

**SFE Bulletin No:** 67/03  
**From:** SFE Corporation Limited ABN 74 000 299 392  
**Date of Issue:** 13 November 2003

#### **D-CYPHA SFE AUSTRALIAN ELECTRICITY FUTURES OPTIONS**

d-cyphaTrade and SFE are pleased to confirm that an initial tranche of options on the existing d-cypha SFE Australian Electricity Futures contracts will be listed on Friday 5 December 2003.

Contract specifications for the initial tranche of options are attached to this Bulletin together with details of the minimum short option margin, a new headline Exchange Fee and various Pre-Paid exchange fee and concession schemes. The Pre-Paid Exchange Fee Scheme is a new scheme with differing tiers designed to deliver benefits to different user types. Particular attention should be paid to the application expiry date of these schemes.

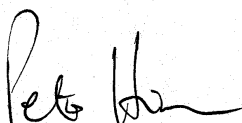
For details on the proposed listing of a second tranche of option products, including Caps and Calendar and Financial Year Options, please contact Cathy Sutin at d-cyphaTrade on (02) 811 0618. d-cyphaTrade and SFE will release more details regarding a listing date for these products in Q1 2004.

Further details relating to the commitments of market makers to support the new option contracts and the underlying futures contracts will be published before 5 December 2003.

For further questions please contact:

d-cypha SFE Australian Electricity Futures and Options – Cathy Sutin, d-cyphaTrade, (02) 8211 0618

Operation of Pre-paid Exchange Fee Scheme and Concessions – Ramy Aziz, SFE, (02) 9256 0657



**PETER HIOM**  
**GENERAL MANAGER, STRATEGY & BUSINESS DEVELOPMENT**

## ATTACHMENT 1 - CONTRACT SPECIFICATIONS

### Quarterly Options Contracts

Contract Unit:	1 Megawatt of electrical energy per hour on a Base Load or Peak Period profile for the respective States (NSW, QLD, VIC and SA) over the duration of a Contract Quarter.
Contract Quarters	Options available on futures for the March Quarter up to three years ahead.
Commodity Code:	BN – Base Load NSW BV – Base Load VIC BQ – Base Load QLD BS – Base Load SA PN – Peak Period NSW PV – Peak Period VIC PQ – Peak Period QLD PS – Peak Period SA
Minimum Price Movement:	Quoted in Australian Dollars per Megawatt hour. The minimum price fluctuation is \$0.01 per MWh.
Exercise Prices:	Q1 Peak Period Options - set at intervals of \$5.00 per MWh. Q1 Base Load Options - set at intervals of \$2.00 per MWh. New option exercise prices created as the underlying futures contract price moves.
Contract Expiry:	Options will cease trading at 12:00pm on the Last Trading Day. The Last Trading Day shall be the day 6 weeks prior to the day immediately preceding the commencement of the calendar quarter for the underlying Futures Contract. If this day is not a business day or is recognised in NSW, QLD, VIC or SA as a Public Holiday then the following business day will be the expiry day. SFE will publish expiry dates in advance of new contracts being listed.
Trading Hours	10.00am – 3.30pm <sup>1</sup>
Settlement Method:	Options may be exercised on any business day up to and including the day of expiry. <b>In-the-money options are not automatically exercised at expiry. Buyers may exercise in, at and out-of-the-money option positions held, by lodging a notice of manual exercise with the Clearing House no later than 1:30pm on the day of expiry.</b> Upon exercise, the holder will receive a futures position at the option strike price. The Option Settlement Price will be determined on the day of expiry by taking the mean of the underlying futures quotes (the mid-point of the bid and offer in the underlying futures contract) at 11.45am, 11.50am, 11.55am and 12pm rounded up.

The SFE takes no responsibility for any errors or omissions or losses consequential or otherwise arising from actions based upon this information. The information published here does not substitute for the SFE Business Rules and in the case of inconsistency, the Business Rules prevail. For further information on the SFE or its products, please contact the Business Development Group.

<sup>1</sup> Unless otherwise stated, all times are Sydney times.

