

# CIRCULAR



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**To: All Members**

**No: 353/98**

## **Settlement of the October Victorian Electricity Futures Contract**

As traders in the Victorian Electricity Futures contract will be aware, the October 1998 futures contract was settled on 5 November 1998 at \$23.13; this price was calculated having regard to the average monthly settlement price provided to the Exchange by the Victorian Power Exchange (VPX). However on 11 November 1998 VPX advised that the price was \$23.14, the difference being caused by a system failure which resulted in a source table not being included in the original data.

On the contract settlement day all open positions in the contract are valued against the average monthly spot price provided by VPX. The settlement prices are based on the monthly average of daily period prices provided by VPX. The average daily period prices are made up of the average 48 half hourly spot prices which occur over 24 hours. The price is then rounded to the nearest one cent.

The Exchange Board has reviewed the position and considered whether there is any need for it to take action to adjust the final settlement price to \$23.14, but in the circumstances and having regard to the fact that the error was actually less than one cent but was rounded up, the Board has determined that no action be taken.

**Barbara Jones**  
**Company Secretary & Assistant General Counsel**

11/12/98

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