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**Effective Date:** **Items 1, 2.2, 2.4, 3 and 4 – 21 January 2002**  
**Item 2.1 – All SPI 200 contracts commencing with March 2002**  
**Item 2.3 – All SPI 200 contracts commencing with June 2003**

**AMENDMENTS TO THE BUSINESS RULES OF SYDNEY FUTURES EXCHANGE LIMITED (THE EXCHANGE) AND SFE CORPORATION LIMITED (SFE CORPORATION).**

The following amendments have been made to the Business Rules of Sydney Futures Exchange Limited and of SFE Corporation Limited.

- 1.1 Amendments to the Constitution, By-Laws and Trading Rules of both companies provide that references to 'employee', 'member of staff', 'officer', 'official' and the like of the Exchange includes employee, member of staff, officer or official of the parent company, SFE Corporation. The purpose of the changes is to reflect the fact that all employees of the SFE Group are, technically, employed by SFE Corporation

The following definitions have been added to Article 1.1, General By-Law 1.1 and Trading Rule 1.1:

*'employee', 'member of staff', 'officer', 'official' and like words, of the Exchange*

*means 'employee, 'member of staff', 'officer', 'official' and like words of SFE Corporation Limited or any of its related bodies corporate*

*Related Body Corporate*

*has the same meaning as in the Corporations Act 2001 (Cwth)*

- 1.2. A new Article 11.39 has been added to the Exchange's Constitution to reflect Section 187 and to read 11.39 *The directors are authorised to act in the best interests of the company's holding company.*
2. Amendments to the General By-Laws and SPI 200 Market By-Laws of the Exchange provide for a new settlement methodology for the SPI 200 contract, as set out in Annexure A commencing on page 4.
- 2.1 Details of these arrangements were advised to the market in SFE Bulletin 115/01 which was published on 19 November 2001. Briefly, the amendments provide that, with effect from the March 2002 expiry, the settlement price is to be calculated in accordance with a special opening quotation mechanism whereby the cash settlement price of expiring contracts will be the value of the S&P/ASX 200 Index calculated using the opening prices of component stocks on the last day of trading and that the expiring

contracts will cease trading at 12 midday. The December 2001 settlement price was calculated in accordance with this method, the Board having used its emergency powers to enable this to occur.

The amendments also:

- 2.2 provide for the notice period referred to in G.17 to be reduced to 30 days;
  - 2.3 define the last day of trading in the SPI® 200 contract as the third Thursday, as opposed to the last Business Day, of the cash settlement month from June 2003; and
  - 2.4 revoke SPI®.200.15-200.18, which provided a mechanism for the conversion of Share Price Index Contracts to SPI® 200 contracts.
3. Amendments to the General By-Laws and Trading Rules of both companies relate to standards of behaviour when trading, and to disciplinary matters (details are set out in Annexure B, commencing on page 6).

These amendments more accurately reflect the functionality of SYCOM®, allow for appeals from decisions of the Trading Manager in relation to fines imposed for major disciplinary matters to the Market Practices Committee allow the Trading Manager to report a major offence to the Compliance and Surveillance Department for investigation; remove remaining references to the Screen Dealing Committee.

They have been made to rules which relate to:

- (i) Standards of behaviour and disciplinary matters  
Participants and Trading Permit Holders, in addition to SYCOM Traders, are to be responsible for the payment of all fines imposed;
  - the Trading Manager may impose fines up to \$500 for minor offences and \$3,000 for major offences or, where an offence could be designated as a major offence, refer it to the Compliance and Surveillance department for investigation;
  - where the Trading Manager imposes a fine for a major offence, the offender will have a right of appeal to the Market Practices Committee or Business Conduct Committee. Where an appeal is to be commenced the appellant must pay a \$1000 appeal fee (but this is refundable at the discretion of the BCC or MPC as the case may be); and
  - appeal provisions have been inserted into the SFE Market Practices Committee's powers.
- (ii) Input of bids and offers  
The amendments, to TR.11, remove the restriction that only SYCOM Traders can enter orders directly into SYCOM, so as to enable authorised customers to do so..
- (iii) Strip trading and option strategies  
These amendments, to TR.15, relate to on-market (or designated) and off-market strip trading and option strategies, and their respective Schedules (D and DA), have been separated to provide greater clarification. Also a new Schedule M has been created to record on-market strip trades.
- (iv) Custom market  
The amendments to custom market rules (TR.16) and Schedule F:
  - remove the functional details of SYCOM®;
  - allow for efficient use of the Custom Market such that ratio future strategy trading can be accommodated on SYCOM®; and
  - increase the flexibility of pricing of individual leg prices of strategy deals.
- (v) Cross trades  
References to 'Screen Dealing Committee' has been removed and replaced with 'Trading Manager'.
- (vi) Daily settlement price  
These amendments increase the consistency of settlement procedures between quarterly and serial options.

- 4 Amendments to the General By-Laws of both companies to ensure that margin calls are made as soon as possible (details are set out in Annexure C, commencing on page 20).

General By-Law G 22 now requires margin calls to be made as soon as possible after execution of clients' instructions. This is to provide clarity to recent changes made to the Business Rules which stipulate that margins must be satisfied by payment or cover within twenty-four (24) hours for domestic clients, and forty-eight (48) hours for overseas clients, of the request or Call being made.

Should you have any queries please contact the undersigned on 9256-0560 or [bjones@sfe.com.au](mailto:bjones@sfe.com.au)



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## AMENDMENTS RELATING TO THE SPI 200 SHARE PRICE INDEX CONTRACT

1. Amend G.17.1 as follows:

### G.17 NOTICE OF BUSINESS RULES

G.17.1 Subject to the provisions of General By-Law G.15 and unless otherwise provided in the Constitution or By-Laws any By-Law variation or rescission which affects either liability under a contract where such liability is under the control of the Exchange or the contract size or amount or the tolerance limits above or below the contract size or amount or the type or quality of the commodity to be delivered pursuant to this contract shall, if approved, only be and become operative in respect of contracts which are in existence on or after the expiration of ~~three (3) months~~ thirty (30) days from the date of such approval.

