



SFE Bulletin No: 81/04

From: SFE Corporation Limited ABN 74 000 299 392

Date of Issue: 10 December 2004

Effective Date: 13 December 2004

AMENDMENTS TO DETERMINATIONS FOR SFE BLOCK TRADE FACILITY

Following the amendments to the Block Trade Facility (BTF) rules as set out in SFE Bulletin 76/04 that clarify the application of BTF to a Class of Contract or one or more expiry months within a Class of Contract, the revised table detailing prescriptions for all permitted Block Trade contracts is set out below.

Market Participants are advised of changes to the Block Trade prescriptions for the Australian Dollar Futures and New Zealand 3 and 10 Year Government Stock Futures contracts. Block Trades in these contracts are now permitted in all expiry months.

Market Participants are also advised that the minimum trading increment for Block Trading in the d-cypha SFE Australian Electricity Futures Contracts and NZFOX Equity Options (which are to be listed in 2005) are now permitted at \$0.01 and \$0.005, respectively.

SFE determinations have been updated to limit the use of the Block Trade Facility to the Spot contract only (closest to expiry) for SFE SPI 200™ Futures contracts.

Participants are reminded that Block Trades are not permitted for the execution of roll business in any contract.

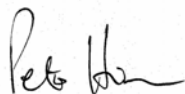
Prescribed Contracts

CONTRACTS	SFE SPI 200™ FUTURES CONTRACT	AUSTRALIAN DOLLAR FUTURES CONTRACT	D-CYPHA SFE AUSTRALIAN ELECTRICITY FUTURES CONTRACT	D-CYPHA SFE AUSTRALIAN ELECTRICITY OPTIONS - STRIP OPTIONS - CAP FUTURES
APPLICABLE CONTRACTS	Spot Only (closest to expiry)	All	All	All
MINIMUM THRESHOLD	300 lots	30 lots	15 lots	15 lots
CHANGE OF SPOT MONTH (DAYS PRIOR TO EXPIRY)	5	N/A	N/A	N/A
MINIMUM TRADING INCREMENT	0.1	\$0.0001	\$0.01	\$0.01

CONTRACTS	NEW ZEALAND THREE YEAR BOND FUTURES CONTRACT	NEW ZEALAND TEN YEAR BOND FUTURES CONTRACT	NZSX 15 INDEX FUTURES CONTRACT (THE 'ZIF')	NZFOX EQUITY OPTIONS
APPLICABLE CONTRACTS	All	All	All	All
MINIMUM THRESHOLD	50 lots	100 lots	35 lots	300 lots
CHANGE OF SPOT MONTH (DAYS PRIOR TO EXPIRY)	N/A	N/A	N/A	N/A
MINIMUM TRADING INCREMENT	0.005	0.005	One index point	\$0.005

The amended Procedures, Determinations and Practice Notes document with changes marked up is attached.

Compliance related queries can be directed to Michelle Wagner on 9256 0580 or mwagner@sfe.com.au. Product related queries can be directed to Kristy van de Geer on 9256-0489 or kvandege@sfe.com.au.



Peter Hiom
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SFE takes no responsibility for any errors or omissions contained in this bulletin and will not be liable for any reason including without limitation negligence, for losses, consequential or otherwise, arising from or in connection with decisions made in reliance upon this information. This information does not substitute for the Operating Rules and in the case of inconsistency the Operating Rules prevail. Before acting on any matter contained in this bulletin readers should discuss the matter with their own professional advisers.

Rule 3.4 Block Trading

Explanatory Note

The Block Trade Facility (BTF) is an ‘off-market’ trading mechanism available for certain SFE products. The BTF permits SFE Participants to arrange and execute nominally large transactions on behalf of their clients, via a facility that is separate from the electronic Exchange market. The BTF is simply an alternative way for market users to transact SFE contracts that exceed a minimum size threshold.

