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SFE Bulletin No: 119/02

From: SFE Corporation Limited ABN 74 000 299 392

Date of Issue: 19 Nov 2002

Effective Date: 1 January 2003

FEES AND CHARGES – 2003

SFE Corporation announced today that its fees and charges effective from 1 January 2003 would remain broadly unchanged. The only major change relates to the large volume rebate scheme.

SFE last made significant changes to its fees and charges on 1 January 2002. These changes followed a thorough review of operations and the company's capital base in the year following demutualisation.

In addition, during 2002 SFE reduced Austraclear fees by 13.5%, Bond and Repo Clearing fees by 29% and NZFOE fees by an effective 34% (following the doubling of the bank bill contract). With this background SFE believes the fees and charges regime for the Group in 2003 should remain unchanged, to the broadest extent possible. Accordingly,

- Headline SFE exchange fees remain unchanged at \$0.90 (exclusive of GST) per transaction. This fee has remained unchanged since it was reduced from \$1.00 in 1999.
- Headline SFE clearing fees remain unchanged.
- Headline Austraclear fees remain unchanged.
- Headline NZFOE fees remain unchanged.
- SFE local rebate scheme remains unchanged.

The most significant change for 2003 relates to the SFE large volume rebate scheme. This scheme was significantly remodelled in 2002 so that large volume customers receive rebates based upon their own trading volumes and the total volume of transactions executed on the Sydney Futures Exchange, the trading subsidiary of SFE Corporation. The purpose of this rebate is to incentivise the major customers of the exchange to transact more volumes and assist SFE in meeting its revenue growth objectives.

There is no change to the philosophy of the scheme for 2003. However, the volume target has been raised by 6.6% to 38.6 million contracts and the amount set aside for rebates at the target volume is approximately \$2.0 million less than SFE expects to pay in large volume rebates under the 2002 scheme. Offsetting this reduction, significant additional incentives will be made available to reward those who

improve distribution of SFE products to new customers or otherwise make a definitive and positive contribution to SFE growth targets. In addition, SFE has budgeted for higher rebates to be paid in 2003 to participants who act as market makers for selected SFE contracts. Those interested in partnering with the SFE to provide connectivity to new customers should contact the appropriate business development representative listed below.

Certain other changes, with lower financial impact, are set out on the schedule attached. A full list of SFE's fees and charges for 2002 and 2003 can be found on the Company's website at www.sfe.com.au.

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MARTIN DAVEY
CHIEF FINANCIAL OFFICER

Attachment 1 - Summary of Changes to Fees and Charges for 2003

Fees quoted are exclusive of GST.

1) Admissions and Annual Access Fees

- In recognition that related entities within a corporate group may be a Participant of Sydney Futures Exchange Ltd, SFE Clearing Corporation or New Zealand Futures and Options Exchange Ltd the existing admission and annual access fees will be separated. For example, where an organisation is a Participant of both Sydney Futures Exchange and SFE Clearing Corporation a 25% discount on the combined fee is applied. A Participant of both companies that previously paid \$10,000 for annual access would now incur a charge of \$10,000 for each company less a 25% discount, ie \$15,000.
- A similar approach is also being taken for application fees.

2) Market data fees

- As previously advised in 2001 vendor access fees will increase effective 1 April 2003. In 2001 the new fees were benchmarked in the lower range against exchanges in Asia and the US with the increase to be implemented over a two-year period to assist vendors in their budgeting arrangements. The fee increase applies to
 - Full service vendors
 - Portable Service Vendor (Internet/Mobile direct access to SFE)
 - Portable Service Vendor (Internet/Mobile indirect access)

Refer to the detailed schedule on the website for fee changes.

3) Trading Network and Hardware

Minor changes to the SYCOM infrastructure charges include:

- An increase in the interface monthly fee from \$1,000 to \$1,250.
- A reduction in the cost of workstations used for Disaster Recovery from \$1,000 to \$750 per month.
- The charge for workstations in the office of a Participant's client is reduced from \$1,750 to \$1,500 per month bringing it into line with normal workstation pricing.
- The standard workstation remains unchanged at \$1,500 per month.

4) Clearing Network and Hardware

- SECUR OMnet primary gateways located at Participants' premises are to increase from \$300 to \$1,000 per month to remain generally in line with the SYCOM infrastructure pricing regime.
- Participant Secur OMnet gateways utilised for disaster recovery purposes will be charged at \$500 per month.

5) Clearing Commission

- A new fee for calculating commissions payable between Participants is to be introduced. Previously provided free of charge this service will cost 1¢ per commission earned from 1 April 2003.

6) SFE Large Volume Rebate

- The large volume rebate scheme will remain broadly unchanged from 2002 except that the aggregate SFE volume hurdle will be lifted. For details of the principles, administration and eligibility of the large volume rebate refer to SFE Bulletin 124/01 dated 17 December 2001.
- In 2003 once eligible SFE exchange volumes have exceeded 35 million contracts a total annual rebate will be made available for distribution to eligible customers. Between 35 million and 38.6 million eligible contracts customers will be rebated approximately 80% of this revenue, and over and above 38.6 million contracts their share will be 50%. (Eligible exchange volumes are defined as SFE annual aggregate volumes excluding volumes, which are subject to specific rebate schemes such as market makers. Eligible volumes include local volumes.)

7) NZFOE Large Volume Rebate

- The large volume rebate scheme will remain broadly unchanged from 2002 except that only NZ 90 day bank bill futures will be eligible under the scheme. For details of the principles and administration of the large volume rebate refer to NZFOE Bulletin 007/02 27 June 2002.