SFE BULLETIN

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SFE Bulletin No:	50/05
From:	SFE Corporation Limited ABN 74 000 299 392
Date of Issue:	06 July 2005
Effective:	12 July 2005

APPLICATION OF OPERATING RULES RELATING TO PRE-NEGOTIATION TO INDIVIDUAL SHARE FUTURES CONTRACTS

Recently, SFE invited market feedback on a range of issues relating to the market dynamics for SFE Individual Share Futures. SFE has now completed analysis of this feedback and will apply Rule 3.3 (Pre-Negotiated Business Orders) to Individual Share Futures **effective 12 July 2005.**

A minimum volume threshold of 1 lot applies.

Further information

Determinations relating to the Prescribed Time Period for Individual Share Futures in respect of the Rule 3.3 (Pre-Negotiated Business Orders) can be found in Appendix One.

Any questions regarding the application of Rule 3.3 for Individual Share Futures should be directed to Effie Tsiaousis, Senior Equity Market Analyst on +61 2 9256 0596. Compliance and Surveillance questions should be directed to Andrew Farquhar, Compliance & Surveillance Officer on +612 9256 0498 or afarquhar@sfe.com.au.

Peter Hiom
General Manager, Business Development

Appendix One

<u>Rule 3.3 Pre Negotiated Business Trades</u>

Explanatory Note

The Pre-negotiated Business rules provide Participants with the opportunity to facilitate client business in order to obtain the best price for that business at that time. These rules permit Participants to withhold orders (subject to client consent) and pre-negotiate trades before bringing the business to the Exchange for execution on the Trading Platform.

Determinations

The Exchange has prescribed the following Contracts and minimum time periods/volume thresholds:

Contract	Minimum prescribed time between message and entry of orders: Outright Market	Minimum prescribed time between message and entry of orders: Custom Market	After prescribed time has elapsed - time allowed for order execution+	Minimum Volume Threshold
SFE SPI 200™ Futures	N/A	30 Seconds*	90 Seconds	1 lot
SFE SPI 200™ Quarterly Options	10 Seconds	30 Seconds	90 Seconds	1 lot
SFE SPI 200™ Serial Options	10 Seconds	30 Seconds	90 Seconds	1 lot
Intra-Day Options on SFE SPI 200™ Futures	10 Seconds	30 Seconds	90 Seconds	1 lot
SFE Listed Property Trust Futures	10 Seconds	30 Seconds	90 Seconds	1 lot
Individual Share Futures Contracts	10 Seconds	30 Seconds	90 Seconds	1 lot
NZSX 15 Index Futures Contract ("the Zif")	30 Seconds	60 Seconds	90 Seconds	1 lot
NZFOX Equity Options Contract	30 Seconds	60 Seconds	90 Seconds	1 lot
MLA/SFE Cattle Futures	120 Seconds	120 Seconds	90 Seconds	1 lot
SFE Wool Futures	120 Seconds	120 Seconds	90 Seconds	1 lot
SFE Wool Quarterly Options	120 Seconds	120 Seconds	90 Seconds	1 lot
SFE Wool Serial Options	120 Seconds	120 Seconds	90 Seconds	1 lot
D-Cypha SFE Australian Electricity Futures (including Strips)	300 Seconds	300 Seconds	90 Seconds	1 lot
D-Cypha SFE Australian Electricity Quarterly Options	300 Seconds	300 Seconds	90 Seconds	1 lot
D-Cypha SFE Australian Electricity Serial Options	300 Seconds	300 Seconds	90 Seconds	1 lot
D-Cypha SFE Australian Electricity Strip Options	300 Seconds	300 Seconds	90 Seconds	1 lot
90 Day Bank Accepted Bill Futures	N/A	30 Seconds*	90 Seconds	1 lot
Serial & Quarterly Options on 90 Day Bank Accepted Bill Futures	10 Seconds	30 Seconds	90 Seconds	1 lot
3 Year Commonwealth Treasury Bond Futures	N/A	30 Seconds*	90 Seconds	1 lot
Serial & Quarterly Options on 3 Year Commonwealth Treasury Bond Futures	10 Seconds	30 Seconds	90 Seconds	1 lot
10 Year Commonwealth Treasury Bond Futures	N/A	30 Seconds*	90 Seconds	1 lot
Serial & Quarterly Options on 10 Year Commonwealth Treasury Bond Futures	10 Seconds	30 Seconds	90 Seconds	1 lot
3 Year Interest Rate Swap Futures	5 Minutes	N/A	90 Seconds	1 lot

* Can only be pre negotiated under rule 3.3 as part of a strategy in the Custom Market involving prescribed contracts, for example, a SFE SPI 200™ futures/SFE SPI 200™ options strategy, a spread strategy of SFE SPI 200™ Futures against SFE Listed Property Trust Futures contracts or a 90 Day Bank Bill Futures/90 Day Bank Bill options strategy

+ Time allowed for order execution - determined to be "immediate" in accordance with Operating Rule 3.3.7.

Contract	Minimum prescribed time between message and entry of orders: Outright Market	Minimum prescribed time between message and entry of orders: Custom Market	After prescribed time has elapsed - time allowed for order execution[+]	Minimum Volume Threshold
10 Year Interest Rate Swap Futures	5 Minutes	N/A	90 Seconds	1 lot
New Zealand 90 Day Bank Bill Futures	N/A	30 Seconds*	90 Seconds	1 lot
New Zealand 90 Day Bank Bill Options	10 Seconds	30 Seconds	90 Seconds	1 lot
New Zealand 3 Year Government Stock Futures	N/A	30 Seconds*	90 Seconds	1 lot
New Zealand 3 Year Government Stock Options	10 Seconds	30 Seconds	90 Seconds	1 lot
New Zealand 10 Year Government Stock Futures	N/A	30 Seconds*	90 Seconds	1 lot
New Zealand 10 Year Government Stock Options	10 Seconds	30 Seconds	90 Seconds	1 lot

[*] Can only be pre negotiated under rule 3.3 as part of a strategy in the Custom Market involving prescribed contracts, for example, a SFE SPI 200™ futures/SFE SPI 200™ options strategy, a spread strategy of SFE SPI 200™ Futures against SFE Listed Property Trust Futures contracts or a 90 Day Bank Bill Futures/90 Day Bank Bill options strategy

[+] Time allowed for order execution - determined to be "immediate" in accordance with Operating Rule 3.3.7.