

CIRCULAR TO:

ALL MEMBERS

NO: 77/00

**AMENDMENTS TO THE BUSINESS RULES -
NEW EQUITY INDEX CONTRACT**

As Members were advised in Circular No: 76/00 the S&P/ASX 200 Index is to be the underlying contract for SFE's new SPI® replacement contract.

A copy of the Market By-Laws for the new contract which were approved by the Board on 14 April 2000 is attached.

The new contract will be listed on 2 May 2000.

BARBARA JONES
COMPANY SECRETARY

17 APRIL 2000

BY-LAWS OF
SYDNEY FUTURES EXCHANGE LIMITED
SPI 200 INDEX CONTRACT

- SPI 200.1(a) The subject of each SPI 200 Index contract shall be a sum of money equal to a SPI 200 index, as hereinafter referred to in these By-Laws, multiplied by twenty-five Australian dollars.
- (b) The effect of a SPI 200 Index contract (hereinafter referred to as "the contract") is that the parties will make an adjustment between them at a specified future time (hereinafter referred to as "the cash settlement day") according to whether a Cash Settlement Price is greater or less than the price at the time of the making of the contract, the difference being determined in accordance with these By-Laws.
- 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 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 index, which shall be the Cash Settlement Price. Such value shall be the same as the closing quotation for the SPI®/ASX 200 Index on the last day of trading and shall be calculated to one decimal place. For this purpose the closing 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.13 the Exchange and the Clearing House shall be entitled to regard the figure so provided as being conclusive evidence of the adjusted 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) Subject to the operation of General By-Law G.13, the numerical value of the 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

- SPI 200.3 (a) On the cash settlement day of a contract which shall be the second Business Day following the last day of trading in a cash settlement month (as hereinafter defined), the obligations of the parties to the contract are as follows:
- (i) If the contract value is less than the cash settlement value the Seller shall be liable to pay the difference between that contract value and the cash settlement value.
- (ii) If the contract value is greater than the cash settlement value the Buyer shall be liable to pay the difference between that contract value and the cash settlement value.
- (b) On the cash settlement day of a contract being the day referred to in sub-clause (a) hereof, the rights of the parties to the contract are as follows:
- (i) If the contract value is less than the cash settlement value the Buyer shall be entitled to receive the difference between that contract value and the cash settlement value.
- (ii) If the contract value is greater than the cash settlement value the Seller shall be entitled to receive the difference between that contract value and the cash settlement value.
- SPI 200.4 On the cash settlement day of a contract, the obligations of the parties to the contract shall be satisfied by cash settlement in the following way:

- (a) Sellers shall, by no later than the time stipulated by the Clearing House on that day, pay to or receive from the Clearing House (whichever is applicable) the amount representing the difference between contract value and the cash settlement value.
- (b) Buyers shall, by no later than the time stipulated on that day, pay to or receive from the Clearing House (whichever is applicable) the amount representing the difference between contract value and the cash settlement value.

Hours of Trading

SPI 200.5 The hours for trading in SPI 200 Index Futures Contracts shall be determined by the Board or the Chief Executive.

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.

Price Quotations

SPI 200.7 Prices shall be quoted in any number, or fraction of a number, of SPI 200 index points as determined by the Board from time to time.

Final Day Trading

SPI 200.8 The last permitted day for trading in a cash settlement month shall be the last Business Day of the cash settlement month or such other day as the Board may determine prior to the listing of that cash settlement month.

SPI 200.9 If in the opinion of the Board of the Exchange or the Clearing House a situation is developing or has developed which is capable of preventing the Clearing House declaring a numerical value of the index in accordance with By-Law SPI 200.2(c) the Clearing House in consultation with the Board of the Exchange may take any steps it deems necessary in the circumstances to correct such situation so as to enable it to declare a numerical value and may give direction to Members accordingly, and any provision of these By-Laws which cannot be complied with until the value has been declared shall be complied with as soon as possible after it has been declared. Any decision taken by the Clearing House under this SPI 200.9 shall, subject to SPI 200.13 be final.

Default

SPI 200.10 A Buyer or Seller who does not settle with the Clearing House as provided in these By-Laws shall be considered to have defaulted.

