



SFE Clearing Bulletin No: 27/03

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BRC DELIVERY PROCEDURES AND FAILURE TO DELIVER

SFE Clearing's Bond and Repurchase Clearing (BRC) service is the first central counterparty clearing facility available to over-the-counter markets in Australia, and provides significant operational cost savings and efficiencies while reducing counterparty, credit and market risks.

Clearing Participants who participate in BRC activity are reminded that failure to deliver bonds due for net settlement creates an "Event of Default" under SFE Clearing By-Laws and can be declared a "Default" as detailed in Clearing By-Law 71.1(b).

Attention is drawn to Clearing By-Law 63A, in particular 63A.1(b) that states,

"Any failure by a Clearing Participants to give or take delivery or pay the netted settlement amount under an Open Contract with SFE Clearing shall be deemed to be a Default".

Electronic copies of the By-Laws may be found at,

http://www.sfe.com.au/content/rules/sfeclearing_rules.htm

To avoid an "Event of Default" situation and the potential for declaration of "Default" as detailed in Clearing By-Law 71.1(b), SFE Clearing requests that Participants due to deliver bonds for net settlement make stock available **before 4.15pm** on settlement day. The assistance of BRC Participants in this matter will ensure the continuing timely and efficient settlement of all BRC-related transactions.

Should you have any queries please contact Daniel McCosker on 9256-0632 or dmccosker@sfe.com.au

A handwritten signature in black ink that reads "David Raper".

David Raper
Manager, Business Operations - Derivatives