Features & Benefits

- **Price certainty** - With a Block Trade you can lock in the price negotiated between two parties. This price may be legitimately different to prices on the Trading Platform. Volume-Weighted-Average-Price (VWAP) trading is also permitted.
- **Execution certainty** - Block Trades will be approved by SFE so long as they occur in prescribed contracts and do not contravene the business rules of the BTF
- **Flexible order arrangement** - Pre-arrangement, disclosure and withholding stipulations do not apply to orders arranged under BTF rules. Facilitating Participants therefore have maximum flexibility to bring large orders to market
- **Extended disclosure period** - Block Trades are disclosed to the market by the Exchange at 9:30am on the following business morning (other than Block Trades for the d-Cypha SFE Electricity Futures and Options contracts which will be disclosed by the Exchange at 5:15pm on the same day as trades occur). This allows Participants facilitating Block Trades as principal to unwind their risk prior to the market reacting to the large trade
- **Extended trading hours** - Block Trades may be transacted up to ten minutes after the regular Trading Platform market is closed. This is a practical consideration to allow Block Trades to occur that are conditional upon a closing futures price; for example, a market-on-close order.

Determinations

CONTRACTS	SFE SPI 200™ FUTURES CONTRACT	AUSTRALIAN DOLLAR FUTURES CONTRACT	D-CYPHA SFE AUSTRALIAN ELECTRICITY FUTURES CONTRACT	D-CYPHA SFE AUSTRALIAN - ELECTRICITY OPTIONS - STRIP OPTIONS - CAP FUTURES
<u>APPLICABLE CONTRACTS</u>	<u>Spot Only (closest to expiry)</u>	<u>All</u>	<u>All</u>	<u>All</u>
MINIMUM THRESHOLD	300 lots	30 lots	15 lots	15 lots
CHANGE OF SPOT MONTH (DAYS PRIOR TO EXPIRY)	5	§ <u>N/A</u>	N/A	N/A
MINIMUM TRADING INCREMENT	0.1	\$0.0001	\$0.05 <u>\$0.01</u>	\$0.01

CONTRACTS	NEW ZEALAND THREE YEAR BOND FUTURES CONTRACT	NEW ZEALAND TEN YEAR BOND FUTURES CONTRACT	NZSX 15 INDEX FUTURES CONTRACT (THE 'ZIF')	NZFOX EQUITY OPTIONS
<u>APPLICABLE CONTRACTS</u>	<u>All</u>	<u>All</u>	<u>All</u>	<u>All</u>
MINIMUM THRESHOLD	50 lots	100 lots	35 lots	300 lots
CHANGE OF SPOT MONTH (DAYS PRIOR TO EXPIRY)	§ <u>N/A</u>	§ <u>N/A</u>	N/A	Block Trades may be executed up to and including the Last Trading Day <u>N/A</u>
MINIMUM TRADING INCREMENT	0.005	0.005	One index point	\$0.005

Trading Procedures

1 Trade Negotiation

As per Rule 3.4.3 where a Participant receives a Block Trade Order from a Client, the Participant may:

- (a) solicit counterparties to the Block Trade Order amongst other Participants;
- (b) withhold transmission of the Block Trade Order in order to solicit those counterparties;
- (c) disclose those details of the Block Trade Order as authorised by the Clients; and
- (d) aggregate orders where each order is greater than or equal to the Minimum Volume Threshold for that contract

2 Trade Notification

As per Rule 3.4.6 Participants to a Block Trade shall communicate the agreed terms of the Block Trade Order to the Exchange via the SYCOM Message Facility ~~immediately~~ within 5 minutes of the trade.

3 Trade Registration

As per Rule 3.4.6 Participants to a Block Trade must each complete the Block Trade Facility Registration Form and submit the form to the Exchange for validation or submit the details via SFEIN-within five (5) minutes of the time at which the Block Trade Order was ~~agreed~~ communicated to the Exchange. The time limit for the submission of the Block Trade Facility Registration Form or submission via SFEIN or such other notification to the Exchange commences as soon as the agreed terms of the Block Trade Order are communicated to the Exchange. The Exchange may grant an extension of time beyond five (5) minutes but the Exchange is under no obligation to grant such an extension.