## ATTACHMENT 2 – MARGINS, PRE-PAID EXCHANGE FEE AND CONCESSION SCHEMES

### Short Option Minimum Charges

The short option minimum margin for Options on Base Load and Peak Period electricity futures contracts is \$60 and \$30, respectively. A Guide to Option Margins for the d-cypha SFE Electricity Option contracts is available on the d-cyphaTrade web-site – [www.d-cyphaTrade.com.au](http://www.d-cyphaTrade.com.au)

### Headline Exchange Fees

To coincide with the listing of quarterly option contracts on 5 December 2003, the SFE will introduce a new standard 1.70c / MWh equivalent rate for both futures and option products. This rate adjusted to a per contract side fee, rounded to the nearest whole dollar is as follows:

Base Load Electricity Futures and Options:	\$37.00 (ex GST)
Peak Period Electricity Futures and Options:	\$16.00 (ex GST)

SFE will offer several Pre-Paid Exchange Fee and Concession schemes for the d-cypha SFE Australian Electricity Futures and Options products. These schemes will be effective from 5 December 2003 to 31 December 2004.

Trades for which concessions are claimed under the Off Peak Concession scheme, the Pre-Paid Exchange Fee scheme or the Large Order Concession scheme are not eligible for SFE's Large Volume Rebate or Local Rebate schemes.

### Off Peak Concessions

Where a transaction is undertaken to obtain 'off-peak' exposure, a concession of \$32.00 (ex GST) per Base Load and Peak Period contract traded is available such that the Exchange Fee for trading an 'implied' Off Peak futures contract is \$21.00 per contract side (ex GST).

Eligibility for this concession requires the simultaneous execution of 'same state' Base Load and Peak Period Electricity Futures contracts with the same expiry date. For example, the following trades would qualify for Off-Peak concessions:

- The simultaneous purchase of a Q2 2005 QLD Base Load Electricity futures contract and sale of a Q2 2005 QLD Peak Period Electricity Futures contract; and,
- The simultaneous purchase of the Cal 2004 NSW Base Load Electricity Futures product and sale of the Cal 2004 NSW Peak Period Electricity Futures product.

### Pre-Paid Exchange Fee Scheme

A 3 tier Pre-Paid Exchange Fee Scheme for electricity futures and option contracts will operate from 5 December 2003 to 31 December 2004. Market participants have an opportunity to enter the Pre-Paid exchange fee scheme at any point before 15 January 2004. After that date the scheme will be closed to new subscriptions.

<b>Scheme</b>	<b>Minimum Entry Cost (GST Excluded)</b>	<b>Tier Discounts * (ie Discount to the afore-published Exchange Fee)</b>
<b>Tier 1</b>	\$80,000	18%
<b>Tier 2</b>	\$45,000	12.5%
<b>Tier 3</b>	\$20,000	10%

The terms of the Pre-Paid Exchange Fee Scheme are as follows:

- a) The Tier entry cost is a minimum. For each Tier a customer can 'invest' more than the minimum cost and still receive the Tier Discount. The maximum for any Tier will effectively be the preceding Tier above it except in the case of Tier 1 which is uncapped.
- b) A Scheme participant will pay the Full Headline Exchange Fee once they have used their Pre-Paid Exchange Fees.
- c) Market participants may enter the Scheme prior to or post the Listing Date of the initial tranche of options. Subject to (d) below, market participants may only enter the Scheme once, ie each Market participant is only entitled to one subscription to the Scheme. No initial entry subscriptions will be accepted after 15 January 2004.
- d) A subscriber to Tier 1 of the Scheme may apply up to a maximum of three (3) "top up" subscriptions during the course of the year, provided that their initial Tier 1 entry subscription was for an amount greater than or equal to \$120,000. The subscriber shall continue to receive the full Tier 1 discount of 18% on all top up subscriptions. A top up subscription may not be for less than \$20,000, and must be received in advance.
- e) Unused subscriptions (Entry Costs and top up subscriptions) are non-refundable. However balances equating to no more than 50% of the users initial subscription, may be carried over at year end, ONLY if the Scheme participant enters a pre-pay scheme for the following year. Any unused subscription balance that is carried over will be subject to that new Scheme's rules and discount structures. If SFE does not offer a new scheme unused subscription balances may only be used to pre-pay the published Headline Exchange Fee on Electricity Futures and Options at the Tier Discount.

\* Discounts apply to the Headline Exchange Fee and Off Peak Concession on Electricity Futures and Option only. Where the Large Order Concession is available then no further discounts apply.