2. Amend the SPI 200 By-Laws as follows:

### MARKET BY-LAWS FOR THE SPI 200 INDEX CONTRACT

- SPI 200.2(a) The value or worth of a contract at the time of making that contract (hereinafter referred to as "the contract value") shall be the price agreed to by the parties at that time and multiplied by twenty-five and expressed as Australian dollars.
- (b) The value or worth of a contract on the cash settlement day thereunder (hereinafter referred to as "the cash settlement value") shall be the numerical value of the underlying index quoted by the Clearing House for that cash settlement day (to one decimal place) multiplied by twenty-five and expressed as Australian dollars.
- (c) For each cash settlement day the Clearing House shall declare the numerical value of the underlying index, which shall be the Cash Settlement Price, ~~by 12.00 noon on the Business Day following the last day of trading. Such value shall be an arithmetic average calculated to one decimal place. The arithmetic average shall be calculated as the sum of prices taken at specified intervals during the specified period on the last day of trading, divided by the number of prices taken. For the purposes of calculating the arithmetic average:~~
- ~~(i) the prices are taken from the underlying index which is the "S&P/ASX 200 Index", a trademark of Standard & Poor's, used under license by the Exchange,~~
  - ~~(ii) the number of prices taken shall be at least sixty (60), as determined by the Board or Chief Executive,~~
  - ~~(iii) the intervals shall be every thirty (30) seconds, or such other intervals, as determined by the Board or Chief Executive, and~~
  - ~~(iv) without prejudice to General By Law G.33 the Exchange will give thirty (30) days notice to the Market of any change to the specified period, the number of prices to be sampled, and the duration of the intervals, as determined by the Board or the Chief Executive.~~

Such value shall be the same as the special opening quotation of the S&P/ASX 200 Index, (a trademark of Standard & Poors, used under license by the Exchange). The special opening quotation will be based on the first traded price of each component stock in the S&P/ASX 200 Index, determined on the last day of trading in the contract month and shall be calculated to one decimal place.

Should any S&P/ASX Index component stock not have traded on the last trading day, the previous traded price of that component stock will be used to determine the special opening quotation.

For this purpose the special opening quotation on the last day of trading shall be the official quotation provided by S&P by notice In Writing to the Exchange (with, unless otherwise agreed by all parties, a copy of the notice being forwarded to the Clearing House) by 12.00 noon on the Business Day following the last day of trading.

Without prejudice to General By-Law G.33 the Exchange and the Clearing House shall be entitled to regard the figure so provided as being conclusive evidence of the official quotation. In the event of S&P failing to provide such quotation or providing a quotation that is numerically

inaccurate no party shall make any claim whatsoever against S&P, the Clearing House or the Exchange, and the provisions of SPI 200.9 and SPI 200.13 shall apply. For the purposes of this paragraph (c), S&P means Standard & Poors Australia Pty Limited or its duly authorised agent.

- (d) ~~The Exchange may make arrangements for another person to calculate the arithmetic average. In the event of that other person failing to provide a calculation or providing a calculation that is numerically inaccurate no party shall make any claim whatsoever against that other person, the Clearing House or the Exchange, and the provisions of SPI 200.9 and SPI 200.13 shall apply.~~
- (e)(d) Subject to the operation of General By-Law G.33, the numerical value of the underlying index as declared by the Clearing House on the Business Day following the last day of trading or as otherwise declared pursuant to SPI 200.9, shall be accepted as final.

#### Cash Settlement Months

SPI 200.6 Trading shall be conducted for cash settlement in any eighteen (18) month period as set out in the attached schedule and the term "cash settlement month" shall refer to the calendar month ~~immediately preceding the month in which cash settlement is to take place or takes place.~~ in which the last day of trading occurs.

#### ~~Final~~ Last Day of Trading

SPI 200.8 (a) The last permitted day for trading in a cash settlement months up to and including March 2003 shall be the last Business Day of the cash settlement month or such other day as the Board or Chief Executive may determine prior to the listing of that cash settlement month,

(b) ~~The last permitted day for trading in cash settlement months after March 2003 shall be the third Thursday of the cash settlement month or such other day as the Board or Chief Executive may determine prior to the listing of that cash settlement month.~~

#### ~~Voluntary Conversion Scheme (Added 6/00)~~

~~SPI 200.15 The Board may determine a voluntary conversion scheme consistent with these By Laws and those of the Share Price Index Contract By Laws to enable the holder of an existing Open Position in the Share Price Index Contract in months as determined by the Board to convert them it to an Open Position in the SPI 200 Index Contract of the same month.~~

~~SPI 200.16 Each position nominated by a Participant in the Share Price Index Contract will, subject to the procedures referred to in SPI 200.18, be converted to one position in the SPI 200 Index Contract.~~

~~SPI 200.17 Where conversion occurs from the a Share Price Index Contract Open Position to a SPI 200 Index Contract Open Position as referred to in By Laws SPI 200.15 and SPI.15, and pursuant to Clearing By Law 39A, such conversion shall apply to each Open Position held on a Member's own account and those held on behalf of its Clients. A Client's rights and obligations with respect to an Open Position held on its behalf by a Participant shall be deemed to be varied in the same manner as provided for in Clearing By Law 39A with respect to an Open Position held with the Clearing House.~~

~~SPI 200.18 The Exchange may issue procedures to give effect to By Law SPI 200.16 and Participants shall comply with such procedures with respect to each Share Price Index Contract nominated by a Participant to be converted to a SPI 200 Index Contract.~~

## AMENDMENTS TO THE GENERAL BY-LAWS AND TRADING RULES RELATING TO STANDARDS OF BEHAVIOUR WHEN TRADING AND DISCIPLINARY MATTERS

(i) Amend G.10.2 and 10.4 and TR. 8 to read as follows:

### MARKET PRACTICES COMMITTEE

#### **Powers and Functions**

G.10.2 The MPC shall have the following powers and functions:

- (a) To act in the stead of the BCC in relation to matters relating to Market practices concerning trading and in particular matters relating to the solicitation, transmission, execution, and allocation of trades except where the BCC decides to act itself in respect of such matters, and without limiting the BCC's right to do so.
- (b) Either before or after consideration by the MPC to direct that any matter be referred to the BCC or the Board for its consideration where the MPC believes that the matter is one which would more appropriately be dealt with by the BCC, or the Board as the case may be.
- (c) The MPC shall not be required to make any finding but may do so, in relation to any matter, prior to directing that the matter be referred to the Board or BCC for its consideration. The Board or MPC shall not be bound by any such finding (if made).
- (d) To consider matters referred to it by the ~~Screen Dealing Committee~~ Trading Manager, Exchange Officials, and the Compliance and Surveillance Division, or otherwise in accordance with the Business Rules.
- (e) To hear appeals under Trading Rule 8.6

#### **Appeals**

G.10.4

Where the Trading Manager imposes a fine pursuant to Trading Rule 8.6 on a SYCOM® Trader and/or Participant, the SYCOM® Trader and/or Participant may within ten (10) Business Days of notification of the decision appeal the finding and/or penalty to the MPC.

Where the MPC hears an appeal under Trading Rules 8.6 the MPC may, after considering the appeal:

- (i) confirm the finding and/or penalty; or
- (ii) cancel or vary the finding and/or penalty

An appellant shall be entitled to make written submissions to the MPC, which shall be provided by a date notified by the Secretary.

TR.8

### **STANDARDS OF BEHAVIOUR AND DISCIPLINARY MATTERS**

TR.8.1

The Trading Manager shall be empowered to impose a penalty of up to ~~two~~ five hundred dollars (\$~~200~~ 500) for each minor offence set out in TR.8.15 on SYCOM® Traders and/ or Participants where in the opinion of the Trading Manager or Exchange Official such a violation has taken place. No appeal shall lie with respect to a decision to impose a penalty under this TR.8.1.