The registration process for each block traded product is as follows:

CONTRACTS	SFE SPI 200™ FUTURES CONTRACT	AUSTRALIAN DOLLAR FUTURES CONTRACT	D-CYPHA SFE AUSTRALIAN ELECTRICITY FUTURES CONTRACT	D-CYPHA SFE AUSTRALIAN ELECTRICITY OPTIONS CONTRACT
METHOD OF REGISTRATION	SFEIN	SFEIN	SFEIN	SFEIN

CONTRACTS	NEW ZEALAND THREE YEAR BOND FUTURES CONTRACT	NEW ZEALAND TEN YEAR BOND FUTURES CONTRACT	NZSX 15 INDEX FUTURES CONTRACT (“THE ZIF”)	NZFOX EQUITY OPTIONS
METHOD OF REGISTRATION	Block Trade Registration Form sent by fax to the Exchange	Block Trade Registration Form sent by fax to the Exchange	Block Trade Registration Form sent by fax to the Exchange	Block Trade Registration Form sent by fax to the Exchange

The Block trade Registration Form can be found on SFE’s website at www.sfe.com.au/sfein

The guide to using the SFEIN system can be found on SFE’s website at www.sfe.com.au/sfein

4. Retention of Records by Participants

The original completed Block Trade Facility Registration Form(s) or submission by SFEIN or such other notification as prescribed by the Exchange will be retained by the Participant(s) to a Block Trade Order and a copy of the completed, validated and confirmed Block Trade Facility Registration Form or such other notification as prescribed by the Exchange will be retained by the Exchange.

5 **Trade Publication**

Details of all Block Trades validated and confirmed by the Exchange shall be published by the Exchange to Participants. The details published to Participants will include the commodity, quantity, time, expiry month(s) and price of each Block Trade and the identity of the Participants who conducted the trade.

The Exchange will assess the validity of the details recorded on the Block Trade Facility Registration Form or such other notification as prescribed by the Exchange. When the Exchange is satisfied that the details recorded are valid and complete, then the Exchange will confirm the execution of the Block Trade.

6 **Exchange Under no Obligation to Accept Record Details**

The Exchange is under no obligation to accept record details where:

- (a) the information cannot be readily and properly validated; and
- (b) the proposed price of the Block Trade varies significantly, as assessed by the Exchange, from the price at which trades are being effected on the Trading Platform at the time that the record details are lodged.

7 **Validity of Block Trade**

Any Block Trade which is not executed in accordance with Rule 3.4 shall be invalid. The decision of the Exchange as to the invalidity of a Block Trade shall be final. The Exchange shall notify the effected Participants of that decision and send a message to the market identifying the Block Trade concerned.

8. **Exchange May Take Disciplinary Action**

Confirmation by the Exchange of execution of a Block Trade does not preclude the Exchange from taking disciplinary action in the event that the Block Trade is found to be other than in compliance with the Operating Rules.

9. **Unfilled Block Trade Orders**

Where counterparties have been solicited pursuant to Rule 3.4 and the Block Trade Order remains unfilled, then the Block Trade Order may revert to a Permitted Order as described in Rule 3.1.3 and can be executed by the Participant on the Trading Platform in accordance with the Client's instructions.

10. **Block Trade Order versus Block Trade Interest**

A Participant must be holding an order that meets the requirements of a Block Trade Order before it can solicit counterparties. If a Participant has received 'interest' in a Block Trade but not a firm order it may continue to 'broke' the interest but must do so in accordance with the Operating Rules. For instance, only revealing to potential counterparties information that has already been shown to the market via the message facility.

11. **Block Trade Order Recording**

Although Block Trades are executed off-market they are still subject to the requirements to maintain order records.

Although Local Participants may also execute Block Trade Orders, they must not attempt to obtain counterparties to a Block Trade Order.

12. **Authorisation by Client to Execute Block Trade Orders**

As per Rule 3.4.7 Participants must be authorised in writing by the Client to execute a Block Trade Order on their behalf, either specifically or generally. This may be included in the Client Agreement Form between the Participant and the Client or may be obtained by a separate written authorisation.

