



SFE NOTICE NO. 090/10

Date of Issue: 24 June 2010

Effective Date: 1 July 2010

OPEN INTEREST REPORTING

Background

On 14 December 2009 SFE Clearing circulated a consultation paper on Open Interest reporting ("*Open Interest Reporting - Consultation Paper & Request for Comment*") to compliance contacts of Clearing Participants. The paper outlined a number of potential options to improve Open Interest reporting and requested feedback from Clearing Participants on those options. [Attachment B](#) is a copy of the consultation paper.

On 27 May 2010, in response to the feedback provided by Clearing Participants together with its own risk appetite, SFE Clearing issued the agreed way forward ("*Open Interest Reporting - ASX Response and Way Forward*") to compliance contacts of Clearing Participants. [Attachment C](#) is a copy of the paper detailing the agreed way forward. The paper highlighted SFE Clearing's intention to re-issue its 2004 Practice Note on Open Interest reporting as a formal direction, effective 1 July 2010, under SFECC Rule 46.5 which states that:

"SFE Clearing may give directions to Clearing Participants to exclude from its advice pursuant to Clearing Rule 46.1 certain Open Positions which do not, in the opinion of SFE Clearing, contribute to market liquidity. A Clearing Participant must comply with any such direction given by SFE Clearing."

Direction

SFE Clearing seeks to improve Open Interest reporting by amending SFECC Clearing Rules Procedure 46.5 from a Practice Note to a Direction. A copy of the Direction, including marked up amendments, is attached as [Attachment A](#).

The Direction is to take effect from, and including, 1 July 2010.

Where a Clearing Participant fails to comply with the Direction given by SFE Clearing under SFECC Clearing Rules Procedure 46.5, such a failure will constitute a breach of the Clearing Rules and the Clearing Participant will be subject to the disciplinary process associated with such a breach.

Clearing Participants are reminded of the importance of maintaining appropriate Close Out procedures and audit trails. Documentation held in this regard may be reviewed as part of a Clearing Participant compliance inspection or operational review and must be made available to SFE Clearing on request.

Should you have any further queries please contact Bronwyn Hill on +61 (0) 2 9227 0227 or Bronwyn.Hill@asx.com.au.

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