cash settlement price by no later than 12:30 pm on the last permitted day of trading.

XS.5 If in the opinion of the Exchange or the Clearing House a situation is developing or has developed which is capable of preventing the Clearing House from declaring a cash settlement price in accordance with By-Laws XS.2(d) and XS.4, the Clearing House in consultation with the Exchange may take such steps as it deems necessary in the circumstances to correct such situation so as to enable it to declare a cash settlement price and may give directions to Participants accordingly. Any decisions taken by the Clearing House in this regard shall be final.

Cash Settlement

XS.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.

XS.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 such time on that day as may be determined by the Exchange, pay to or receive from the Clearing House (whichever is applicable) via Austraclear if requested the amount representing the difference between the contract value and the cash settlement value.

(b) Buyers shall, by no later than such time on that day as may be determined by the Exchange, pay to or receive from the Clearing House (whichever is applicable) via Austraclear if requested the amount representing the difference between the contract value and the cash settlement value.

Hours of Trading

XS.8 The hours for trading in Ten Year Interest Rate Swap Futures contracts shall be as determined by the Exchange from time to time.

Cash Settlement Months

XS.9 Trading in Ten Year Interest Rate Swap Futures contracts shall be conducted in cash settlement months as determined by the Exchange from time to time. The term "cash settlement month" shall refer to any month in which cash settlement is to take place or takes place.

Price Quotations

XS.10 The price shall be yield per cent per annum in multiples of 0.005 per cent. For quotation purposes the price will be deducted from 100.000.

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Final Day Trading

XS.11
(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 on the last permitted day of trading at such time as may be determined by the Exchange

Default

XS.12 A Buyer or Seller who does not settle with the Clearing House as provided in these By-Laws shall be considered to have defaulted.

XS.13 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 XS.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

XS.14 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

XS.15 In the event that an undesirable situation within the meaning of General By-Law G.33 is developing or has developed in relation to Futures Contracts , the provisions set out in that By-Law shall apply.

Interpretation

XS.16 In order to give effect to the provisions of these By-Laws, the provisions of the General By-Laws of the Exchange, when these By-Laws are read in conjunction with the General By-Laws of the Exchange, the words "cash settlement", where appearing in these By-Laws shall be deemed to be delivery for the purposes of the General By-Laws, and the words "cash settlement month" where appearing in these By-Laws shall be deemed to be a delivery month for the purposes of the General By-Laws.