13. **Block Trade Pricing**

The Exchange reserves the right to refuse to accept a Block Trade where the price varies significantly from the price of the underlying at the time the Block Trade was lodged. The Exchange may still accept a Block Trade where the price is well away from the current underlying market, but it is likely to query the Participant(s) involved to establish the rationale for the price.

As a guide, the price of a Block Trade will be acceptable without query where it is within the tick range, either side of the current market price. Where a Block Trade price falls outside this range the Exchange will generally query the Participants involved. However, it is important to note that prices outside this range may still be acceptable. For instance, a price determined on VWAP (Volume Weighted Average Price) may be outside this range but the Exchange will accept prices based on VWAP.

14. **Aggregation of Orders and Roll Business**

As per Rule 3.4.5(a) Participants cannot aggregate smaller orders to make up a Block Trade Order, thereby satisfying the Minimum Volume Threshold. Block Trade Orders may only be aggregated where each individual order meets or exceeds the Minimum Volume Threshold. This does not preclude an order from one client being allocated to several accounts. For instance, a fund manager may place an order that satisfies the minimum volume threshold and is executed as a Block Trade, but it may then be allocated to several sub-accounts under the fund manager's control.

As per Rule 3.4.5(b) it is prohibited to use the Block Trade Facility to execute Roll business. For the electricity futures contracts, inter-commodity spread trading (ie the simultaneous purchase of a Base Load futures contract and the sale of a Peak Period futures contract of the same contract expiry or vice versa) and strip trading involving the spot month is not deemed to be Roll business.

15. **Non-Availability of Block Trading**

Block Trading is restricted to certain prescribed contracts and months. Block Trading may also be restricted in the spot month for a number of days prior to a contracts expiry.

16. **Sequencing**

Block Trade Orders are subject to the sequencing provisions, that is, orders must be executed and trades allocated in the sequence in which they are received and recorded. It is not appropriate to 'prorata' volumes executed amongst clients.

17. **Procedures upon Execution of a Block Trade**

As per Rule 3.4.6 where a Block Trade Order is to be crossed, the executing Participant must advise the Exchange (at Trading Operations) of the details of the Block Trade via the message facility, within five minutes of the trade. The time on this message will be the official time stamp used by the Exchange.

Where two or more Participants are involved in a Block Trade, the initiating Participant must send the message to the Exchange, including details of the counterparty(s). Again, the time stamp on the message will be the official time stamp used by the Exchange.

Once the message has been sent to Trading Operations, each Participant involved must complete and send the Block Trade Registration Form via SFEIN or facsimile (as indicated in the table above) within five minutes of the text message, ensuring all relevant details have been filled out correctly and legibly. Each Participant must fill out their side of all trades and the Exchange will match opposing sides.

18. **When is a Block Trade Executed?**

A Block Trade is not executed until it is accepted by the Exchange. An agreement between parties to execute a Block Trade does not constitute a 'filled' trade - it must firstly be accepted by the Exchange.

Execution of Unsuccessful Block Trades on SYCOM®

Where a Participant is unsuccessful in obtaining counterparties to a Block Trade Order (i.e., the Minimum Volume Threshold cannot be met), but counterparties wish to execute a trade for a lesser volume, the Participant may take the orders to SYCOM® for execution. However, as the trade would essentially have been 'prearranged' the Participant must not attempt to execute a cross trade unless a period of sixty (60) seconds has elapsed from the entry of the originating Client order. This will enable other Participants, and therefore their clients, to enter opposing orders into SYCOM®.

Block Trade Worked Examples

19 SFE SPI 200™ Worked Examples

Example One

10:00am (trade negotiation)

Client A places an order with Participant A to fill a 1,000 lot buy order in September SFE SPI 200™ futures via the BTF. On this occasion, Participant A contacts a House trader from a division within the Participant firm, who is able to take the sell side of the proposed transaction at a price of 3250.

10:10am (trade notification)

The two parties to the BTF agree on all trade details by 10:10am. As the initiating Participant (and the only Participant to the trade), Participant A notifies the Exchange of the proposed Block Trade via the SYCOM® message facility.

10:15am (trade confirmation)

On behalf of Client A, Participant A confirms the proposed Block Trade to the Exchange via SFEIN.