TR.8.2

~~The Trading Manager shall be empowered to impose a penalty of up to four hundred dollars (\$400) for a second breach by a SYCOM® Trader of the minor offence provisions as set out in TR.8.15 where the second breach occurred within twelve (12) months of the first minor offence. No appeal shall lie with respect to a decision to impose a penalty under this TR.8.2.~~

TR.8.3

The Trading Manager shall be entitled to deny access to SYCOM® to a SYCOM® Trader and/or a Participant for the current SYCOM® Trading Date where the Trading Manager reasonably believes that the SYCOM® Trader and/or the Participant, ~~as the case may be,~~ is not capable of trading in a fair and orderly manner. No appeal shall lie from a decision of the Trading Manager to deny access under this TR.8.3.

TR.8.4

Deleted

TR.8.5 ~~The Trading Manager may in the case of third and subsequent minor offences impose a fine on a SYCOM® Trader not exceeding one thousand dollars (\$1,000) or report the matter to the Market Practices Committee or the Business Conduct Committee. No appeal shall lie from a decision of the Trading Manager, with respect to a decision to impose a penalty under this TR.8.5.~~

TR.8.6 The Trading Manager may with respect to a major offence as set out in TR.8.16 impose a fine of up to ~~one~~ three thousand dollars (~~\$1,000~~ \$3,000) on a SYCOM® Trader and/or a Participant or report the matter to the Compliance and Surveillance Division ~~the Market Practices Committee or Business Conduct Committee, or where it considers the matter sufficiently serious, report the matter directly to the Board. No~~ An appeal shall lie from a decision of the Trading Manager, with respect to a decision to impose a ~~penalty~~ fine under TR.8.6. Such appeal shall be heard by the Market Practices Committee or Business Conduct Committee as determined by the Exchange.

A party, upon lodging an appeal, shall pay a fee of one thousand dollars (\$1,000) and shall undertake In Writing to reimburse the Exchange upon demand for all legal and other costs incurred by the Exchange in determining the appeal. The fee may be refundable at the discretion of the Market Practices Committee or Business Conduct Committee.

The table set out below is intended to summarise the provisions in TR.8.1 to TR.8.6. It does not replace or modify or affect interpretation of these provisions.

Offence	Fine or Other Sanction in Respect of Minor and Major Offences
Minor	
<del>1<sup>st</sup></del> Offence	Up to \$200 <u>500</u> imposed by Trading Manager.
<del>2<sup>nd</sup></del> Offence	Up to \$400 <del>imposed by Trading Manager</del>
<del>3<sup>rd</sup> and Subsequent</del> Offence	Up to \$1,000 <del>imposed by Trading Manager or referral to Market Practices Committee or Business Conduct Committee.</del>
Major	Trading Manager may impose fine of up to <del>\$1,000</del> <u>\$3,000</u> or make a referral to <del>Market Practices Committee or the Business Conduct Committee or Board.</del> <u>the Compliance and Surveillance Division, Appeal to Market Practices Committee or Business Conduct Committee available against fine imposed by Trading Manager. Appeal fee of \$1,000 payable.</u>

TR.8.7 ~~Where a matter is reported to the Market Practices Committee or Business Conduct Committee pursuant to TR.8.5 or TR.8.6, the report may make recommendations that disciplinary action be taken against a SYCOM® Trader or Participant. Before a report is made the person(s) or Participant involved shall be entitled to appear before the Trading Manager to state their case.~~

~~Where a matter is reported to the Market Practices Committee or Business Conduct Committee, the relevant Committee may consider the matter as a part of its normal business, or it may convene a special meeting. The Trading Manager may (and shall if so required by the relevant Committee) attend the meeting of the Business Conduct Committee or Market Practices Committee at which the Trading Manager's report is considered, to state the reasons for the Trading Manager's recommendations regarding disciplinary action. The person to whom the report relates and, where applicable, the Participant, shall be entitled to appear before the relevant Committee to state their case.~~

TR.8.8 ~~Where a matter is reported to the Market Practices Committee or Business Conduct Committee~~ Compliance and Surveillance Division pursuant to ~~TR.8.5 or~~ TR.8.6, the relevant Committee will consider the matter subject to General By-Laws ~~G.9, G.10 and~~ G.11.

TR.8.9 ~~Where a matter has been reported to the Board pursuant to TR.8.6 or referred to the Board by the Market Practices Committee or Business Conduct Committee or in any other manner and the Board is satisfied that a SYCOM® Trader or Participant has been guilty of misconduct or a breach of the Business Rules, then the matter shall be considered pursuant to General By Law G.11.~~

- TR.8.10. ~~Notwithstanding TR.8.9,~~ The Board may consider any matters reported to the Board by the Trading Manager, Compliance and Surveillance Division, the Business Conduct Committee, the Market Practices Committee or in any other manner, as part of its normal business, or it may convene a special meeting.
- TR.8.11 (i) Fines and/or appeal costs made subject to this TR.8 are a debt to the Exchange due and payable by the Participant or SYCOM® Trader on whom it is imposed, ~~or by whom it is payable,~~ and shall be paid ~~as the case may be, by the SYCOM® Trader or Participant~~ within ten (10) Business Days of ~~them being the SYCOM Trader and/or Participant having been~~ notified of the decision.
- (ii) Fines imposed on a SYCOM® Trader shall be payable by the SYCOM® Trader. If the SYCOM® Trader does not pay the fine by the due date, the Participant of which the SYCOM® Trader is an Officer or Representative shall be liable for the payment of the fine on behalf of the SYCOM® Trader.
- (iii) Failure by a SYCOM® Trader and/or Participant to pay a fine and/or appeal costs by the due date ~~shall~~ may result in immediate suspension, without reference to the Board, the Business Conduct Committee or the Market Practices Committee, of both the SYCOM® Trader's registration as a SYCOM® Trader and/or his/her Participant's right to trade on SYCOM® until payment of the fine and/or appeal costs has been received by the Exchange.
- TR.8.12 Where a penalty or other sanction has been imposed under this TR.8, the Board, the Business Conduct Committee, the Market Practices Committee, the Chief Executive or Trading Manager (whichever is appropriate) shall cause a notice to be Published.
- TR.8.13 Nothing in TR.8 shall derogate from any other rights which the Board, a Committee or Exchange Official may have under the Business Rules.
- TR.8.14 (a) SYCOM® Traders and Participants shall behave in accordance with the provisions of these Trading Rules and in a professional and courteous manner towards other SYCOM® Traders, Participants and their Officers and Representatives and Exchange staff. Persons who fail so to behave may be fined, have their trading entitlement suspended and referred to the Trading Manager the Compliance and Surveillance Division, the Market Practices Committee, the Business Conduct Committee or the Board, in accordance with TR.8.
- (b) Discriminatory or harassing behaviour represents a failure to behave in a professional and courteous manner and shall be dealt with in accordance with TR.8. As a guide to what represents discrimination or harassment, the Board may issue an Exchange Anti-Discrimination Policy from time to time, as detailed in Schedule B.

