



SFE NOTICE NO.

106/07

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Changes to the Option Expiry Process and Timetable

Following recent customer consultation, a review of the option expiry process and timetable has been completed. This review aimed to identify what expiry processes and timeframes could be improved in order to reduce the time gap between the cessation of trading and the notification of exercised options to the Clearing Participants.

To facilitate the more timely publication of option exercises and the subsequent allocation of futures positions, the option expiry timetable has been amended. Specifically the times allowable for Net Downs and notification have been significantly reduced.

These changes are applicable to 90 Day Bank Bill serial and quarter month options, and 3 and 10 Year Treasury Bond serial and quarter month options.

Please note that as the September Bank Bill Options expiry will occur on the APEC holiday the process and timetable will be implemented after that date to minimise risks for Participants. The first option expiry under the new timetable will be the 3 and 10 Year Treasury Bond Options on 14 September.

The following table provides a comparison of the current and new processes and timetables:

Process	New Time	Current Time
Option Expiry (IR, YT and XT Options)	12.30pm	12.30pm
Announce Manual Exercise and Abandonment information (include strike information)	12.35pm	-
Net Down Time By	1.00pm	2.00pm
Clearer Notification Time of Exercised Options	From 1.30pm and by no later than 2.15pm.	By no later than 3.30pm
Clearers allocate positions across Accounts and notify clients	From 1.30pm	From 2.45pm

Publication of Manual Exercise and Abandonment Information

In addition, SFE Business Operations will publish information on any Manual Exercises or Abandonments undertaken on the last Trading Day. This information will be published via the SYCOM message facility 5 minutes after the option expiry and will include the commodity code, strike price, and volume exercised or abandoned.

Participants and customers should note that SFE Clearing randomly allocates option exercises across Clearers and that the Clearer Participant determines the final allocation to clients. As a result the amount of manual exercise or abandonments in a specific option contract, can not be relied on to provide a customer with a guaranteed expectation of allocation.



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