



SFE NOTICE NO.

151/06

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Effective Date: 8 December 2006

Open Interest Inflation Minimisation

It has come to the attention of Futures Compliance & Surveillance that one or more Participants have not been following the Best Practice outlined in the Practice Note attached to Operating Rule 46.5 of SFE Clearing, regarding Daily Close-Outs of Matched Positions (including Back-to-Back Open Positions).

In this regard, the Participants with the greatest differential from these principles have been identified and will close out their back-to-back holdings today. Expect Open Interest in major contracts, including Commonwealth Government Bond Contracts and the SFE SPI200™ Index Contracts to reduce heavily at today's close. This reduction will be independent of any true change in market depth, and the Exchange reiterates that Open Interest should not be used by traders as an absolute measure of liquidity in contracts.

Should you have any queries relating to this matter, please call Nick Gaut, Senior Market Analyst, Futures Compliance & Surveillance on (02) 9227-0226 or contact him by e-mail at ngaut@sfe.com.au.

A handwritten signature in black ink, appearing to read 'Rob Coaldrake', is positioned above the printed name and title.

ROBERT COALDRAKE
SENIOR MANAGER, FUTURES COMPLIANCE & SURVEILLANCE

ASX Limited
20 Bridge Street
Sydney NSW 2000
Australia