SPI 200.11 In the event of default at cash settlement on the part of a Client to a Member, such Full Member or Associate Member shall, unless the Member is in default under SPI 200.4, have the right of closing out any transaction entered into in any Market by such Full Member or Associate Member on behalf of the Client without further notice and without in any way prejudicing any other legal action for recovery which the Full Member or Associate Member may take or have taken.

Documents

SPI 200.12 Documents must be taken up and given by Clearing Members without prejudice to and regardless of any question in Dispute and such questions shall be referred to arbitration. All differences, interest and all other charges are for prompt settlement.

Undesirable Situations or Practices

SPI 200.13 In the event that an undesirable situation within the meaning of General By-Law G.13 is developing or has developed in relation to Futures Contracts or Option Contracts or both, the provisions set out in that By-Law shall apply.

Interpretation

SPI 200.14 In order to give effect to the provisions of these By-Laws and the provisions of the General By-Laws and the provisions of the Option By-Laws of the Exchange when these By-Laws are read in conjunction with the General By-Laws or Option By-Laws of the Exchange, the words "cash settlement", where appearing in these By-Laws shall be deemed to be delivery for the purposes of the General By-Laws or Option By-Laws, and the words "cash settlement month" where appearing in these By-Laws shall be deemed to be a delivery month for the purposes of the General By-Laws and Option By-Laws.

EXCHANGE TRADED OPTIONS

SPI 200.100 The contract unit shall be an option to buy, in the case of a Call, or an option to sell in the case of a Put, one SPI 200 Index Futures Contract as described in By-Law SPI 200.1.

SPI 200.101 Trading shall be conducted in those months as set out in the attached option schedule.

SPI 200.102 The Premium of an option shall be quoted as the number of points of the SPI 200 Index. The minimum fluctuation shall be as determined by the Board from time to time.

SPI 200.103

- (a) Exercise Prices shall be multiples of 25 points of the SPI 200 Index.
- (b) Trading in Puts and Calls on the first day of a new Option Contract month shall be at the following Exercise Prices:
 - (i) the Daily Settlement Price for the corresponding SPI 200 Index Futures Contract cash settlement month on the previous Business Day as determined by the Exchange, rounded to the nearest Exercise Price as referred to in sub-clause (a) hereof. In the event that the Daily Settlement Price is precisely midway between two Exercise Prices it shall be rounded off to the lower Exercise Price;
 - (ii) the prices which exceed the price described in paragraph (i), such prices being multiples as determined by the Chief Executive (or his designate) of the interval determined in accordance with SPI 200.103(a); and
 - (iii) the prices which are below the prices described in paragraph (i), such prices being multiples as determined by the Chief Executive (or his designate) of the interval determined in accordance with SPI 200.103(a).
- (c) Whenever the Daily Settlement Price determined by the Exchange for SPI 200 Index Futures Contracts in the cash settlement month corresponding to an Option Contract month is less than 15 points below the highest Exercise Price or is above the highest Exercise Price, then a new Exercise Price for both Puts and Calls shall be introduced on the following Business Day. The new Exercise Price shall be 25 points above the highest listed Exercise Price for that Option Contract month.

