

CIRCULAR TO: ALL MEMBERS

NO: 87/00

SFE AUSTRALIAN DOLLAR FUTURES CONTRACT

Members are advised that, subject to regulatory approval, the Sydney Futures Exchange (the Exchange) will list an Australian Dollar Futures contract in late June. The listing date will be announced in the near future and Members will be advised accordingly.

Market consultation conducted by the Exchange showed retail, agricultural and foreign exchange market support for an Australian Dollar Futures contract.

The Australian Dollar Futures contract specifications are detailed below:

Contract Name	Australian Dollar Futures Contract
ITC Commodity Code	AF
Contract	Futures (F)
Contract Unit	One hundred thousand Australian dollars (AUD 100,000)
Quotations	Prices are quoted in terms of US dollars per Australian dollar with the minimum tick fluctuation of USD 0.0001 (one point) = USD 10.00.
Contract Months	March/June/September/December
Termination of Trading	One business day prior to the third Wednesday of the delivery month. On this day, trading terminates at 11.00am or such other time as determined by the Board of SFE.
Standard Delivery	Delivery will be made on the 3rd Wednesday of the contract month.
Trading Hours	SYCOM® IV 17:40 (5:40pm) to 17:10 (5:10pm) (Australian summer time). Open Monday at 6.00am SYCOM® IV 17:10 (5:10pm) to 16:30 (4:30pm) (Australian winter time). Open Monday at 6.00am
Initial Margin	USD1,100*
Inter-Month Spread Charge	USD380*

* The Initial Margin and Inter-Month Spread Charge values are indicative.

Market Making Scheme

The Board recently approved the implementation of a Market Making Scheme to aid the successful launch of the Australian Dollar Futures contract. SFE Full Members are eligible to participate in the Market Making Scheme. The Scheme will be limited to a maximum of 4 Market Maker entities at any one time. The Scheme will run for

an initial period of 3 months with an option to continue. The details of the Scheme are as follows:

Obligations and Benefits

In the Scheme Market Makers will be obliged to:

- Provide continuous 2 way quotes for the spot contract month between 8am and 5.10pm (4.30pm DST) with a 5 point spread and volume equal to 5 lots.
- Respond to request for quote (RFQ) with a two way quote for any size outside of the continuous pricing hours.
- Respond to RFQ with a two way quote in the next contract month.

In return for meeting their obligations Market Makers will be entitled to a fee holiday on all trades undertaken in a Market Making role including Exchange for Physicals and any trades executed to hedge positions created through Market Making activities. In addition, SFE will promote the Market Makers profile in its marketing and promotional materials on a best efforts and non-discriminatory basis.

Full Members may apply for an additional SYCOM® IV Workstation for Market Making purposes. The workstations for Market Making purposes will be provided free of charge until January 2001 at which time access fees may be reviewed. Additional workstations will be provided regardless of whether the Full Member has exceeded its initial entitlement of 10 workstations or not.

Extension of the Scheme

Should both parties wish to extend the Market Making relationship after the initial 3 month period the Exchange will charge a reduced fee of \$0.44 (GST inclusive).

If you would like further information or wish to apply to become an Australian Dollar Futures contract Market Maker please contact Kristye Van de Geer, Senior Research Analyst, Debt Markets and Currency on (02) 9256 0489 or by email: kvandege@sfe.com.au by 19 May 2000.

For further information on the Australian Dollar Futures contract please contact the undersigned on (02) 9256-0596 or by email: smaclean@sfe.com.au .

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1 MAY 2000