

Enhancements to the SFE Block Trade Facility

On Friday, 30 August 2002 a series of enhancements to SFE's Block Trade Facility (BTF) will become effective, subject to regulatory disallowance.

The BTF is an 'off-market' trading mechanism available for selected SFE products. It offers much of the flexibility and certainty of an over-the-counter (OTC) market, plus the counterparty guarantee and integrity of an exchange market.

The BTF enables professional market users to arrange and transact orders of significant size, tailored to their individual needs and thereby minimises price impact and time delays that may occur when transacting orders of large size in the central market.

With the enhanced BTF, the following will apply:

SFE Products where BTF available	Minimum threshold (applies to each leg of the trade)
SPI 200™ Equity Index Futures (spot month only)	300 lots
Australian Dollar Futures (spot month only)	30 lots
d-cypha SFE Australian Electricity Futures (all contract months)	50 lots

- **Increased price flexibility** – Block Trades may be transacted at any price agreed between counterparties¹. Block Trades may therefore legitimately occur at prices different to the prevailing price of a contract in SYCOM® at the time the Block Trade is arranged. Volume-Weighted-Average-Price (VWAP) trading will therefore be permitted via the BTF.
- **Extended disclosure period** – All Block Trades validated by SFE will be disclosed to the market from 9:30am on the following business morning. This includes Block Trades executed during the night session (5:10pm-7:00am²). This provision will enable clients executing Block Trades to unwind their risk prior to the market reacting to the large trade.
- **Extended trading hours** – Block Trades may be transacted up to ten minutes after the SYCOM® market is closed³. This is a practical consideration to allow Block Trades to occur that are conditional upon a closing futures price; for example, a market-on-close order.
- **Use of the BTF for roll business** – To continue to support the liquid quarterly roll market on SYCOM®, use of the BTF to execute roll business in whatever form, be it partially or wholly, will be specifically prohibited.

All other BTF business rules will remain unchanged.

FURTHER INFORMATION

Australia and Asia	Equity Products – Martyn Wild, Australia	+612 9256 0178
	Interest Rate Products – Maurice Farhart, Australia	+612 9256 0183
New Zealand	Equity and Interest Rate Products – Greg Boland, New Zealand	+64 9 475 5194
USA and Europe	Equity and Interest Rate Products – George Maganas, USA	+312 493 3363
d-cyphaTrade	Electricity Products – Catherine Sutin, Australia	+612 8259 8382

Alternatively, please refer to SFE Bulletin 82/02 or visit www.sfe.com.au and select SFE Trading, then select the relevant Product page.

ABOUT SFE

SFE Corporation Limited (SFE) and its subsidiary companies, Sydney Futures Exchange, New Zealand Futures and Options Exchange, SFE Clearing Corporation and Austraclear, provide exchange-traded and over-the-counter (OTC) financial services for institutions globally. During 2001, a turnover of nearly 37 million futures and options contracts was achieved, positioning SFE as a significant derivatives exchange in the Asian region. SFE is a public company that listed on the Australian Stock Exchange (ASX) in April 2002.



1 SFE reserves the right to not approve a proposed Block Trade if the proposed price of the Block Trade varies significantly, as assessed by the Exchange, from the price at which trades are being effected on SYCOM® at the time that the record details are lodged. As to how the Exchange interprets what is a 'significant' variation, written procedures/guidance will be available before the amended Block Trade rules come into operation.

2 8am outside US daylight saving time

3 Market close refers to that of the individual product

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