SFE BULLETIN

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SFE Bulletin No: 26/04

From: SFE Corporation Limited ABN 74 000 299 392

Date of Issue: 11 June 2004

Effective Date: 06 July 2004

SFE TO INTRODUCE INTERNATIONAL BOND SPREAD FUTURES

Subject to regulatory approval, SFE propose to launch a range of innovative International Bond Spread Futures contracts **at 8.30am on 6 July 2004**. The first contract month to be listed for trade will be August 2004. The initial three bond spread futures contracts to be launched are:

- Australia / US 10 Year Bond Spread Futures
- New Zealand / Australia 3 Year Bond Spread Futures
- New Zealand / Australia 10 Year Bond Spread Futures

The SFE International Bond Spread Futures should appeal to a range of market participants, including fund managers, those managing fixed income exposures, proprietary and local traders, hedge funds and CTAs. SFE's Bond Spread Futures offer arbitrage trading opportunities, improved portfolio management and income enhancement opportunities and, with margins payable in Australian dollars, the opportunity to trade spread movements without currency risk. International Bond Spread Futures will provide an easier, more effective way to trade the spread than having to establish a position in each individual market.

Key Features

- Two monthly contracts will be listed at any one time with August 2004 and September 2004 the first two months available.
- Prices displayed as 1000 plus the yield differential between the Australian Treasury Bond Futures contracts and the pre-determined physical US and New Zealand bonds. Details of the physical bonds and relevant Australian Treasury Bond futures contracts will be published in an SFE Bulletin prior to the listing of each new contract month.
- Fixed tick with the minimum price increment of 0.5, equivalent to $25 for the 10 Year Bond Spread Futures contracts and $12.50 for the 3 Year Bond Spread Future contract.
- Cash Settled using Australian Treasury Bond Futures prices and physical US and New Zealand Bond yields.
- US physical 10 Year T-Note settlement yield calculated and provided by eSpeed Inc using market data owned by Cantor Market Data LLC.
- Initial and variation margins in Australian currency.

For further details on the cash settlement price and contract design refer to the attached contract specifications.

Exchange Fees and Initial Margins

Exchange trading and settlement fees of AUD1.50 (excluding GST) per side will apply. All volumes will be eligible for applicable SFE rebate schemes. Initial Margins will be published in a SFE Clearing Bulletin prior to launch.

Trading and Clearing Systems

SFE Participants and Software Vendors are reminded that an example of these new contracts, the Australia / US 10 Year Bond Spread Futures contract, is available on SFE's SYCOM and SECUR Development Systems. Trading Systems connected to SYCOM Interfaces will be able to download the new contract details on the production SYCOM system during the week prior to launch. Participants should therefore ensure all Trading and Clearing software systems are operationally ready prior to 6 July 2004. The SECUR codes will be made available prior to launch.

SFE Contract and Data Vendor Codes

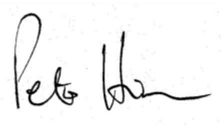
The SFE contract and data vendor codes are detailed in the following table.

	AU-US 10 Yr Bond Spread	**AU-NZ 3 Yr Bond Spread**	**AU-NZ 10 Yr Bond Spread**
SFE COMMODITY CODE	**UA**	**KY**	**KX**
Bloomberg	UXA <cmdty>	To be advised	To be advised
Bourse Data	UA	KY	KX
Derivatives.com.au	UAMMYY	KYMMYY	KXMMYY
FT Interactive Data	UAmy	KYmy	KXmy
FutureSource	AUA	NKY	NKX
IRESS	UAmy	KYmy	KXmy
Moneyline Telerate Codes	Day: AU@UA+ Full: AU@UAC+ Night: AU@UAN+	Day: AU@KY+ Full: AU@KYC+ Night: AU@KYN+	Day: AU@KX+ Full: AU@KXC+ Night: AU@KXN+
Reuters	0#YUA-	0#YKY-	0#YKX-
Comstock	1mUAmy	1mKYmy	1mKXmy
Telekurs	3,UAym,359	3,KYym,359	3,KXym,359
Thomson Financial	UA	KY	KX

Further Information

For further information on the International Bond Spread Futures contracts please contact the following:

Business Development:	Maurice Farhart on 612 9256 083 or mfarhart@sfe.com.au
	Kristye van de Geer on 612 9256 0489 or kvandege@sfe.com.au
Business Operations:	Business Operations Help Desk on 612 9256 0677 or sycom@sfe.com.au
Trading and Clearing Systems:	Chris Blight on 9256 0117 or cblight@sfe.com.au



Peter Hiom
General Manager, Strategy and Business Development

information. This information does not substitute for the Operating Rules and in the case of inconsistency the Operating Rules prevail. Before acting on any matter contained in this bulletin readers should discuss the matter with their own professional advisers.

