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IMPLEMENTATION OF PRE-NEGOTIATED BUSINESS RULES FOR ELECTRICITY OPTION CONTRACTS

Effective immediately, pre-negotiated business Rules are applicable for the d-cypha SFE Australian electricity option contracts.

To legitimately transact pre-negotiated business, Participants must abide by all components of the relevant Rule, including:

- a Participant should have, in writing, authorisation from its client(s) allowing it to pre-negotiate business on each client's behalf prior to entering into a pre-negotiated business trade;
- prior to entering pre-negotiated orders into SYCOM for execution, the Participant holding opposing client orders must make an enquiry via the SYCOM Message Facility or Request For Quote (RFQ) Facility;
- following the RFQ or Message, Participants must wait for the prescribed time period to elapse before entering pre-negotiated orders; and,
- when the prescribed time period has elapsed, pre-negotiated orders should be entered 'immediately' – a term deemed by the Exchange to be no longer than sixty seconds.

Prescribed Time Periods and Minimum Volume Thresholds

As stated above, pre-negotiated buy and sell orders that exceed a prescribed minimum volume threshold can only be entered into SYCOM after the prescribed time period has passed from the moment the Request for Quote (RFQ) was posted. The time periods and minimum volume thresholds for the d-cypha SFE Australian electricity options are as follows:

S F E B U L L E T I N C O N T I N U E D

| | d-cypha SFE Australian Electricity Options |
|--------------------------|---|
| Minimum Volume Threshold | 0 |
| Prescribed time periods: | |
| Outright Options | 5 minutes |
| Custom Market Strategies | 5 minutes |

The Benefits of the Request for Quote Facility (RFQ)

The mandatory use of the Request for Quote Facility (RFQ) is intended to ensure that:

- (a) Participants who are seeking to pre-negotiate and execute orders on behalf of their clients, can establish whether a better price can be traded than that which can be achieved through pre-negotiation; and,
- (b) the broader market has the opportunity to participate and offer a better price.

The Price Transparency and Discovery Benefits of Pre-Negotiated Business Trading Rules

Pre-negotiated business is transacted on SYCOM such that both price and volume are immediately transparent, providing the benefits of price discovery to the broader market. Similarly, the mandatory RFQ mechanism and any ensuing bids and offers will ensure pre-trade transparency of the best bid and offer in the market.

For any queries regarding the prescription of pre-negotiated business rules for the d-cypha SFE Australian Electricity Option contracts please contact Anthony Collins on 02 9256 0664 (acollins@sfe.com.au) or Cathy Sutin on 8211 0618 or (Catherine.Sutin@d-cypha.com.au).



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