When certain behaviour and conduct could fall within more than one category of offence then the Exchange Official or Committee empowered to impose penalties pursuant to this TR.8, shall have discretion to determine the application of the appropriate category.

Participants, SYCOM® Traders and other persons may be found guilty of:

- Minor offences pursuant to TR.8.15; or
- Major offences pursuant to TR.8.16.

- TR.8.15 SYCOM® Traders, Participants and other persons who commit minor violations of the Trading Rule procedures or who conduct themselves in a manner likely to cause disorder or damage to Exchange equipment or who conduct themselves in an unprofessional manner shall be guilty of a minor offence and liable to be sanctioned under this TR.8.15.

Minor offences include but are not limited to:

- (a) failure to maintain adequate standards of equipment maintenance;
- (b) frequent entry and cancellation of bids and/or offers in an attempt to confuse the Market;
- (c) failure to comply with requirements in TR.24;
- (d) making a trade in error that leads to a cancellation;
- (e) failure to comply with requirements in TR.15.7 and/or TR.15.10;
- (f) failure to comply with requirements in TR.16;

- (g) failure to notify the Exchange before the commencement of the next SYCOM® Trading Date that a SYCOM® Trader is no longer authorised to act as a SYCOM® Trader, whether by reason of termination of employment or otherwise;
- (h) failure to behave in a courteous and professional manner to other Participants and their employees and Representatives and Exchange staff;
- (i) discriminatory or harassing behaviour to which TR.8.16 does not apply;
- (j) failure to comply with requirements in TR.25.4; and
- (k) any other failure to comply with the Trading Rules for which provision is not made in TR.8.

TR.8.16

**SYCOM® Traders, Participants** and other persons who abuse their trading rights, who conduct themselves in a manner which interferes or is likely to interfere with trading activity or who commit major violations of the Trading Rules, including SYCOM® Trading Procedures or whose conduct may bring the Exchange or its Participants into disrepute shall be guilty of a major offence and liable to be sanctioned under this TR.8.16.

Major offences include but are not limited to:

- (a) release of passwords by a SYCOM® Trader to any other person, except as provided for in TR.4.9;
- (b) allowing any unauthorised party access to SYCOM® or a SYCOM® Trader allowing any other person access to SYCOM® by logging on under his or her password;
- (c) using a computer driven system other than in accordance with Part C of these Trading Rules to allow a Client electronic access to SYCOM®;
- (d) unauthorised purging or attempting to purge records which reside in SYCOM®;
- (e) in any way breaching or attempting to breach the security of SYCOM® Data or programs or altering or attempting to alter SYCOM® Data or programs or distributing or attempting to distribute SYCOM® Data in an unauthorised manner;
- (f) any act which could cause disruption to fair and orderly trading on SYCOM®;
- (g) allowing unauthorised persons access to SYCOM® Data displayed on SYCOM® Workstations, printers or other device;
- (h) allowing or assisting any person to do one or more of those things mentioned in TR.8.16(d), TR.8.16(e) and TR.8.16(f) above;
- (i) failure to comply with requirements in TR.18;
- (j) failure to lock the SYCOM® Workstation keyboard when the SYCOM® Workstation is unattended;
- (k) failure to respond to reasonable requests for information from either the Contract Committee or an Exchange Official;
- (l) failure to comply with the requirements in TR.19;
- (m) failure to comply with the requirements in TR.17;
- (n) behaviour which an Exchange Official or Committee empowered to impose penalties pursuant to these Trading Rules determines in accordance with the procedures in the Exchange's Anti-Discrimination Policy in Schedule B to be in serious breach of that Policy; and
- (o) failure to comply with the requirements in TR.22.3.

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(ii) Delete TR.11.2:

TR.11 **INPUT OF BIDS AND OFFERS**

TR.11.2 ~~Bids and offers must only be entered directly into SYCOM® by SYCOM® Traders and must be entered upon receipt, in sequence and pursuant to client instructions. SYCOM® Traders may enter bids and offers into the SYCOM® Book and may amend, modify or cancel such orders.~~

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Amend TR.15, add a new TR 15A, amend Schedules D, E (name of heading) and DA and add a new Schedule M to read as follows:

TR.15 **OFF-MARKET STRIP TRADING AND OFF MARKET OPTION STRATEGIES**

TR.15.1 For the purpose of this TR.15:

- (a) an off-market (Schedule D) Strip Trade means a trade where seven (7) or more consecutive traded months of a Futures Contract are bought or sold simultaneously, with the same volume for each of those traded months and the trade is unable to be executed on a designated SYCOM market (as the trade does not commence with the spot contract) or via the Custom Market; and

TR.15.2 (i) An off-market Strip Trade or Option Strategy, as defined in TR.15.1, must be executed in a manner determined by the ~~Screen Dealing Committee,~~ Trading Manager or Board in accordance with this TR.15 ~~and as applicable either~~ and the off-market Strip Trade and Option Strategy SYCOM® Trading Procedures as set out in Schedule D ~~or the Strip Trading Procedures as set out in Schedule DA.~~

TR.15.3 Upon receipt of an expression of interest in an off-market Strip Trade or Option Strategy, the Participant or SYCOM® Trader must make an enquiry pursuant to TR.10.2(i) or (ii).

- TR.15.5 (i) Upon receipt of an order in an off-market Strip Trade or Option Strategy to be executed pursuant to TR.15 and Schedule D, the Participant or SYCOM® Trader must transmit the order immediately to SYCOM® via the message function, stating the average price or Net Premium of the trade and the number of lots to be traded for each contract month.
- ~~(ii) Upon receipt of an order for a Strip Trade to be executed pursuant to Schedule DA, the SYCOM® Trader or Participant must transmit the order via order entry into the defined SYCOM® market window.~~

TR.15.6 Where an off-market Strip Trade or Option Strategy is entered pursuant to Schedule D, then, upon release of the order to the market by SYCOM®, Participants have a period of five (5) minutes to attempt to obtain counterparties. Should a Participant receive an opposite order in the off-market Strip Trade or Option Strategy, it must transmit the order to SYCOM® via the message function. After the five (5) minute period has elapsed, ~~SYCOM® the Exchange~~ will match the orders on a first in first out basis, however, the originating Participant is guaranteed to cross 50% of the original order volume. Should there be any volume remaining of the originating order, the originating Participant may cross this remaining volume, otherwise, the originating order shall lapse.

