

CIRCULAR



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To: Floor Members

No: 243/98

Amendment to Clearing BY-LAW 72.1(b)

As Members are aware, the Clearing House now accepts currencies and securities as collateral for Initial Margins. Because of this, an amendment has been made to Clearing By-Law 72.1(b) to clarify the powers of the Clearing House in the event of a default.

The By-Law as amended now reads (additions underlined):

72.1 Upon a Default by a Clearing Member the Clearing House shall in its absolute discretion have the power to do all or any of the following in any order:

(b) to sell, realise, apply and set off any monies, securities, collateral or other property deposited with the Clearing House by the Clearing Member in Default by way of Initial Margin, Commitment or otherwise (whether or not arising from obligations under the By- Laws) and to apply the proceeds without being required to give notice to or obtain the consent of the Clearing Member in Default or any court order, with full power to execute any documents in its own name or as attorney for the Clearing Member in Default for that purpose, PROVIDED ALWAYS that any monies, securities, collateral or other property deposited with the Clearing House with respect to open positions designated to a Client Clearing Account or which are subject to a notice under Section 1209 (8) of the Corporations Law, or an acknowledgment under Regulation 10 of the Futures Industry (Client Funds) Regulations 1990 of New Zealand, may be used to meet obligations in a Client Clearing Account and shall not be used to meet any obligations in a House Clearing Account;

Barbara Jones
Company Secretary & Assistant General Counsel

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