



SFE NOTICE NO.

129/08

Date of Issue: 18 September 2008

Effective Date: 14 October 2008

Introduction of 30 Day Interbank Cash Rate Options

Market Participants are advised that the ASX will list Options on the 30 Day Interbank Cash Rate Futures contract at 8:34am on 14 October 2008. The first contract month to be listed for trade will be November 2008.

The 30 Day Interbank Cash Rate Options contract provides users with a cost effective tool for managing short term interest rate risk and shifts in the cash rate yield curve. The options contracts also offer the ability to create trading strategies around cash rate expectations and can be used for outright volatility and volatility spread trading against other exchange traded and OTC interest rate options.

Key features

- Strike price intervals set at 0.125 per cent (12.5 basis points)
- Premium quoted to 0.005 per cent
- Fixed tick of AUD24.66 per 0.01 per cent
- American Style
- Deliverable into the underlying futures, with all in-the-money options automatically exercised at expiry
- Available for trade monthly, out to four contract months.

Commodity and Data Vendor Codes

The SFE commodity code for the 30 Day Interbank Cash Rate Options is the same as the underlying futures contracts, 'IB'. The Data Vendor codes for the 30 Day Interbank Cash Rate Options are attached. Further updates of the Data Vendor codes will be available on the ASX website (www.asx.com.au).

Option Expiry Process

30 Day Interbank Cash Rate Options will expire at 12.30pm on the business day prior to the Last Trading Day in the underlying futures. All in-the-money options at expiry are automatically exercised into the underlying futures. All at-the-money and out-of-the-money options are abandoned. Customers may manually exercise or abandon option positions during the life of the option, including on the Last Trading Day.

Application of Pre-negotiated Business Rules

Pre-negotiated Business Rules are applicable to the 30 Day Interbank Cash Rate Options. These rules provide Participants with the opportunity to facilitate client business off market prior to disclosing and then crossing orders on the trading platform, SYCOM®.

The 30 Day Interbank Cash Rate Options Rules and Determinations are attached and will be included in the SFE Operating Rules on the website prior to launch.



Official Market Maker

Fair Market Associates Pty Ltd's will provide continuous two-way prices in 30 Day Interbank Cash Rate Options during the day trading session from 14 October 2008.

Exchange Fee

The trading and option exercise fee will be AUD 0.60 (excluding GST).

Trading and Clearing Systems

Trading Systems connected to SYCOM Interfaces will be able to download the new contract details on the production SYCOM system during the week prior to launch. Participants should therefore ensure all Trading and Clearing software systems are ready prior to 8th October 2008.

For further information please contact Kristye van de Geer on +612 9227 0130 or kristye.vandeger@asx.com.au

A handwritten signature in black ink, appearing to read 'Ken Chapman', with a long, sweeping underline.

Ken Chapman
General Manager, Interest Rate and New Markets

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20 Bridge Street
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Contract Specifications

Options on 30 Day Interbank Cash Rate Futures

Contract Unit:	One AUD 3,000,000 face value 30 Day Interbank Cash Rate Futures contract for a specified contract month
Option Type	American
Contract Months:	Put and Call options available on futures contracts up to 4 months ahead.
Commodity Code:	IB
Listing Date:	14 October 2008
Minimum Price Movement:	Quoted in yield per cent per annum in multiples of 0.005 per cent. A one basis point move of 0.01 per cent is equal to AUD24.66.
Exercise Prices:	Set at intervals of 0.125 per cent per annum yield. New option exercise prices created automatically as the underlying futures contract price moves.
Contract Expiry:	At 12.30pm on the Business Day prior to the Last Trading Day in the underlying futures contract. ¹
Trading Hours:	5.14pm – 7.00am and 8.34am – 4.30pm ¹ (during US daylight saving time) ² 5.14pm – 7.30am and 8.34am – 4.30pm ¹ (during US non daylight saving time) ²
Settlement Method:	Options may be exercised on any business day up to and including the day of expiry. In-the-money options are automatically exercised at expiry unless abandoned. Settlement price is determined as the mid point of the bid and offer prices in the underlying futures at 12.30pm, rounded up to the nearest 0.005 per cent.

Last Modified: 16/04/08

¹ Unless otherwise indicated, all times are Sydney times.

² US daylight saving begins second Sunday in March and ends first Sunday in November.