- TR.15.7 (i) Where an off-market Strip Trade or Option Strategy has traded pursuant to Schedule D, and once orders are matched, ~~SYCOM® the Exchange~~ will inform the ~~originating selling~~ Participant of its counterparties. The ~~selling~~ Participant must within ~~five ten (5 10)~~ minutes of receiving the identities of counterparties from ~~SYCOM® the Exchange,~~ confirm with each of its counterparties the basis of each contract month for the off-market Strip Trade or Option Strategy and obtain authorisation of such confirmations by an Exchange Official, otherwise the matter will be referred to the Trading Manager. (
- ~~(ii) Where a Strip has traded pursuant to Schedule DA, the seller and buyer shall complete a Strip Trade and Option Strategy Trade Record pursuant to TR.15.8. The Strip Trade and Option Strategy Trade Record must be transmitted to the Exchange within five (5) minutes after the Strip Trade has been confirmed so that the Exchange can present the trades to the Clearing House for registration. (Amended 10/11/99)~~
- ~~(ii)(iii)~~ Where an off-market Strip Trade or Option Strategy Trade Record is not received by the Exchange within the time required in TR.15.7(i) and (ii), or the parties to the off-market Strip Trade or Option Strategy cannot agree the prices to be inserted on the off-market Strip Trade or Option Strategy Record, the Exchange shall allocate the indicative prices generated by the Exchange as the individual prices to the legs of the off-market Strip Trade or Option Strategy. The trade shall be deemed to be confirmed by the parties and recorded by the Exchange as being executed by SYCOM®.

TR.15.8 A record providing details of the off-market Strip Trade or Option Strategy must be completed by the Seller and provided to the Buyer for verification containing the following information:

- (i) the average price of the off-market Strip Trade or Net Premium of the Option Strategy;

- (ii) which Participant bought and sold;
- (iii) the number of lots traded; and
- (iv) the basis for each contract month.

The form of the off-market Strip Trade or Option Strategy record to be provided to the Exchange is attached at Schedule E

- TR.15.9 Any off-market Strip Trade or Option Strategy which is not executed in accordance with this TR.15 and Schedule D shall be invalid. Each record for an off-market Strip Trade or Option Strategy must be provided to the Exchange in writing for verification. Full details shall be recorded by the Exchange and the record shall be retained by the Exchange and full details of the off-market Strip Trade or Option Strategy shall be provided on SYCOM®.
- TR.15.10 Participants and their SYCOM® Traders are responsible for ensuring that records for off-market Strip Trades or Option Strategies are lodged with the Exchange within ~~five-ten (510)~~ minutes of the trade being executed.
- TR.15.12 Each individual leg of an off-market Strip Trade or Option Strategy must be allocated to the same account.

**SCHEDULE D**  
**OFF MARKET STRIP TRADE AND OPTION STRATEGY SYCOM® TRADING PROCEDURES**

Off-market Strip Trades, consisting of seven (7) or more consecutive traded months of a Futures Contract which are bought or sold simultaneously with the same volume for each of those traded months, which cannot otherwise be executed pursuant to Schedule DA, and Option Strategies consisting of seven (7) or more legs of a combination of any Futures or Options Contracts and all other orders which have no resemblance to order functionality which already may be executed in accordance with the procedures outlined below:

- 1 A SYCOM® Trader or Participant wishing to transmit an order to SYCOM® must do the following:
  - (a) state the average price of the off-market Strip Trade and the volume to be traded for each contract month; or
  - (b) state the Net Premium of an off-market Option Strategy, and the volume to be traded for each Option Contract and this should be sent to ~~SFE SYCOM Control Centre~~ the Exchange via the message function.
- 2 The terminology used on the quote facility for an off-market Strip Trade should be as follows:
 

“*Sell/Buy CCMY – CCMY x lots @ average price*”

Option Strategy:  
 “*Sell/Buy CCMYXXXXXP/C, Sell/Buy CCMYXXXXXP/C, Sell/Buy CCMYXXXXXP/C, Sell/Buy CCMYXXXXXP/C, Sell/Buy CCMYXXXXXP/C @ a/b/c/d/e ratio for x lots @ net premium*”

Exchange officials will then “broadcast to the market” the Strip Trade or Option Strategy order. The order will be allocated a number for that SYCOM® Trading Date.

Example of off-market Strip Trade order message sent by SYCOM®:  
 “*MNM Sell/Buy CCMY – CCMY x lots @ average price (Strip/Option #1)*”

SYCOM® Traders interested in taking the other side of the off-market Strip Trade or Option Strategy shall notify the exchange via the “message” function.

Example of off-market Strip Trade order message sent by SYCOM® Trader:  
 “*Buy/Sell x lots of Strip/Option #(order No.)*”
- 3 After the 5 minute period has elapsed per TR.15.6 an Exchange Official shall allocate any volume on a First In First Out (FIFO) basis, however the originating Participant is guaranteed of crossing 50% of the original order volume. Messages are time stamped at the trading engine and this time will determine the FIFO allocation. Partial trades will also be allocated. Therefore SYCOM® Traders and Participants should take note that they may receive a partial fill on their order message.
- If there are no interested parties or not all of the available volume is traded then the SYCOM® Trader or Participant initiating an off-market Strip Trade or Option Strategy may cross any remaining volume. Should there be volume remaining of the originating order, and there are no interested counterparties, the originating order will lapse.
- 4 The basis (ie the underlying contract price) of each contract month for the traded off-market Strip Trade or Option Strategy will need to be confirmed between the counter parties.
- 5 The basis prices for all legs of an off-market Strip Trade or Option Strategy orders must be within the following price limits:
  - (a) The bid/offer of the appropriate contract.
  - (b) If only a bid or only an offer then the specified tick range as set out in Schedule J from the existing bid or offer (if the bid is below prior settlement then prior settlement may be used, if the offer is above prior settlement then prior settlement may be used).
  - (c) If no bid or offer exists, then the specified tick range as set out in Schedule J from the settlement price. In the case of an Option contract then the specified tick range as set out in Schedule J from the system generated indicative price.
- 6 An off-market Strip Trade or Option Strategy Trading Record must be completed by both parties and faxed to the ~~SFE SYCOM Control Centre~~ Exchange within ~~five ten (510)~~ minutes of notification by ~~SYCOM Trading Operations~~ of counterparties to a trade otherwise the matter will be referred to the ~~SYCOM~~ Trading Manager. Information on the Record shall include the average price/net premium of the trade, whether bought or sold, the number of lots, and the basis for each contract
- 7 An Exchange official will verify each Record for a trade. No trade shall be confirmed until verified by an Exchange official and authorised by the ~~SYCOM~~ Trading Manager. Full details shall be recorded by the SFE and the record will be retained by the Exchange.
- 8 An Exchange official will notify the market of a trade via the message function on SYCOM®. This notification shall confirm the trade.  
 The Exchange will pass on the trade details to ~~the~~ Clearing House and STACS.
- 9 SYCOM® Traders or Participants are responsible for ensuring that the trade is recorded by the Exchange.
- 10 Exchange Officials are under no obligation to accept off-market Strip Trade or Option Strategy Trading Records that cannot be readily and properly verified.

