



SFE NOTICE NO.

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SFE OPERATIONAL POLICIES – VERSION 4.2

This Notice provides details of the latest version of the SFE Operational Policies (Version 4.2). The changes from the previous version (4.1) are detailed below and are contained exclusively in the Interest Rate and Equity Market Policy.

Interest Rate and Equity Market Policy

The Daily Settlement Price (DSP) determination process for Interest Rate Options (section 21 – page 31/2) has been amended to alter the timeframe from which valid data will be extracted and the process for equating that data into a DSP. Specifically,

- Valid trade data will include the latest trade in a particular strike or ATM strategy, on the particular trade date, regardless of the time of execution (previously only valid if executed in the last 10 minutes of the trade date);
- The valid trade data will be equated into an implied volatility level to determine the DSP (previous executed premium value was used).

The DSP determination process for Equity Index Options (section 22 – page 33/4) has been amended to reduce the volume of trade or order necessary to influence DSP, and to extend the volatility skew. Specifically,

- The volume for valid trades and order is reduced to 50 lots (previously 100 lots);
- The volatility is extended to 40 strikes either side of the ATM (previously 25 strikes).

The available contracts and minimum execution volume for Overnight Block Trades (2.1 – page 25) has been altered. Specifically,

- The minimum volume for Ten Year Commonwealth Government Bond Futures is reduced to 500 lots (previously 1250 lots);
- The minimum volume for Three Year Commonwealth Government Bond Futures is reduced to 1200 lots (previously 3500 lots);
- The Overnight Block Trade facility will be available for 90 Day Bank Bill Futures with a minimum volume of 500 lots.

The latest version of the SFE Operational Policies (version 4.2) is located on the ASX website: http://www.asx.com.au/supervision/pdf/sfe_operating_rules/sfe_operational_policies.pdf

Should you have any queries please contact SFE Service Desk on +61 2 9256-0677 or service.desk@asx.com.au.

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