International Bond Spread Futures Contract Specifications
(Subject to regulatory approval)

Australia / US 10 Year Bond Spread Futures Contract

Underlying Commodity:	Differential between the yield on the spot SFE 10 Year Treasury Bond Futures contract and the yield on the pre-determined physical 10 Year US Treasury Note.
Contract Unit:	Valued at AUD50 per spread point
Contract Months:	Monthly with two settlement months listed at a time.
Commodity Code:	UA
Listing Date:	6 July 2004
Price Quotation:	Prices are quoted as 1000 plus a yield differential between the Australian spot 10 Year Treasury Bond Future and a US Physical Government Bond, as determined at the time of contract listing.
Minimum Price Movement:	The minimum fluctuation of 0.5 points equates to AUD25
Last Trading Day:	4:30pm on the eleventh day of the settlement month or subsequent business day that is not a public holiday in Sydney, New York, London or Tokyo.
Settlement Day:	The business day following the last permitted day of trading.
Trading Hours:	5:10pm – 7:30am and 8:30am – 4:30pm[1] (US non daylight saving time[2]) 5:10pm – 7:00am and 8:30am – 4:30pm[1] (US daylight saving time[2])
Settlement Price:	The cash settlement price will be determined as 1000 + [100 x (a - b)]. Where: a = 100 – the weighted average of trade prices executed in the SFE 10 Year Treasury Bond Futures contract traded on SYCOM® between 3.30pm and 4.30pm. The weighted average will be calculated to eight decimal places, and b = the weighted average of trade, bid and offer prices occurring in the pre-determined US 10 Year Treasury Note between 3.30pm and 4.30pm, as provided by eSpeed Inc. The weighted average will be calculated to eight decimal places and converted into yield. The cash settlement price shall be calculated to 2 decimal places and rounded to the nearest 0.5, 0.25 and 0.75 being rounded up. The cash settlement price will be published by 5.00pm.

Last Modified: 11/6/04

1 Unless otherwise indicated, all times are Sydney times.

2 US daylight saving begins first Sunday in April and ends last Sunday in October.

These Contract Specifications comprise a summary of product information for the relevant contract. For full details readers should refer to the Individual Contract Specifications, which are available in draft form on request from SFE and which will be published in Section 6 of the Operating Rules when finalised.

New Zealand / Australia 3 Year Bond Spread Futures Contract

Underlying Commodity:	Differential between the yield on a pre-determined 3 Year NZ Treasury Bond and the yield on the spot SFE 3 Year Treasury Bond Futures contract.
Contract Unit:	Valued at AUD25 per spread point
Contract Months:	Monthly with two settlement months listed at a time
Commodity Code:	KY
Listing Date:	6 July 2004
Price Quotation:	Prices are quoted as 1000 plus a yield differential between a 3 Year physical NZ Government Bond and the spot Australian 3 Year Treasury Bond Future, as determined at the time of contract listing.
Minimum Price Movement:	The minimum fluctuation of 0.5 basis points equates to AUD12.50.
Last Trading Day:	12.00 pm on the eleventh day of the expiry month, or the next business day if this is a public holiday in Sydney or Auckland.
Settlement Day:	The business day following the last permitted day of trading.
Trading Hours:	5:10pm – 8:00am and 8:30am – 4:30pm[1] (US non daylight saving time[2]) 5:10pm – 7:00am and 8:30am – 4:30pm[1] (US daylight saving time[2])
Settlement Price:	The cash settlement price will be determined as 1000 + [100 x (y – z)] Where: y = average of the bid/offer quotes obtained from six settlement price providers at three settlement times being 11.00, 11.30 and 12:00 NZ standard time in the pre-determined NZ 3 Year Government Bond yield. The resultant yield will be calculated to eight decimal places, and z = 100 - the average of the bid/offer quotes at the equivalent time of 11.00, 11.30 and 12:00 NZ standard time in the pre-determined SFE 3 Year Bond Futures contract on SYCOM®. The SFE 3 Year Treasury Bond Future yield will be calculated to eight decimal places. The cash settlement price shall be calculated to 2 decimal places and rounded to the nearest 0.5, 0.25 and 0.75 being rounded up. The cash settlement price will be published at 12.30pm.

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New Zealand / Australia 10 Year Bond Spread Futures Contract

Underlying Commodity:	Differential between the yield on a pre-determined 10 Year NZ Treasury Bond and the yield on the spot SFE 10 Year Treasury Bond Futures contract.
Contract Unit:	Valued at AUD50 per spread point
Contract Months:	Monthly with two settlement months listed at a time
Commodity Code:	KX
Listing Date:	6 July 2004
Price Quotation:	Prices are quoted as 1000 plus a yield differential between a 10 Year physical NZ Government Bond and the spot Australian 10 Year Treasury Bond Future, as determined at the time of contract listing.
Minimum Price Movement:	The minimum fluctuation of 0.5 basis points equates to AUD25.
Last Trading Day:	12.00 pm on the eleventh day of the expiry month, or the next business day if this is a public holiday in Sydney or Auckland.
Settlement Day:	The business day following the last permitted day of trading.
Trading Hours:	5:10pm – 8:00am and 8:30am – 4:30pm[1] (US non daylight saving time[2]) 5:10pm – 7:00am and 8:30am – 4:30pm[1] (US daylight saving time[2])
Settlement Price:	The cash settlement price will be determined as 1000 + [100 x (y – z)] Where: y = average of the bid/offer quotes obtained from six settlement price providers at three settlement times being 11.00, 11.30 and 12:00 NZ standard time in the pre-determined NZ 10 Year Government Bond yield. The resultant yield will be calculated to eight decimal places, and z = 100 - the average of the bid/offer quotes at the equivalent time of 11.00, 11.30 and 12:00 NZ standard time in the pre-determined SFE 10 Year Bond Futures contract on SYCOM®. The SFE 10 Year Treasury Bond Future yield will be calculated to eight decimal places. The cash settlement price shall be calculated to 2 decimal places and rounded to the nearest 0.5, 0.25 and 0.75 being rounded up. The cash settlement price will be published at 12.30pm.

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