Change the heading in SCHEDULE E so that it reads:

**OFF-MARKET STRIP TRADE AND OPTION STRATEGY TRADE RECORD**

Add a new TR. 15A:

**TR 15 A ON MARKET STRIP TRADING (As it relates to Schedule DA)**

TR 15A.1 An on market strip trade refers to a trade where between 5 and 20 consecutive traded months of a Futures Contract, beginning with the spot contract, are bought and/or sold simultaneously with the same volume for each of those traded months via a dedicated market on the SYCOM facility.

TR 15A.2 An on-market strip trade must be executed in a manner determined by the Trading Manager in accordance with this TR 15A and the on-market Strip Trade trading procedures as set out in Schedule DA.

TR 15A.3 Upon receipt of an expression of interest in an on-market Strip Trade, the Participant or SYCOM Trader must make an enquiry pursuant to TR 10.2 (i) or (ii).

TR.15A.4 Once the expression of interest has been entered pursuant to TR.10.2(i) or (ii), the Participant or SYCOM® Trader may then make further enquiry amongst other market participants pursuant to TR.10.3.

TR.15A.5 Upon receipt of an order in an on-market Strip Trade to be executed pursuant to TR 15A and Schedule DA, the SYCOM® Trader or Participant must transmit the order via order entry into the defined SYCOM® market window.

TR.15A.6 (i) Where a Strip has traded pursuant to Schedule DA, the seller and buyer shall complete a Strip Trade record pursuant to TR.15A.7. The Strip Trade record must be transmitted to the Exchange within ten (10) minutes after the on-market Strip Trade has been confirmed so that the Exchange can present the trades to the Clearing House for registration.

(ii) Where a Strip Trade record is not received by the Exchange within the time required in TR.15A.6 or the parties to the on-market Strip Trade cannot agree the prices to be inserted on the on-market Strip Trade record, the Exchange shall allocate the indicative prices generated by the Exchange as the individual prices to the legs of the on-market Strip Trade. The trade shall be deemed to be confirmed by the parties and recorded by the Exchange as being executed by SYCOM®.

TR.15A.7 A record providing details of the on-market Strip Trade must be completed by the Seller and provided to the Buyer for verification containing the following information:

- (i) the average price of the Strip Trade;
- (ii) which Participant bought and sold;
- (iii) the number of lots traded; and
- (iv) the basis for each contract month.

The form of Strip Trade record to be provided to the Exchange is attached at Schedule M.

TR.15A.8 Any on-market Strip Trade which is not executed in accordance with this TR.15A shall be invalid. Each record for an on-market Strip Trade must be provided to the Exchange in writing for verification. Full details shall be recorded by the Exchange and the record shall be retained by the Exchange and full details of the on-market Strip Trade shall be provided on SYCOM®.

TR.15A.9 Participants and their SYCOM® Traders are responsible for ensuring that records for on-market Strip Trades are lodged with the Exchange within ten (10) minutes of the trade being executed.

TR.15A.10 Exchange Officials are under no obligation to accept record details in accordance with TR.15.8 where the information cannot be readily and properly verified.

TR.15A.11 Each individual leg of an on-market Strip Trade must be allocated to the same account.

**SCHEDULE DA**  
**ON-MARKET ~~DEFINED~~ STRIP MARKET SYCOM® TRADING PROCEDURES**

Strip markets that have their own defined market window in SYCOM® must be executed in accordance with the procedures outlined below:

- 1 The Exchange's standard for defining a Strip market will be that the last expiry month for that Strip market will denote the contract month to identify that Strip market in the defined market window in SYCOM®.

For example: if the H0 contract was the spot (1) contract then:

1-5 strip	1-9
1-6	1-10
1-7	1-11
1-8	1-12

- 2 Contracts listed in the defined market window in SYCOM® will be the 1-5 strip out to the 1-20 strip
- 3 Pricing convention in the defined market window in SYCOM® will be:

Differential = (IR strip price – YB price) + 1000

IR strip = 9400

YB price = 9450

ie trading 50 under, differential input into market for order entry = 950

- 4 Where an on-market Strip Trade is traded basis the Three Year Treasury Bond Contracts, the Three Year Treasury Bond Contract price allocated to the trade will be the last traded price in the Spot Three Year Treasury Bond Contract at the trade time of the Strip Trade. If the Three Year Treasury Bond Contracts have not traded, then the price allocated by the Exchange will be the Spot Three Year Treasury Bond Contract settlement price. (Amended 28/2/01)
- 5 Once the Strip Trade is executed, the seller shall complete and sign an on-market Strip Trade ~~and Option Strategy Trade Record~~ filling out the individual 90 Day Bank Accepted Bills of Exchange Contract leg prices. The seller shall then transmit the on-market Strip Trade ~~and Option Strategy Trade Record~~ to the buyer for verification and signing. The seller and the buyer shall arrange for the Strip Trade and Option Strategy Trade Record to be provided to the Exchange within the times provided for in Trading Rule TR.15A for presentation to the Clearing House for registration.
- 6 Prices for the first six (1-6) 90 Day Bank Accepted Bill contract months must be within the high/low for that SYCOM® Trading Date. From the seventh to twentieth (7-20) month, prices must be within the tick range as set out in Schedule J from the bid or offer for that particular contract month. Where there is no bid or offer, then the previous spread differential from the ~~spot~~ prior month must be used to determine the price.
- 7 If verification for an on-market Strip Trade is not received within the time limit detailed in Trading Rule TR.15A, or agreement to the prices cannot be reached between the seller and buyer, the individual prices allocated to the legs of the on-market Strip Trade shall be the indicative prices calculated by the Exchange.
- 8 The spot month of the 90 Day Bank Accepted Bill contract will always be the first month of any on-market Strip Trade executed through the ~~Defined~~ on-market Strip Market.
- 9 There is no time limit after the entry of a bid or an offer before entering a bid or offer in the same Strip contract at the same price, which is opposite in effect.
- 10 SYCOM® Traders and Participants are responsible for ensuring that the trade is recorded by the Exchange.
- 11 Exchange Officials are under no obligation to accept on-market Strip Trade ~~or Option Strategy Trading Records~~ that cannot be readily and properly verified.



(iv) Amend TR. 16.2(ii) and Schedule F to read as follows:

TR.16 **CUSTOM MARKET**

- TR.16.2
- (i) Subject to TR.16.2(ii) all orders traded on the Custom Market must be traded at the lowest common denominator, however the maximum volume that can be used in the volume ratio field is fifty lots.
  - (ii) Where the Custom Market Order is for ~~an option~~ strategy which includes two or more option legs or two or more futures legs in a ratio ~~and is basis futures~~, then the volume that can be used in the volume ratio field, in relation to the option leg or futures leg with the larger ratio denomination only, may exceed fifty lots.

