

New SPI® – 7 April 2000

Sydney Futures Exchange

CIRCULAR TO: **BACK OFFICE MANAGERS**
 CLEARING MEMBERS
 NZ CLEARING MEMBERS

NO: 30/00

DRAFT NEW SPI® CONTRACT SPECIFICATIONS

Please find attached draft specifications for the New SPI® contract that will be launched in early May 2000 on Sycom® IV.

Please note the following:

Currently the contract specification has a generic name "New SPI" as the benchmark for the underlying index is currently under consideration by the board and these details, together with the actual launch date is to be advised.

Should you have any questions regarding the specifications please contact Di Fletcher on 9256 0543 or myself on 9256 0492.



PETER HICKMOTT
MANAGER – CLEARING PROJECTS

DRAFT CONTRACT SPECIFICATION – New SPI®

Contract	Futures	Futures Options
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ITC Commodity Code	AP	AP
Option Style		American
Underlying	TBA	TBA
Trading Unit	Index *AUD 25	1 Index Futures Contract
Price/Premium Quotation	Quoted in 1 index points premium	Quoted in 0.1 index points premium
Minimum Price Fluctuation (Tick)	1 index point = 1 tick = AUD \$25	0.1 Index points = 1 tick = AUD \$2.50
Contract Cycle	6 contract months of the March, June, September and December cycle.	
Last Trading Day	The last business day of the contract month. Trading ceases at the end of the day's trading session.	
First Trading Day/Time	The beginning of the day trading session on the first trading day following the last trading day of the previous contract month.	
Strike Prices		Set at intervals of 25 index points apart. New option exercise prices created automatically as the underlying index moves.
Daily Settlement Marked to Market	Mid point between the last futures Bid and Offer is used	Black model for theoretical value is used, using the futures price as the underlying asset. A consensus implied volatility is used for the at-the-money position, and a SFE volatility skew is used for option positions away from the money.
Expiry Settlement Price	Contracts are cash settled by the SFECH at the cash settlement price. The expiration settlement price is calculated to 1 decimal place for futures and options as provided to the SFE.	
		In-the-money options are automatically exercised at expiration, unless specified otherwise by the customer.
Option Exercise		Option exercise prior to expiry results in the holder receiving a futures position at the options strike price.
Margin	Margin information (margin calculation, list of collateral, etc) can be obtained from SFECH. Options premiums are margined	
Trading Hours	9:50am to 16:30pm SYCOM® IV day session 17:10pm to 8:00am SYCOM® IV night session – Summer Time 17:10pm to 7:00am SYCOM® IV night session – Winter Time	
Daily Settlement Time	16:30pm Australian Eastern Standard Time	

	Serial Options
Contract Months	Serial options are listed in non-financial quarter months with two serial options months listed at all times. Options are based on the futures contract, which expires in the financial quarter month immediately following the relevant serial month.
Settlement Price	Settlement price is taken from the underlying futures market at 12:30pm. Obtained by taking the midpoint between the futures bid and ask quotations rounded up.
Last Trading Day	The last business day of the contract month. Trading ceases at 12:30pm.



Schedule of Months Quoted for New SPI® contracts (Futures and Futures Options)

	Current Year												Following Year												Succeeding Year					
During the month of	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
JAN	X	X	X			X			X			X			X			X												
FEB		X	X	X		X			X			X			X			X												
MAR			X	X	X	X			X			X			X			X												
APRIL				X	X	X			X			X			X			X			X									
MAY					X	X	X		X			X			X			X			X									
JUNE						X	X	X	X			X			X			X			X									
JULY							X	X	X			X			X			X			X			X						
AUG								X	X	X		X			X			X			X			X						
SEPT									X	X	X	X			X			X			X			X						
OCT										X	X	X			X			X			X			X			X			
NOV											X	X	X			X			X			X			X			X		
DEC												X	X	X	X			X			X			X			X			(X)

NOTE: In each month in the left hand vertical column of this chart, the officially quoted forward months are those marked “x” in the other columns reading horizontally to the right.