- (d) Whenever the Daily Settlement Price determined by the Exchange for SPI 200 Index Futures Contracts in the cash settlement month corresponding to an Option Contract month is less than 15 points above the lowest Exercise Price or is below the lowest Exercise Price, then a new Exercise Price for both Puts and Calls shall be introduced on the following Business Day. The new Exercise Price shall be 25 points below the lowest listed Exercise Price for that Option Contract month.
- (e) No new Exercise Price shall be introduced in the Option Contract month next due to expire after the Business Day two weeks prior to the expiration of option trading. (*vide* SPI 200.104(a))
- (f) Notwithstanding the provisions of sub-clauses (a) to (e) hereof the Board may determine, in respect of the listing of an Option Series, that one or more of the provisions of this By-Law shall not apply or shall apply in a manner as varied by the Board.
- SPI 200.104 (a) Except in the case of Serial Option Contracts the Declaration Date for a SPI 200 Index Option Contract shall be the last day of trading in the corresponding SPI 200 Index Futures Contract cash settlement month.
- (b) Except in the case of Serial Option Contracts trading shall cease on the Declaration Date at the time of cessation of SPI 200 Index Futures Contract trading.
- (c) Serial Options are those options which do not expire in the same calendar month as the Underlying Futures Contract.
- (d) The Board may list Serial Option months in any calendar month so long as the Serial Option does not expire in the same calendar month as the Underlying Futures Contract to which it relates.
- (e) The Declaration Date for the SPI 200 Index Serial Option Contract shall be the last day of a Serial Option month where that day is a Business Day. Where the last day of the Serial Option month is not a Business Day the last permitted day of trading shall be the Business Day immediately preceding the last day of the month.
- (f) Trading for Serial Option Contracts shall cease at 12.30 pm on the Declaration Date, or at such other time determined by the Board.
- SPI 200.105 (a) The Buyer of an Option Contract may lodge a Notice of Exercise or Abandonment in respect of that Option Contract.
- (b) A Notice of Exercise or Abandonment in a form determined by the Clearing House shall be effective if received by the Clearing House prior to 30 minutes after the Close of Trading in these contracts on any Business Day (including the Declaration Day) on which an Option Contract may be traded.
- (c) On the Business Day following the Declaration Date of an Option Contract the Clearing House shall:
- (i) exercise all In-the-Money Options; and
 - (ii) allow all other options to expire.
- (d) For the purpose of paragraph (i) of sub-clause (c) hereof, an option except for Serial Options contracts shall be In-the-Money if the cash settlement price referred to in By-Law SPI 200.2(c) of the Underlying Futures Contract cash settlement month lies above the Exercise Price in the case of a Call Option, or lies below the Exercise Price in the case of a Put Option.
- (e) The Exchange shall determine a Serial Option Price by reference to the Underlying Futures Market price at expiry of the contract. For the purpose of paragraph (i) of sub-clause (c) hereof, a Serial Option Contract shall be In-the-Money if the Serial Option Price lies above the Exercise Price in the case of a Call Option, or lies below the Exercise Price in the case of a Put Option.

Notification Excluding the Declaration Date

- SPI 200.106 Other than on the Declaration Date for Serial Option Contracts the Clearing House shall notify a Seller that an exercise or abandonment notice has been assigned by no later than forty-five (45) minutes prior to commencement of trading in SPI 200 Index options on the Business Day following the day on which the exercise notice has been received by the Clearing House.

Notification on Declaration Date

- SPI 200.107
- (i) The Clearing Member must submit a reported position file at settlement of the Serial Option Contracts by no later than 2.00 pm on the settlement day.
 - (ii) Except in the case of Serial Option Contracts the Clearing House shall notify a Seller by no later than 9.00 am on the second Business Day following the Declaration Date if an option has been exercised.
 - (iii) In the case of Serial Option Contracts, the Clearing House shall endeavour to notify a Seller that an exercise or abandonment notice has been assigned by 3.30 pm on the Declaration Date, or by such other time as determined by the Clearing House or its designate.

Undesirable Situations or Practices

- SPI 200.108 In the event that an undesirable situation within the meaning of General By-Law G.13 is developing or has developed in relation to Futures Contracts or Option Contracts or both, the provisions set out in that By-Law shall apply.
- SPI 200.109 In the event that the Clearing House has not declared the numerical value of the Index on the Business Day following the Declaration Day, and the provisions of SPI 200.9 apply, any provision of these Exchange Traded Option By-Laws which cannot be complied with until that value has been declared, shall be complied with as soon as practicable after it has been declared.
- SPI 200.110 The provisions of SPI 200.14 shall apply to these Exchange Traded Options Contract By-Laws.