**SCHEDULE F**  
**CUSTOM MARKET SYCOMÒ TRADING PROCEDURES**

The Custom Market allows Participants to create their own multi - legged strategies, consisting of up to six legs. This may consist of either Futures Contracts or Option Contracts or a combination of both. The Custom Market eliminates legging risk as the order is filled at a user defined ratio and at specific leg prices.

- 1 No Custom Market Order should have any resemblance to order functionality which may already exist in SYCOM®, for example futures spreads that are available on Spread Trading windows and any Inter-commodity markets listed on SYCOM®.
- 2 Prices for all legs of a Custom Market Order must be within the following price limits at the time of order entry:
  - (a) Within the specified tick range as set out in schedule J of the high/low of the Trading Date for the appropriate contract.
  - (b) If only a bid or only an offer then the specified tick range as set out in Schedule J from the existing bid or offer (if the bid is below prior settlement then prior settlement may be used, if the offer is above prior settlement then prior settlement may be used
  - (c) If no bid or offer exist, then the specified tick range as set out in Schedule J from the settlement price. In the case of an Option Contract then within the specified tick range as set out in Schedule J from the system generated indicative price.
  - (d) For Futures/Options orders, deltas must be within the range as set out in Schedule J.
  - (e) If a bid and offer exist then the specified tick range as set out in Schedule J from the existing bid or offer
- 3 All Custom Market Orders must be traded at the lowest common denominator. Orders not created in the lowest common denominator will be automatically rejected and will not be transmitted to SYCOM®. Subject to TR 16.2(ii) the maximum volume that can be used in the volume ratio field is fifty lots.  
for example, trading an IR straddle:  
+ 100 IRZ9 95000P @ price  
+ 100 IRZ9 95000C @ price  
In the Custom Market for the above example, the Custom Market Order should be entered with 100 lots in the volume field and the ratio field should be 1 - 1 for the two legs.  
However in relation to an option ratio strategy or a futures ratio strategy the volume entered into the volume ratio field may exceed 50 lots for the leg representing the larger ratio denomination only; the volume entered into the volume ratio field for the leg with the least volume must remain at 50 lots or less.
- 4 Simultaneous futures/options transactions may be placed for execution within the Custom Market.
- 5 *When a Custom Market Order is matched, SYCOM® Traders and/or Participants will receive confirmations for each leg of the Custom Market Order at the under defined ratio.*
- 6 If there has been no market for a particular strategy in the Custom Market during the current trade date a SYCOM trader or Participant must ask for a market via the message facility broadcast to “all users” before inputting the order.
- 7 Should a SYCOM® Trader or Participant wish to enter an order with a different basis or delta to a strategy already in the Custom Market, it must be treated as a new strategy, and therefore the SYCOM® Trader or Participant must broadcast a message to all users, via the message facility, advising of the exact changes prior to inputting the order.
- 8 Where there is an existing Custom Market Order bid and/or offer, a SYCOM® Trader or Participant may not in relation to that order, enter a subsequent order(s) utilising different leg prices which achieves the same net price as the existing bid or offer in the Custom Market. Orders that are subsequently entered and trades resulting from such order(s) shall be cancelled by the Exchange.
- 9 Where a bid and offer has been established in the Custom Market, a trade may only be executed between that bid and offer. In the event of only a bid or only an offer, a trade may not be executed where it is lower than the bid, or where it is higher than the offer. Orders that are subsequently entered and trades resulting from such orders shall be cancelled by the Exchange.

(v) Amend TR. 17.1(b) to read as follows:

TR.17 **CROSS TRADES**

- TR.17.1 (a) Subject to General By-Law G.26 and TR.17.1(b) below, SYCOM® Traders or Participants who have in hand at the same time both buying and selling orders from different accounts for the same contract and delivery month may enter such orders to execute a cross trade provided that all such orders are entered into SYCOM® in the strict order in which they are received.
- (b) The crossing of Markets which are prescribed by the Board in Schedule G will be effected through the SYCOM® crossing mechanism where, upon entry of both legs of the cross, half of the entered volume will be executed immediately (odd numbered volumes will be rounded down) with the remaining volume locked into the market for open trading for a period as specified in Schedule G or such other period as may be determined by ~~the Screen Dealing Committee~~ Trading Manager. At the expiry of the period such remaining volume as is possible will be automatically crossed, the remainder being available to the market.

(vi) Amend TR.21 to read as follows:

TR.21 **DAILY SETTLEMENT PRICE**

The following Daily Settlement Price procedures shall apply:

**Futures Daily Settlement Price Procedures**

- TR.21.1 (a) Immediately following the Close of a Market, an Interim Daily Settlement Price for each Futures Contract month shall be displayed on SYCOM®. Interim Daily Settlement Prices shall be calculated by the Exchange by using any one, or a combination, of the following methods: as follows:
- (i) where there is a final bid and a final ask, the mid-point between the final bid and final ask, rounded up shall be the Daily Settlement Price; or
  - (ii) where there is either a final bid or a final ask, and there is a last trade price, then the last trade price becomes the Daily Settlement Price, unless the last trade price is below the final bid or above the final ask, then the final bid or final ask shall be the Daily Settlement Price; or
  - (iii) where there is either a final bid or a final ask, and there is no last trade price, then the final bid or final ask shall be the Daily Settlement Price; or
  - (iv) where there are no final quotes, and there is a last trade price then the last trade price shall be the Daily Settlement Price; or
  - (v) where there are no final quotes and no last trade, then the previous day's Daily Settlement Price, adjusted to maintain the previous days differential to the spot or previous month, shall be the Daily Settlement Price; or
  - (vi) where there are no final quotes and no last trade in any month, then the previous day's Daily Settlement Price shall be the Daily Settlement Price; or
  - (vii) where appropriate a Daily Settlement Price can be determined based on a differential with an Inter-Commodity related product.
- (b) The Exchange may from time to time, nominate a "Settlement cut-off" time per commodity type at which no new bids, offers or trades will be taken into account for the purposes of the calculations in TR.21.1(a).
- (c) The Exchange may from time to time, nominate an order and/or trade volume requirement per product required to be taken into account for the purposes of settlement calculations in TR 21.1(a)
- ~~(d)~~ (d) SYCOM® Traders and Participants shall have five (5) minutes to object to an Interim Daily Settlement Price for Futures Contracts as determined pursuant to TR.21.1(a). At least three (3) objections, from different Participants ~~SYCOM® Traders being Officers or Representatives of different Participants,~~ must be received by the Exchange before the matter will be reviewed by the Trading Manager.
- (e) If no objections are received within five (5) minutes the Interim Daily Settlement Prices shall become the Daily Settlement Price.
- (f) No attempt may be made to alter the Daily Settlement Price or any component thereof by artificial means.

