



SFE Bulletin No: 129/02
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LEGGING SPREAD ORDERS

The Market Practices Committee (MPC) has recently considered whether the practice of 'legging' spread orders is an appropriate market practice where there is a designated facility for the execution of such orders.

The MPC determined that, whilst the practice of legging in principle is not prohibited, where a Participant holds opposing orders in a spread at a price that can be executed in the designated market for that spread, then the Participant must take its orders to that market.

Whilst the MPC always takes into account the specific circumstances surrounding each matter referred, should a Participant cross each leg of a spread order in the underlying markets, where the net price could have been achieved in the spread market, then the Participant may be found in breach of Trading Rule TR.17.1(c)(vi), which states:

"No Participant or SYCOM® Trader shall seek to avoid trading with other parties with the intent to cross"

Please note that this Bulletin has been issued as an amended version of Bulletin No. 129/02 issued 12 December 2002 following requests from Participants to clarify the above.

Should you have any queries please contact Bronwyn Hill, Manager, Compliance & Surveillance on 9256-0699 or bhill@sfe.com.au

A handwritten signature in black ink, appearing to be 'Bronwyn Hill', written over a horizontal line.

BRONWYN HILL
MANAGER, COMPLIANCE & SURVEILLANCE