OVERNIGHT OPTIONS

- SPI 200.200 The contract unit shall be an option to buy, in the case of a Call, or an option to sell in the case of a put, one SPI 200 Index Futures Contract as described in By-Law SPI 200.1.
- SPI 200.201 The Futures Contracts months in respect of which Overnight Options trading may occur (called "option contract months") shall be determined by the Board from time to time.
- SPI 200.202 Trading shall take place on SYCOM® in accordance with the Trading Rules.
- SPI 200.203 The Premium of an option shall be quoted as the number of points of the SPI 200 Index. The minimum fluctuation shall be 0.1 points or as determined by the Board from time to time.
- SPI 200.204
- (a) Exercise prices shall be at intervals of 1 point of the SPI 200 Index.
 - (b) Trading in Puts and Calls of an Overnight Option Contract shall, subject to paragraph (c) below, be at the following thirty-one Exercise Prices:
 - (i) the Daily Settlement Price for the corresponding SPI 200 Index Futures Contract cash settlement month as determined by the Exchange, rounded to the nearest Exercise Price as referred to in subclause (a) hereof;
 - (ii) the price which is 1.0 point higher than that described in paragraph (i);
 - (iii) the price which is 2.0 points higher than that described in paragraph (i);
 - (iv) the price which is 3.0 points higher than that described in paragraph (i);
 - (v) the price which is 4.0 points higher than that described in paragraph (i);
 - (vi) the price which is 5.0 points higher than that described in paragraph (i);
 - (vii) the price which is 6.0 points higher than that described in paragraph (i);
 - (viii) the price which is 7.0 points higher than that described in paragraph (i);
 - (ix) the price which is 8.0 points higher than that described in paragraph (i);
 - (x) the price which is 9.0 points higher than that described in paragraph (i);
 - (xi) the price which is 10.0 points higher than that described in paragraph (i);
 - (xii) the price which is 11.0 points higher than that described in paragraph (i);
 - (xiii) the price which is 12.0 points higher than that described in paragraph (i);
 - (xiv) the price which is 13.0 points higher than that described in paragraph (i);
 - (xv) the price which is 14.0 points higher than that described in paragraph (i);
 - (xvi) the price which is 15.0 points higher than that described in paragraph (i);
 - (xvii) the price which is 1.0 point lower than that described in paragraph (i);
 - (xviii) the price which is 2.0 points lower than that described in paragraph (i);
 - (xix) the price which is 3.0 points lower than that described in paragraph (i);
 - (xx) the price which is 4.0 points lower than that described in paragraph (i);
 - (xxi) the price which is 5.0 points lower than that described in paragraph (i);

- (xxii) the price which is 6.0 points lower than that described in paragraph (i);
 - (xxiii) the price which is 7.0 points lower than that described in paragraph (i);
 - (xxiv) the price which is 8.0 points lower than that described in paragraph (i);
 - (xxv) the price which is 9.0 points lower than that described in paragraph (i);
 - (xxvi) the price which is 10.0 points lower than that described in paragraph (i);
 - (xxvii) the price which is 11.0 points lower than that described in paragraph (i);
 - (xxviii) the price which is 12.0 points lower than that described in paragraph (i);
 - (xxix) the price which is 13.0 points lower than that described in paragraph (i);
 - (xxx) the price which is 14.0 points lower than that described in paragraph (i); and
 - (xxxi) the price which is 15.0 points lower than that described in paragraph (i).
- (c) Any number of new Exercise Prices for both Put and Calls can be introduced for trading in the current SYCOM® Trading Session as determined by the Chief Executive or the SYCOM® Manager in accordance with the Trading Rules.
- (d) Notwithstanding the provisions of sub-clauses (a) to (c) hereof the Board may determine, in respect of the listing of an Option Series, that one or more of the provisions of this By-Law shall not apply or shall apply in a manner as varied by the Board.
- SPI 200.205 (a) The Declaration Date for a SPI 200 Index Overnight Option Contract shall be the Business Day immediately following the SYCOM® Session during which the Option Contract was first listed for trading.
- (b) Trading shall cease at the end of the SYCOM® Trading Session in which the Option Contracts were first listed for trading.
- SPI 200.206 (a) On the Declaration Date of an Option Contract the Clearing House shall:
- (i) exercise all In-the-Money Options; and
 - (ii) allow all other options to expire.
- (b) For the purposes of paragraph (i) of sub-clause (a) hereof, an option shall be In-the-Money if the Overnight Option Futures Price of the Underlying Futures Contract cash settlement month lies above the Exercise Price in the case of a Call Option, or lies below the Exercise Price in the case of a Put Option.