**Options Daily Settlement Price Procedures**

TR.21.2

- (a) Following the establishment of the Underlying Futures Contract Daily Settlement Price, an Interim Daily Settlement Price shall be calculated by the Exchange for Option Contracts (having regard to implied volatilities, the Underlying Futures Contract Daily Settlement Price, and other relevant factors), and shall be displayed on SYCOM®. Option orders that may be included in the calculation of the Interim Daily Settlement Price must be entered into SYCOM® for a ten (10) minute period immediately prior to the Close
- (b) SYCOM® Traders or Participants shall have five (5) minutes to object to an Interim Daily Settlement Price for Option Contracts as determined pursuant to TR.21.2(a). At least two (2) objections from different Participants or SYCOM® Traders being Officers or Representatives of different Participants, need to be received by the Exchange before the matter will be reviewed by the Trading Manager.
- (c) If no objections are received within five (5) minutes the Interim Daily Settlement Price shall become the Daily Settlement Price.
- (d) No attempt may be made to alter the Daily Settlement Price or any component thereof by artificial means.

**Overnight Options Daily Settlement Price Procedures**

TR.21.3

- (a) The relevant Overnight Options Daily Settlement Price shall be calculated in the manner set out in the relevant Market By-Laws.
- (b) Once established, a SYCOM® Trader or Participant may raise an objection and must immediately notify an Exchange Official of such an objection. At least two (2) objections from different SYCOM® Traders, being Officers or Representatives of different Participants need to be received before the matter will be reviewed by the Trading Manager.
- (c) No attempt may be made to alter the Daily settlement Price or any component thereof by artificial means.

**Serial Option Daily Settlement Price Procedures**

TR.21.4

- ~~(a) Immediately following the Close of a Serial Option Market an Exchange Official shall determine and display on SYCOM® an Interim Daily Settlement Price at expiry. The Exchange Official shall calculate the Interim Daily Settlement Price with reference to trading in the Underlying Futures Contract pursuant to TR.21.1(a).~~
- ~~(b) SYCOM® Traders shall have five (5) minutes to object to the Interim Daily Settlement Price. At least two (2) objections from different SYCOM® Traders being Officers or Representatives of different Participants need to be received by the Exchange before the matter can be referred to a Contract Committee.~~
- ~~(c) If no objections are received within five (5) minutes the Interim Daily Settlement Price shall become the Daily Settlement Price.~~
- ~~(d) No attempt may be made to alter the Daily settlement Price or any component thereof by artificial means.~~
- (a) Following the establishment of the Underlying Futures Contract Daily Settlement Price, an Interim Daily Settlement Price shall be calculated by the Exchange for Serial Option Contracts (having regard to implied volatilities, the Underlying Futures Contract Daily Settlement Price, and other relevant factors), and shall be displayed on SYCOM®. Serial Option orders that may be included in the calculation of the Interim Daily Settlement Price must be entered into SYCOM®.
- (b) SYCOM® Traders or Participants shall have five (5) minutes to object to an Interim Daily Settlement Price for Serial Option Contracts as determined pursuant to TR.21.4(a). At least two (2) objections from different Participants or SYCOM® Traders being Officers or Representatives of different Participants, need to be received by the Exchange before the matter will be reviewed by the Trading Manager.
- (c) If no objections are received within five (5) minutes the Interim Daily Settlement Price shall become the Daily Settlement Price.
- (d) No attempt may be made to alter the Daily Settlement Price or any component thereof by artificial means.

TR.21.5

Where any Daily Settlement Price is established pursuant to TR.21 and the Chief Executive and/or Trading Manager is of the opinion that the established Daily Settlement Price will have the effect of creating an unfair and disorderly market, the Chief Executive and/or the Trading Manager shall have the discretion to amend the Daily Settlement Price as it sees fit.

TR.21.6

Subject to the provisions of General By-Law G.33, where the Daily Settlement Price cannot be established pursuant to TR.21.1 to TR.21.5, the Chief Executive in consultation with such Exchange Officials, and other persons as he deems appropriate, may take such steps as considered necessary in the circumstances, including having regard to prevailing market prices and/or such

other factors as may be considered relevant, declare a Daily Settlement Price and may give directions to Participants accordingly.

Amend G.22 and G.48 to read as follows:

### **INITIAL AND VARIATION MARGIN**

- G.22
- (a) Where a request is made for the lodgement of Cover and/or a Call is made for Initial or Variation Margin the Participant shall stipulate the time for payment or lodgement. Payment or lodgment shall be made within twenty-four (24) hours of the request or the Call. The request or the Call must be made as soon as possible after the execution of the Client's instructions. Where a Client is overseas then lodgement of Cover or payment of a Call must be made within 48 hours. The request or the Call must be made as soon as possible after the execution of the Client's instructions No Participant shall provide credit or Cover for a Client or a Local Participant beyond these periods. Time shall be of the essence in respect of the lodgement of Cover or payment of a Call.
  - (b) Cover for Initial and Variation Margin liabilities shall be retained until such time as the liability of the Client or Local Participant is extinguished either by the relevant contracts being Closed Out or payment being made by a Buyer or delivery in accordance with the By-Laws of the Exchange being effected by a Seller. If the liability of the Client or Local Participant is not so extinguished then the Cover may be realised and the proceeds applied against the liability.
- G.48
- (a) Where a Client is in default by failing to pay a Call (or lodge Approved Securities in lieu thereof) a Participant shall have the right to Close Out all or any existing futures positions in any Market held by the Participant on account of the Client without further notice.
  - (b) The time within which that right is exercised is at the discretion of the Participant as is the extent to which it is exercised; the Participant shall not be liable to the Client for any failure or delay in exercising that right.
  - (c) Any adjustment by way of profit or loss arising from such closing out together with interest and all charges incurred shall be settled between the Participant and the Client.
  - (d) Where a request is made for the lodgement of Cover and/or a Call is made for the payment of Initial or Variation Margin the Participant shall stipulate the time for payment. Payment or lodgement shall be within twenty-four (24) hours of the request or the Call. The request or the Call must be made as soon as possible after the execution of the Client's instructions Where a Client is overseas then lodgement of Cover or payment of a Call must be made within 48 hours. The request or the Call must be made as soon as possible after the execution of the Client's instructions. No Participant shall provide credit or Cover for a Client or a Local Participant beyond these periods. Time shall be of the essence in respect of the lodgement of Cover or payment of any Call.
  - (e) Cover for Initial and Variation Margin liabilities shall be retained until such time as the liability of the Client is extinguished either by the relevant contracts being Closed Out or payment being made by a Buyer or delivery in accordance with the By-Laws of the Exchange being effected by a Seller. If the liability of the Client is not so extinguished then the Cover may be realised and the proceeds applied against the liability.
  - (f) Credit Variation Margin may be paid to a Client at the discretion of the Participant, having regard to all the circumstances including the financial position of the Client.