

SFE NOTICE NO.

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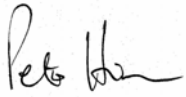
SFE EXCHANGE FEE REDUCTIONS

Based on robust trading volume growth between January and June 2006, and consistent with ASX/SFE merger benefits being shared with exchange users, SFE is announcing some reduced transaction fees effective 1 January 2007 (except for NZ denominated interest rate contract fee changes which are effective 1 September 2006). In addition to the fee reductions, the parameters defining the Proprietary Trading Rebate Scheme, the Local Rebate Scheme and the Large Volume Rebate scheme (LVR) will be adjusted to continue to reward large volume customers.

In summary (all fees are exclusive of GST):

- Whilst SFE headline exchange fees remain unchanged at \$0.90 per side, it should be noted that the average transaction fee (post Proprietary Trading Scheme, Local Rebate Scheme, and LVR) continues to reduce with volume increases. Based on year to date trading activity levels, rebates for the calendar year 2006 are likely to surpass previous levels of rebates. Furthermore, the permanent introduction of half basis point trading in the 3 Year Bond futures following the expiry of the December 2006 contract will result in a significant reduction in the overall cost of trading this contract for end users.
- Headline SFE "Exchange for Physicals" fee (on A\$ denominated futures contracts) to be progressively reduced from \$0.90 to \$0.60 per side with the fee set at \$0.75 per side on 1 January 2007 and \$0.60 from 1 July 2008.
- Headline SFE exchange fees for quarterly and serial options (A\$ denominated interest rate products and on SPI contracts) to be progressively reduced from \$0.90 to \$0.60 per side with the fee set at \$0.75 per side on 1 January 2007 and \$0.60 from 1 July 2008. Growth in Options trading volume in the first part of 2006 has run at more than 30%, outpacing growth in futures volumes.
- Headline SFE exchange fee for NZ denominated interest rate contracts has been reduced from NZ\$2.00 per side to NZ\$1.50 per side effective on 1 September 2006 coinciding with the introduction of the NZ 30 Day Official Cash Rate Futures Contract. Traded volume and liquidity available to users has increased in the first part of 2006 with average daily volume at more than 7,400 contracts compared to 3,250 for the same period in 2005.
- The Proprietary Trading Rebate Scheme and the SFE Local Rebate Scheme parameters have been changed to include a new tiered structure. This structure will enhance the value offered to SFE locals and proprietary trading firms by reducing transaction fees at higher volumes and its implementation coincides with the announced SFE intention to permanently reduce the minimum price movement (from one to a half basis point) in the Exchange's most heavily traded contract, the 3 Year Bond Futures Contract, following the December 2006 futures expiry.
- Consistent with previous years, the LVR qualification threshold parameters will be adjusted for 2007 taking into account the increase in exchange volumes in 2006. In addition, in 2007 LVR eligible customers can benefit from a tiering structure that will ensure that the most active eligible customers within the rebate scheme will receive a greater proportion of the rebate pool.
- To re-align all rebate scheme parameters in accord with the new reporting dates for the merged ASX/SFE company (i.e. financial year ending 30 June 2007), the LVR in 2007/2008 will consist of 1 six month period (1 January 2007 to 30 June 2007) followed by a full year period (1 July 2007 to 30 June 2008).

- Details of the LVR scheme parameters to apply for the 6 month period 1 January 2007 – 30 June 2007, will be disseminated later in 2006.



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