

CIRCULAR TO: **FULL MEMBERS**
CLEARING MEMBERS

No. 111/00

ENSURING ACCURATE OPEN POSITIONS,
REPORTED POSITIONS AND REPORTABLE POSITIONS

It has come to the attention of Surveillance staff that several Members are supplying Reportable Positions or Reported Positions (also known as Reported Longs) to the Exchange and/or the Clearing House, that are not accurate or complete. It is also apparent that in a number of cases Members records do not reflect the Open Positions that the Clearing House is carrying in the Member's name.

There are three main reasons why it is important to supply accurate and complete information to the Exchange and the Clearing House:

1. Reportable Positions allow the Surveillance Department to maintain a program for ensuring Exchange markets are conducted in a fair and orderly manner.
2. If a Member does not reconcile its Reported Positions to the Clearing House Open Positions, this will lead to a large number of back-to-back positions being held in the Member's name. These back-to-back positions result in an Open Interest figure that is artificially inflated and not reflective of the true market size for a particular contract.
3. If a Member is required to transfer their positions to another Member (due to merger or default) the process would be complicated by the fact that the Open positions held by the Clearing House in the Member's name, would not reconcile to the Member's own internal records.

Members therefore must ensure that Reportable Positions and Reported Positions (i.e. Reported Longs) reconcile to the Open Positions held in the Member's name at the Clearing House.

Note that where a Member fails to provide accurate and complete information to the Exchange in accordance with its obligations pursuant to General By-Laws 16 and 17, then the Member may be found in breach of Articles 3.6(2)(h) (*false or misleading information*) and 3.6(3)(u) (*comply with Reportable Position By-Laws*).

Should Members have any questions regarding the above please contact the undersigned on (02) 9256-0414 or by email at awoodlock@sfe.com.au.

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SENIOR SURVEILLANCE ANALYST

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