

SFE NOTICE NO. 103/05
Date of Issue: 26th July 2005
Effective Date:
SFE MARKET HALTS – 25 July 2005

Market users are advised that on 25 July 2005 the SFE market experienced two periods of unavailability for a total of 245 minutes for the main products.

The main products are defined as Three and Ten Year Bonds, Bank Bills, SPI and Interbank Future and Option contracts.

Initial Incident

Event	Time	Down Time
Trading System halted	08:15:00	
System Recovered	08:40:00	
Order integrity issues identified and verified	11:00:00	
Order integrity recovered	11:15:00	
Main product pre open	11:35:00	
Main product open	11:45:00	195 minutes
Non main product pre open	12:15:00	
Non main product open	12:25:00	

Second Incident

Event	Time	Down Time
Market Informed of proposed Market Halt	13:19:00	
Trading System halted	13:35:00	
Main product pre open	14:15:00	
Main product open	14:25:00	50 minutes
Non main product pre open	14:45:00	
Non main product open	14:55:00	

The first market halt was required to repair a discrepancy between the primary and back-up databases that support the Sycom application. The consequences of this incident were duplication of a small number of deals and a number of discrepancies in orders maintained in Participant Trader Books.

The recovery of the technical incident was completed within the standard recovery time of 60 minutes. The requirement to confirm market, deal and order integrity on re-open and the requirement to provide Participants with sufficient opportunity to confirm the integrity of their orders contributed the majority (135 minutes) of the experienced delay. Whilst regrettable, Participants should note that this period of time was necessary to re-establish market integrity in line with the Exchange's licence obligations.

The initial incident created a secondary impact of preventing the creation of a new trading date in the system required for trading to proceed at 5.10pm for trade date of 26th July 2005. To rectify this situation the Exchange scheduled a second market halt and interruption to trading in order to complete the loading of the new trade date. The recovery was completed within the standard 60 minute technical recovery timeframe.

Display of Orders in non-owner Trader Book

A consequence of duplication of order numbers associated with the initial incident was for a small number of orders to be displayed in the Trader Books of Participants that did not own those particular orders.

SFE takes no responsibility for any errors or omissions contained in this notice and will not be liable for any reason including without limitation negligence, for losses, consequential or otherwise, arising from or in connection with decisions made in reliance upon this information. This information does not substitute for the Operating Rules and in the case of inconsistency the Operating Rules prevail. Before acting on any matter contained in this notice readers should discuss the matter with their own professional advisers.

This issue was isolated to GTC orders entered during the period (last 9 minutes of trading on Saturday morning) when the primary and secondary database stopped updating simultaneously.

As soon as the issue was identified and verified the trading application was stopped and all client applications disconnected from the trading host.

Overnight Option Expiry Price Calculation

The Exchange utilised Operating Rule 1.4.4 (Inability to declare Settlement Price) to establish the Settlement Price for the Three and Ten Year Commonwealth Government Bond Overnight Option Contracts.

Due to the unavailability of the underlying Futures contracts for sampling (VWAP) purposes and the planned release of Producer Price Index (PPI) figures at 11:30 am, it was determined to calculate the Settlement Price of the Overnight Option Contracts based on the mid-point bid / ask of the underlying Contract from the close of trading on Saturday 23rd July and so provide certainty to the holders of open positions in those contracts.

Incorrect Retain of Orders / Cancellation of subsequent deals

Participants are advised that SFE will work to the following guidelines in circumstances where erroneous orders are generated in a Participant's name by the host trading application.

- SFE will cancel any deal resulting from an erroneous order created by the host trading application if reported by the Participant to the SFE within an hour of the reopen of the market subsequent to a system incident and within 10 minutes of the generation of the resulting deal

Participants are reminded of the requirement to monitor all orders and trades active through their trading infrastructure.

The SYCOM system is now fully functional. SFE technical staff and software providers are performing a full investigation of the incident.

In the event of a SYCOM disruption, clear instructions and information on opening time, order status and Workstation recovery can be received in real time using the SYCOM status facility on the SFE website and is available at <http://www.sfe.com.au/site/status/status.htm?sycom>

Should you have any queries please contact the undersigned on 9256 0554 or draper@sfe.com.au



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