

SFE Corporation Limited
ABN 74 000 299 392



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

S F E B U L L E T I N

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SFE EXCHANGE FEES AND CHARGES – 2005

Following an annual review, SFE Corporation announced today a number of changes to fees and charges in respect of the services of the Sydney Futures Exchange (SFE) and SFE Clearing Corporation effective 1 January 2005. In addition to the reductions, the parameters defining the large volume rebate scheme have been adjusted to continue to reward large customers based on increased total exchange volumes.

In summary;

- Headline SFE exchange fees remain **unchanged** at \$0.90 (exclusive of GST) per transaction. (However, many customers pay significantly less as a result of various rebate schemes – detail below).
- Headline NZ denominated interest rate contracts **to reduce** from NZ\$3.00 to NZ\$2.00 (excluding GST) per transaction.
- SFE local rebate scheme remains **unchanged**.
- The proprietary trading scheme parameters will be adjusted with the effect that a 15% increase in traded volumes is required to maintain existing average fees for this category of clients.
- SFE and SFE Clearing participation fees have been **abolished** for all classes including admission fees.
- Technology infrastructure fees have been **reduced** on SYCOM workstations from \$1,500 per month to \$1,250 (exclusive of GST) per month and are now aligned with the approved interface fees.
- The \$0.90 options exercise fee has been **reduced** to \$0.60 (exclusive of GST) per transaction.
- The 'exchange for physicals' fee has been **abolished**.
- Interest paid to clearing participants on initial margins lodged on their house account has been **increased** by 25 basis points p.a.

Based on the 18% increase in exchange volumes to the end of October 2004 over the same period in 2003 SFE expects to pay large volume rebates (including proprietary trading) totalling approximately \$13m, another record, for the 2004 year.

In order to further incentivise trading growth in 2005 the parameters of the large volume rebate scheme have been adjusted as follows;

- Minimum eligibility for inclusion of the rebate is 1.5 million transactions per annum for each participant's house or individual customer transactions (up from 1 million currently).
- Once eligible exchange volumes have exceeded 49 million contracts a total annual rebate will be made available for distribution to eligible customers.
- Between 49 million and 54 million contracts, customers will be rebated approximately 80% of incremental exchange fee revenue and above 54 million contracts the rebate will be 50%.
- Eligible volumes are defined as SFE annual aggregate volumes excluding NZ denominated contracts, and contracts traded by market makers. Eligible volumes include local volumes.
- The aggregate rebate pool will also be used to pay the proprietary trading scheme rebates before distribution of the balance to eligible large volume customers.

It is anticipated that in order to achieve the same total rebates (large volume plus proprietary) in 2005 as SFE expects to pay in 2004, trading volumes would need to grow approximately 18% (19% excluding proprietary), similar to the growth rates experienced in 2004 and slightly below the growth for 2003.

Other rebate and incentive schemes may be made available during the year to further encourage trading on SFE and these would be advised by way of separate bulletins where appropriate.

In addition to the changes to fees, charges and rebates set out above, SFE Clearing will reduce the rate paid on commitments lodged by participants for the clearing guarantee fund. The rate will reduce from 3% to 2% p.a. reflecting the significant enhancement to SFE Clearing's risk management with the introduction of the Additional Initial Margins regime in late 2003 (AIMs averaged \$169m YTD 2004). Commitments deposited in cash will continue to earn the cash earnings rate.

A full schedule of fees and charges can be found on SFE's website at www.sfe.com.au.

A separate bulletin will be released covering changes to fees and charges of SFE Austraclear applying from 1 January 2005.

For general enquiries please contact:

Martin Davey
Chief Financial Officer
Ph (02) 9256 0576
mdavey@sfe.com.au

For Business development enquiries please contact:

Peter Hiom
General Manager Exchange Business Development
Ph (02) 9256 0164
phiom@sfe.com.au

A handwritten signature in black ink, appearing to read 'M. Davey', with a large, stylized flourish at the end.

MARTIN DAVEY
CHIEF FINANCIAL OFFICER