Data Vendor Codes

30 Day Interbank Cash Rate Futures and Options Data Vendor Access Codes

	IB Futures	IB Options
SFE Code	IB	IB
Bloomberg	IBA <CMDTY>	IBA <CMDTY> OMON
Bourse Data	IB	IB
CQG	IBCR	IBCR
IRESS Market technology	IBmy	IB mycsssss IB mypsssss
Reuters	Full: 0#YIB: Day: 0#2YIB: Night: 0#1YIB:	Day: 0#2YIBmy+ Night:0#1YIBmy+
Telekurs	3,IBym,359	IBYMCSTRIKE,359 IBYMPSTRIKE, 359

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Operating Rules

Rule 6.25.2 Options on 30 Day Interbank Cash Rate Futures

Item	Heading	Individual contract specifications
1	Contract Unit	A 30 Day Interbank Cash Rate Futures Contract.
2	Undesirable situations	If an Undesirable Situation within the meaning of Rule 1.4 is developing or has developed, then the provisions of that Rule 1.4 shall apply and any provision of these Operating Rules which cannot be complied with until the price has been declared shall be complied with as soon as possible after it has been declared.

The terms of all ordinary options over 30 Day Interbank Cash Rate Futures contracts comprise a combination of:

- the Individual Contract Specifications set out above; and
- the generic specifications set out elsewhere in the Rules.

As to the generic specifications, see in particular Rule 6.3:

(a) which provides for determinations by the Exchange as to:

- the manner in which Premium is quoted and minimum fluctuation;
- the manner in which Exercise Price is quoted and minimum fluctuations;
- Settlement Months;
- the Declaration Day;
- the time at which trading ceases on the Declaration Date;
- the latest time for lodgement of a Request or a Deny Automatic Exercise Request; and

(b) which also sets out terms which are applicable to all option contracts.

Pursuant to the generic terms/specifications for all contracts that are set out in Rule 6 providing for various Determinations by the Exchange, the actual Determinations (which do not themselves constitute terms of the contracts) are set out, for information, in the separate document “Procedures, Determinations and Practice Notes” (this document does not form part of the Rules).

For example, the generic term/specification in Rule 6.3 relating to the time on which trading in options ceases is the “time at which trading ceases” – such time as is determined by the Exchange. The actual determination made by the Exchange pursuant to this power is “4.30pm on the Declaration Date”

Determinations

Rule 6.25.2 Options on 30 Day Interbank Cash Rate Futures

Item	Heading	Individual contract specifications
6.3.6	Manner of quoting Contract Premium	Yield per cent per annum. For quotation purposes the Contract Premium shall be multiplied by 100.
6.3.6	Minimum fluctuations to be used in quoting Contract Premium	Multiples of 0.005 per cent.
6.3.6	Manner of quoting Exercise Price of Options	Yield per cent per annum. For quotation purposes the Exercise Price shall be deducted from 100.00.

6.3.6	Minimum fluctuations to be used in quoting Exercise Price of Options	Multiples of 0.125 per cent
6.3.8	Creation of new exercise prices	New Exercise Prices are created as the underlying futures contract price moves, at intervals of 0.125 per cent per annum.
6.3.6	Final time for lodgement of Exercise Request or Deny Automatic Request	On the Declaration Date: up to close of trading. On any day other than the Declaration Date: up to 20 minutes after close of trading.
6.3.6	Time by which Seller is notified of Exercise Request	For Requests lodged on the Declaration Day: <ul style="list-style-type: none"> by no later than 2.15 pm on the Declaration Date. For Requests lodged on a day other than the Declaration Date: <ul style="list-style-type: none"> by no later than 45 minutes prior to the commencement of trading on the next Business Day on which clearing occurs following the day on which the Request is lodged
6.1.4	Trading Hours	5.14pm-7.00am & 8.34am-4.30pm (US daylight saving time) 5.14pm-7.30am & 8.34am-4.30pm (US non daylight saving time)
6.3.6	Declaration Date	The Business Day prior to the Last Trading Day in the underlying futures contract.
6.3.6	Time Trading Ceases on Declaration Date	12.30pm on the Declaration Date
6.3.6	Expiry Months	Monthly up to four months ahead.

Rule 3.3 Determinations for Pre-negotiated Business Rules

	MINIMUM PRESCRIBED TIME BETWEEN MESSAGE AND ENTRY OF ORDERS:	MINIMUM PRESCRIBED TIME BETWEEN MESSAGE AND ENTRY OF ORDERS	AFTER PRESCRIBED TIME HAS ELAPSED – TIME ALLOWED FOR ORDER EXECUTION+	MINIMUM VOLUME THRESHOLD
	OUTRIGHT MARKET	CUSTOM MARKET		
INTEREST RATES				
<i>Options on 30 Day Interbank Cash</i>	10 seconds	30 seconds	90 seconds	1 lot
<i>Rate Futures</i>				