

CIRCULAR



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**To: Back Office Accounting Suppliers
Clearing Members**

No: 68/99

Strip Trading & Floor Closure

With the closure of the trading floor scheduled for Friday 12 November, this circular sets out a summary of the impacts of floor closure on trade allocation and clearing systems from the member viewpoint - introduction of strip trading and general impacts.

Strip Trading

As part of the closure of the trading floor, the Exchange has agreed a method to facilitate strip trading on SYCOM® IV. The Exchange intends to list a Bank Bill strip contract on SYCOM® IV on Wednesday 10 November 1999.

To implement strip trading a new commodity code and associated contract codes will need to be listed on SYCOM® IV and STACS. The commodity code is ST. Dummy contracts will be listed to mirror bank bill contract months. The ST commodity code is a "dummy" code which will be used to support trading in SYCOM® IV only.

The commodity will be locked in STACS so that members cannot allocate or assign trades. Members will be required to submit a "Strip Trade and Option Strategy Trade Record" which will be used by the Exchange to enter trade details into STACS as the appropriate bank bill contracts. Members will then be able to allocate and assign the trades within STACS as normal bank bill trades using existing bank bill contract codes. This means the trades will be margined and reported as if they were bank bill trades.

From a clearing viewpoint there will be no changes to existing practice, except the listing of the ST commodity code within STACS will impact clearing reports and files as follows:

- The second page of the FSA with zero settlement figures.
- It is displayed on the Overall Margin Margin Summary by Member and Commodity but again with figures of zero.
- It is also displayed on the SPAN rpf file with a settlement price of zero

All other clearing reports used by members do not display the code. Members should ignore the ST code on these reports and the SPAN rpf file.

Floor Closure

With floor closure imminent, Members are reminded that there are no changes to existing trade

allocation/clearing systems. In particular there are no changes to trade feeds or reported position file submission procedures due to floor closure. Please note circular 308/99 which sets out the STACS confirmation times by session that will apply from Monday 15 November 1999.

General

Please do not hesitate to contact me on tel: 9256 0492, e-mail phickmott@sfe.com.au should you have any questions on the above.

A handwritten signature in black ink that reads "Peter Hickmott". The signature is written in a cursive, slightly slanted style.

Peter Hickmott
Manager Clearing Projects

08/11/99

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