### Large Order Concessions

The SFE will offer two different Large Order Concessions for single product trades or strategies and diverse portfolios that are executed simultaneously that exceed a minimum MW/h threshold. The minimum threshold for Tier 1 and Tier 2 Large Order Concessions are 700,000 MW/h and 2,200,000 MW/h, respectively. The following two tables illustrate how these two thresholds equate to contract sides:-

<b>Tier 1 &gt;&gt;&gt;&gt;&gt;</b>			
	<b>Implied Threshold (Contract sides)</b>	<b>Per side* (ex GST)</b>	
		<b>Exchange Fee</b>	<b>Concession</b>
<b>Base Load Futures and Options</b>	318	\$20.35	\$16.65
<b>Peak Period Futures and Options</b>	736	\$8.80	\$7.20
<b>Off-peak exposure</b>	561	\$11.55	\$9.45

<b>Tier 2 &gt;&gt;&gt;&gt;&gt;</b>			
	<b>Implied Threshold (Contract sides)</b>	<b>Per side* (ex GST)</b>	
		<b>Cost</b>	<b>Concession</b>
<b>Base Load Futures and Options</b>	1,000	\$12.95	\$24.05
<b>Peak Period Futures and Options</b>	2,313	\$5.60	\$10.40
<b>Off-peak exposure</b>	1,763	\$7.35	\$13.65

Any portfolio of Base Load, Peak Period and Off-peak exposure simultaneously executed with MW/h that exceed the respective thresholds will qualify for a Large Order Concession.

The terms of the Large Order Concession are as follows:

- a) only single product trades or strategies and diverse portfolios that are executed simultaneously are eligible;
- b) trading volumes claimed under the Large Order Concession are not eligible for an additional fee reduction under the Pre-Paid Exchange Fee Scheme;
- c) for Market Participants that are subscribers to the Pre-Paid Exchange Fee Scheme the fees payable under the Large Order Concession will be deducted from Pre-Paid Exchange Fees; and,
- d) for Market Participants that have not subscribed to the Pre-Paid Exchange Fee Scheme the fees payable under the Large Order Concession shall be charged by SFE Clearing Participants after the first Business Day of the subsequent month (provided returns are lodged by the due date, refer below – otherwise a rebate applies).

### **Administration of Concessions and Prepaid Exchange Fee Schemes**

The above Off Peak and Large Order Concessions and Pre-Paid Exchange Fee Schemes are only available to individual clients that meet the scheme criteria and are not available to brokers amalgamating individual client trades. For this purpose only, the definition of an individual client encompasses a single client trading through a broker and the principal (House) trading activity of an organisation that provides brokerage services.

The Concessions and Pre-Paid Exchange Fee Scheme will be administered as follows:

- 1) Pre-Paid Exchange Fee Scheme Registration Forms must be endorsed by a SFE Clearing Participant. SFE Clearing Participants may reserve the right to decline providing their clients with access to the Pre-Paid Exchange Fee Scheme and Concessions outlined in this Bulletin.
- 2) SFE Clearing Participants will be required to lodge with the SFE a prescribed form (attached) no later than 10.00am on the 1<sup>st</sup> Business Day of every month on behalf of each client that has transacted under a Pre-Paid Exchange Fee Scheme, Off-peak Concession or the Large Order Concession.
- 3) The timely lodgement of the forms is the responsibility of SFE Clearing Participants and their clients. Late lodgements will result in SFE Clearing Participants being charged the Headline Exchange Fee and issued with a rebate 10 business days after the form is lodged.
- 4) SFE will in turn adjust the monthly billing statement of SFE Clearing Participants so that SFE Clearing Participants can in turn bill their clients accordingly.
- 5) It will be the responsibility of SFE Clearing Participants to bill their clients in accordance with the processes required for the Pre-Paid Exchange Fee Scheme, Off-peak Concession or Large Order Concession. SFE will accept no liability for the failure of the Clearing Participant to accurately report the trading volume of the market participant. Where any inaccuracy occurs, which in turn leads to an erroneous payment, then it is a matter between the Market Participant and Clearing Participant. No claims will lie against SFE or SFE Clearing.
- 6) Clients wishing to subscribe to the Pre-Paid Exchange Fee Scheme should make payments payable to their clearer, who in turn will forward the payment to SFE. SFE will record the Pre-Paid amount against the clearer and client and offset usage based on the monthly advises received from the clearer.

On behalf of their customers, SFE Clearing Participants are requested to fax their application and monthly forms to:

Stephen Hammon  
Fax: 9256 0566  
Finance Department  
SFE Corporation Ltd  
30 – 32 Grosvenor Street  
Sydney 2000

Attention: Stephen Hammon  
 Fax: 9256 0566  
 Finance Department  
 SFE Corporation  
 30 – 32 Grosvenor Street  
 Sydney 2000