Overnight Option Futures Price

- SPI 200.207 The Overnight Option Futures Price referred to in By-Law SPI 200.206(b) shall be determined by the following procedure:
- (a) For the purposes of this By-Law SPI 200.207, on each day of trading of the SPI 200 Index Futures Contract, the first quotation time shall be the sixth (6th) minute after the opening of trading in the SPI 200 Index Futures Contract. Quotation times shall then be taken every consecutive minute, following the first quotation taken, for the following nine (9) minutes until a total of ten (10) price quotations have been obtained.
 - (b) The Exchange shall determine the arithmetic mean of the prevailing Market bid and offer quotations at the quotation times in the underlying SPI 200 Index Futures Contract calculated to one decimal place and rounded to the nearest whole integer. In rounding, the arithmetic mean shall be expressed to the nearest whole integer on the condition that where the first decimal place is five the arithmetic mean shall be rounded to the next highest whole integer. The arithmetic mean so calculated shall be the Overnight Option Futures Price.
 - (c) In the event of disagreement on the Overnight Option Futures Price, the Contracts Committee shall arbitrate in any Dispute however this will in no way derogate from the powers of the Exchange to make a final decision on Overnight Option Futures Prices.
 - (d) Subject to By-Law SPI 200.208, the Exchange shall announce the Overnight Option Futures Price by no later than ten (10) minutes after the last quotation time is taken pursuant to SPI 200.207(a) on the same Business Day.
- SPI 200.208 If in the opinion of the Exchange a situation is developing or has developed which is capable of preventing the Exchange from declaring an Overnight Option Futures Price in accordance with By-Law SPI 200.207, the Chief Executive may take such steps as deemed necessary in the circumstances so as to enable the Exchange to declare an Overnight Options Futures Price and may give directions to Members accordingly. Any decision taken by the Chief Executive in this regard shall be final.

Undesirable Situations or Practices

- SPI 200.209 In the event that an undesirable situation within the meaning of General By-Law G.13 is developing or has developed in relation to Futures Contracts or Option Contracts or both, the provisions set out in that By-Law shall apply.
- SPI 200.210 The provisions of SPI 200.14 shall apply to these Overnight Options Contract By-Laws.

Schedule of Months Quoted Referred to in By-Law SPI 200.6

During the Month of	Current Year												Following Year												Succeeding Year					
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
JAN			x			x			x			x			x			x												
FEB			x			x			x			x			x			x												
MAR			x			x			x			x			x			x			(x)									
APRIL						x			x			x			x			x			x									
MAY						x			x			x			x			x			x									
JUNE						x			x			x			x			x			x				(x)					
JULY									x			x			x			x			x				x					
AUG									x			x			x			x			x				x					
SEPT									x			x			x			x			x				x			(x)		
OCT												x			x			x			x				x					
NOV												x			x			x			x				x					
DEC												x			x			x			x				x					(x)

NOTE: In each month shown in the left hand vertical column of this chart, the officially quoted forward months are those marked "x" in the other columns reading horizontally to the right. From the business day following the last day of trading in spot month, those marked "(x)" will commence trading. For example: in June, the officially quoted forward months will be: in the current year, June, September and December - in the following year, March, June, September and from the day following the last day of trading in spot month, December.

Schedule of Months Quoted Referred to in By-Law SPI 200.101

During the Month of	Current Year												Following Year												Succeeding Year					
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
JAN	x	x	x	(x)		x			x			x			x			x												
FEB		x	x	x	(x)	x			x			x			x			x												
MAR			x	x	x	x			x			x			x			x			(x)									
APRIL				x	x	x	(x)		x			x			x			x			x									
MAY					x	x	x	(x)	x			x			x			x			x									
JUNE						x	x	x	x			x			x			x			x			(x)						
JULY							x	x	x	(x)		x			x			x			x			x						
AUG								x	x	x	(x)	x			x			x			x			x						
SEPT									x	x	x	x			x			x			x			x				(x)		
OCT										x	x	x	(x)		x			x			x			x				x		
NOV											x	x	x	(x)	x			x			x			x				x		
DEC												x	x	x	x			x			x			x				x		(x)

NOTE: In each month shown in the left hand vertical column of this chart, the officially quoted forward months are those marked “x” in the other columns reading horizontally to the right. From the business day following the last day of trading in spot month, those marked “(x)” will commence trading. For example: in June, the officially quoted forward months will be: in the current year, June, September and December - in the following year, March, June, September and from the day following the last day of trading in spot month, December.