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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CLARIFICATION OF ONE SESSION OPTION SETTLEMENT PRICE CALCULATION

In response to a recent enquiry, this Bulletin and, in particular, the passage highlighted in the attached specifications clarifies which trade prices executed in the underlying contract are included in the settlement price calculation for the Intra-day and Overnight Options on 3 and 10 Year Treasury Bond Futures contracts.

Market participants should note that the amendments are for clarification purposes only and that the calculation methodology has not changed.

Should you have any queries please contact Kristye van de Geer on +612 9256-0489 or kvandege@sfe.com.au

Peter Hiom
General Manager, Exchange Business Development

Intra-Day Options on 3 Year Commonwealth Treasury Bond Futures

Contract Unit:	One A$100,000 face value, 6% coupon, 3 Year Treasury Bond Futures contract for a specified contract month on the Sydney Futures Exchange Limited.
Contract Months:	Put and call options available on futures contracts for the nearest quarter month ahead.
Commodity Code:	YD
Minimum Price Move:	Quoted in yield per cent per annum in multiples of 0.005 per cent.
Exercise Prices:	Set at intervals of 0.01 per cent per annum yield. Nine option exercise prices are available for trading with additional strike prices listed at the discretion of the Trading Manager or the Chief Executive of SFE.
Contract Expiry:	At 4.10pm in the SYCOM® session in which the contract was listed for trading.[1]
Last Day of Trading:	The business day prior to the last day of trading in the underlying futures contract. On the last day of trading of the underlying futures contract put and call options will be listed on the next quarter month.
Trading Hours:	8.30am – 4.10pm[1]
Settlement Method:	All options, which are in-the-money, are automatically exercised. Exercise of an option results in the holder receiving a futures position at the options strike price. The settlement price is the weighted average of trade prices executed in the underlying futures contract between 4.15pm and 4.25pm excluding any Exchange For Physical, Custom Market, and intra- and inter-commodity spread trades. Calculation of the settlement price is to three decimal places and rounded to two decimal places. When the third decimal place is five or above, the weighted average of trade prices is rounded up to the next highest decimal place.[1]

1 Unless otherwise indicated, all times are Sydney times.

Overnight Options on 3 Year Commonwealth Treasury Bond Futures

Contract Unit:	One A$100,000 face value, 6% coupon, 3 Year Treasury Bond futures contract for a specified contract month on the Sydney Futures Exchange.
Contract Months:	Put and call options available on futures contracts for the nearest quarter month ahead.
Commodity Code:	YO
Listing Date:	18/06/2001
Minimum Price Movement:	Quoted in yield per cent per annum in multiples of 0.005 per cent
Exercise Prices:	Set at intervals of 0.01 per cent per annum yield. Nine option exercise prices are available for trading with additional strike prices listed at the discretion of the Trading Manager or the Chief Executive of SFE.
Contract Expiry:	At the cessation of each SYCOM® session.
Trading Hours:	5.10pm – 7.00am[1] (during US daylight saving time)[2] 5.10pm – 7.30am[1] (during US non daylight saving time)[2]
Settlement Method:	All options, which are in-the-money, are automatically exercised on the business day immediately following the SYCOM® session. Exercise of an option results in the holder receiving a futures position at the options strike price. The settlement price is the weighted average of trade prices executed in the underlying contract between 8.30am and 8.40am on the business day immediately following the SYCOM® session excluding any Exchange For Physical, Custom Market, intra- and inter-commodity spread trades and any trades that occur during the Levelling Phase. Calculation of the settlement price is to 3 decimal places and rounded to 2 decimal places. When the third decimal place is five or above, the arithmetic mean is rounded up to the next highest decimal place.[1]

1 Unless otherwise indicated, all times are Sydney times.

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

Intra-Day Options on 10 Year Commonwealth Treasury Bond Futures

Contract Unit:	One A$100,000 face value, 6% coupon, 10 Year Treasury Bond Futures contract for a specified contract month on the Sydney Futures Exchange Limited.
Contract Months:	Put and call options available on futures contracts for the nearest quarter month ahead.
Commodity Code:	XD
Minimum Price Move:	Quoted in yield per cent per annum in multiples of 0.005 per cent.
Exercise Prices:	Set at intervals of 0.01 per cent per annum yield. Nine option exercise prices are available for trading with additional strike prices listed at the discretion of the Trading Manager or the Chief Executive of SFE.
Contract Expiry:	At 4.10pm in the SYCOM® session in which the contract was listed for trading.[1]
Last Day of Trading:	The business day prior to the last day of trading in the underlying futures contract On the last day of trading of the underlying futures contract put and call options will be listed on the next quarter month.
Trading Hours:	8.30am – 4.10pm[1]
Settlement Method:	All options, which are in-the-money, are automatically exercised. Exercise of an option results in the holder receiving a futures position at the options strike price. The settlement price is the weighted average of trade prices executed in the underlying futures contract between 4.15pm and 4.25pm <u>excluding any Exchange For Physical, Custom Market, and intra- and inter-commodity spread trades</u>. Calculation of the settlement price is to four decimal places and rounded to the nearest multiple of 0.005 per cent. When rounding, if the third and fourth decimal places are two and five or seven and five respectively, the weighted average of trade prices is rounded up to the next highest multiple of 0.005 per cent.[1]

1 Unless otherwise indicated, all times are Sydney times.

Overnight Options on 10 Year Commonwealth Treasury Bond Futures

Contract Unit:	One A$100,000 face value, 6% coupon, 10 Year Treasury Bond futures contract for a specified contract month on the Sydney Futures Exchange.
Contract Months:	Put and call options available on futures contracts for the nearest quarter month ahead.
Commodity Code:	XO
Listing Date:	18/06/2001
Minimum Price Movement:	Quoted in yield per cent per annum in multiples of 0.005 per cent
Exercise Prices:	Set at intervals of 0.01 per cent per annum yield. Nine option exercise prices are available for trading with additional strike prices listed at the discretion of the Trading Manager or the Chief Executive of SFE.
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2 US daylight saving begins first Sunday in April and ends last Sunday in October.