**d-cypha SFE Australian Electricity Futures and Options Products**

**Monthly Lodgement Form for Pre-Paid Exchange Fees  
 (To be used by Participants who have Pre-Paid Exchange Fees)**

<b>Name of Firm</b>	
<b>Name of SFE Clearing Participant</b>	
<b>For the Month of:</b>	
<b>Section 1 - Pre-Paid Exchange Fees<sup>2</sup></b>	
Base Load Electricity Futures (contract sides)	
Base Load Electricity Options (contract sides)	
Peak Period Electricity Futures (contract sides)	
Peak Period Electricity Options (contract sides)	
'Off Peak' transactions (contract sides <sup>3</sup> )	
<b>Section 2 - Large Order Rebates</b>	
Base Load Electricity Futures (contract sides)	
Base Load Electricity Options (contract sides)	
Peak Period Electricity Futures (contract sides)	
Peak Period Electricity Options (contract sides)	
'Off Peak' transactions (contract sides)	

- Please lodge this form by 10am on the first Business Day of every month. Late forms will be processed by way of a rebate 10 business days later.

<b>Declaration By Participant</b>	
<i>I hereby declare that the above details are true and correct.</i>	
Prepared By:	Date
Please Print Full Name	Position
Authorised Signature:	Date
Please Print Full Name	Position

<b>Declaration By SFE Clearing Participant</b>	
<i>I hereby declare that the above details are true and correct.</i>	
Authorised Signature	Date
Please Print Full Name	Position

<sup>2</sup> Please exclude any trades eligible for the Large Volume Rebate Scheme from this section.

<sup>3</sup> To calculate contract sides for Off-peak exposure please total the number of Base Load and Peak Period contracts traded simultaneously to obtain Off-peak exposure.

Attention: Stephen Hammon  
 Fax: 9256 0566  
 Finance Department  
 SFE Corporation  
 30 – 32 Grosvenor Street  
 Sydney 2000

**d-cypha SFE Australian Electricity Futures Products**

**Monthly Lodgement Form for Large Order and Off-peak Concessions  
 (to be used by Participants not utilising the Pre-Paid Exchange Fee Scheme)**

<b>Name of Firm</b>	_____
<b>Name of SFE Clearing Participant</b>	_____
<b>For the Month of:</b>	_____
<b>Section 1 – Off-Peak Concessions<sup>4</sup></b>	
'Off Peak' transactions (contract sides <sup>5</sup> )	_____
<b>Section 2 - Large Order Rebates</b>	
Base Load Electricity Futures (contract sides)	_____
Base Load Electricity Options (contract sides)	_____
Peak Period Electricity Futures (contract sides)	_____
Peak Period Electricity Options (contract sides)	_____
'Off Peak' transactions (contract sides)	_____

- Please lodge this form by 10am on the first Business Day of every month. Late forms will be processed by way of a rebate 10 business days later.

<b>Declaration By Participant</b>	
<i>I hereby declare that the above details are true and correct.</i>	
Prepared By:	Date
Please Print Full Name	Position
Authorised Signature:	Date
Please Print Full Name	Position

<b>Declaration By SFE Clearing Participant</b>	
<i>I hereby declare that the above details are true and correct.</i>	
Authorised Signature	Date
Please Print Full Name	Position

<sup>4</sup> Please exclude any trades eligible for the Large Volume Rebate Scheme from this section.

<sup>5</sup> To calculate contract sides for Off-peak exposure please total the number of Base Load and Peak Period contracts traded simultaneously to obtain Off-peak exposure.

Attention: Stephen Hammon  
 Fax: 9256 0566  
 Finance Department  
 SFE Corporation  
 30 – 32 Grosvenor Street  
 Sydney 2000

**d-cypha SFE Australian Electricity Futures Products**  
**Pre-Paid Exchange Fee Scheme Registration Form**

Contact: \_\_\_\_\_  
 Firm: \_\_\_\_\_  
 Email: \_\_\_\_\_  
 Phone Number: \_\_\_\_\_  
 Fax: \_\_\_\_\_  
 SFE Clearing Participant: \_\_\_\_\_

<b>Scheme</b>	<b>Minimum Entry Cost (GST Excluded)</b>	<b>Subscription Level</b>
<b>Tier 1</b>	\$80,000	
<b>Tier 2</b>	\$45,000	
<b>Tier 3</b>	\$20,000	

<b>Authorised By Market Participant</b>	
<i>I hereby declare that the above details are true and correct.</i>	
Prepared By:	Date
Please Print Full Name	Position
Authorised By:	Date
Please Print Full Name	Position

<b>Authorised By SFE Clearing Participant</b>	
<i>I hereby declare that the above details are true and correct.</i>	
Authorised By:	Date
Please Print Full Name	Position

- A tax invoice will be issued on receipt of payment