

SFE NOTICE NO. 71/06

Date of Issue: 16 June 2006
Effective Date: Immediate

SFE LARGE VOLUME REBATE SCHEME – AUDIT REPORT

SFE's Large Volume Rebate Scheme (LVR) rewards large users of the exchange by rebating a portion of exchange fees on an annual basis. The details of the 2006 LVR scheme can be found in SFE Notice 151/05 *SFE Exchange Fees and Charges 2006* issued in November 2005.

Participants and large clients wishing to claim under the 2006 LVR (covering the year 1 January 2006 to 31 December 2006) are required to lodge an annual independent audit report along with quarterly unaudited volume reports. The format of the independent audit report has changed this year in order to align it with new auditing standards. A copy of the new audit report format is attached.

Participants are reminded that rebates can only be paid after lodgement of the annual independent audit report in the prescribed format. The audit report and final volumes for 2006 are due no later than 28 February 2007 and quarterly volume reports are due within one month after each quarter end.

Should you have any queries with respect to the audit report or the LVR scheme please contact Ramy Aziz Ph 9256 0657, raziz@sfe.com.au or myself.



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INDEPENDENT AUDITOR'S REPORT

To the Directors of [Participant]

Auditor's Report on the Schedule

We have audited the volume information set out in the attached Schedule of Eligible Trades (the "Schedule") of [Participant] (the "Participant") for the [period] ended [date].

The Responsibility of the Directors for the Schedule

The directors of the Participant are responsible for the preparation and fair presentation of the information set out in the Schedule in accordance with the requirements of the SFE Corporation Limited's SFE Notice 124/01 *Administration of the Large Volume Rebate Scheme and SFE Notice 151/05 SFE Exchange Fees and Charges 2006* ("SFE Notices"). The responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the volume information set out in the Schedule that is free from material misstatement, whether due to fraud and error.

Auditor's Responsibility

Our responsibility is to express an opinion on the volume information set out in the Schedule based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the volume information set out in the Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures of the volume information set out in the Schedule. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial information set out in the Schedule whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Participant's preparation and fair presentation of the financial information set out in the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Participant's internal controls. An audit also includes evaluating the overall presentation of the volume information set out in the Schedule.

The Schedule has been prepared in accordance with the SFE Notices for the purpose of enabling the Participant's share (if any) of the Large Volume Rebate to be calculated and distributed. The Schedule may not be suitable for any other purpose. Our report is intended solely for the Participant and the SFE Corporation Limited and should not be distributed to or used by parties other than the Participant and the SFE Corporation Limited.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

[Qualified] Auditor's Opinion

[In our opinion, [except for the matters referred to in the qualification below,] the attached Schedule of Eligible Trades of [Participant] for [period] ended [date] presents fairly, in all material respects, the total eligible trades claimed by [Participant] for the Large Volume Rebate for the [period] ended [date] in accordance with the SFE Corporation Limited's SFE Notice 124/01 *Administration of the Large Volume Rebate Scheme and SFE Notice 151/05 SFE Exchange Fees and Charges 2006.*]⁺

[In our opinion, except for the matter(s) referred to in the qualification below, the attached Schedule of Eligible Trades of [Participant] for [period] ended [date] presents fairly, in all material respects, the total trades claimed by [Participant] on behalf of its client [Client] for the Large Volume Rebate for the [period] ended [date] in accordance with the SFE Corporation Limited's SFE Bulletin 124/01 *Administration of the Large Volume Rebate Scheme and SFE Notice 151/05 SFE Exchange Fees and Charges 2006.*][#]

Basis for Qualified Audit Opinion (if applicable)

[As trades are made by [Participant] on behalf of its clients, documentation supporting the eligibility of those trades in accordance with the SFE Corporation Limited's SFE Bulletin 124/01 *Administration of the Large Volume Rebate Scheme* is maintained by the clients. We are therefore unable to verify the eligibility of any trades claimed by [Participant] on behalf of its clients for the Large Volume Rebate for the [period] ended [date] in accordance with the SFE Corporation Limited's SFE Bulletin 124/01 *Administration of the Large Volume Rebate Scheme and SFE Notice 151/05 SFE Exchange Fees and Charges 2006.*][#]

Date:

Audit Firm Signature:

Name of Audit Firm:

Address of Audit Firm:

Partner's Signature:

Name of Partner:

⁺ Delete this wording if the Schedule of Eligible Trades has been prepared in respect of trades claimed by the Participant on behalf of its clients.

[#] Delete this wording if the Schedule of Eligible Trades has been prepared in respect of trades claimed by the Participant on its own account.