10:20am (trade validation)

After receipt of all details of the Block Trade, the Exchange validates the trade with the executing Participant.

9:30am on the following business day (trade publication)

The Exchange disseminates information regarding the transaction to the market.

Example Two

10:00am (trade negotiation)

Client B places an order with Participant A to fill a 1,750 lot sell order in SFE SPI 200™ June futures via the BTF. Participant A is not able to obtain a counterparty to its Client's Block Trade order from within its internal or external client base, and thus proceeds to contact other Participants and clients.

10:40am (trade notification)

By 10:40am, a House trader from Participant B has agreed to buy 1,750 June SPI 200™ futures contracts at 3375 from Participant A's customer (Client B). As the initiating Participant, Participant A notifies the Exchange of the proposed Block Trade via the SYCOM® message facility.

10:45am (trade confirmation)

On behalf of Client B, Participant A notifies the Exchange of the proposed Block Trade via SFEIN. On behalf of its internal client (House), Participant B confirms the proposed Block Trade to the Exchange via SFEIN.

10:50am (trade validation)

After receipt of all details of the Block Trade, the Exchange validates the trade with the executing Participant.

9:30am on the following business day (trade publication)

The Exchange disseminates information regarding the transaction to the market.

Example Three

10:00am (trade negotiation)

Client C places a market-on-close order (defined in this case as the 4:30pm price between the counterparties) with Participant A to fill a 750 lot buy order in December SFE SPI 200™ futures. On this occasion, a House trader from another division of Participant A is able to take the sell side of the proposed transaction.

4:30pm (trade notification)

Following receipt of the closing price of 3400 at 4:30pm, all details of the proposed trade have now been agreed. As the initiating Participant, Participant A notifies the Exchange of the proposed Block Trade via the SYCOM® message facility.

4:35pm (trade confirmation)

On behalf of Client C, Participant A confirms the proposed Block Trade to the Exchange via SFEINI.

4:40pm (trade validation)

After receipt of all details of the Block Trade, the Exchange validates the trade with the executing Participant.

9:30am on the following business day (trade publication)

The Exchange disseminates information regarding the transaction to the market.

Example Four

10:00am (trade negotiation)

Client D places an order with a Participant A to fill a 5,000 lot sell order in March SFE SPI 200™ futures via the BTF. On this occasion, Participant A is not able to completely fill the Block Trade order from within its internal external client base and thus proceeds to contact other Participants and clients.

11:30am (trade notification)

By 11:30am, Participant A has filled the buy side of Client D's order at an agreed price of 3350 as follows: Participant A (for a House account of another division) 500 lots; Participant A (on behalf of Client E) 1,500 lots; Participant B (on behalf of Client F) 1,000 lots; and Participant C (on behalf of Client G) 2,000 lots. As the initiating Participant, Participant A notifies the Exchange of the proposed Block Trade via the SYCOM® message facility.

11:35am (trade confirmation)

Participants A, B and C each confirm the proposed Block Trade to the Exchange via SFEIN on behalf of all clients involved.

11:40am (trade validation)

After receipt of all details of the Block Trade, the Exchange validates the trade with the executing Participant.

9:30am on the following business day (trade publication)

The Exchange disseminates information regarding the transaction to the market.

Example Five

10:00am (trade negotiation)

Client H places an order with a Participant A to fill a 1,500 lot sell order in March SFE SPI 200™ futures via the BTF. Participant A proceeds to contact other Participants and internal and external clients.

10:30am (trade notification)

By 10:30am, Participant A has filled the buy side of Client H's order at an agreed price of 3355 with another of its customers, Client I. As the initiating Participant, Participant A confirms the proposed Block Trade to the Exchange via the SYCOM® message facility.

10:35am (trade confirmation)

On behalf of Clients H and I, Participant A notifies the Exchange of the proposed Block Trade via SFEIN.

10:40am (trade validation)

After receipt of all details of the Block Trade, the Exchange validates the trade with the executing Participant.

9:30am on the following business day (trade publication)

The Exchange disseminates information regarding the transaction to the market.

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New Zealand Interest Rate Product Worked Examples

(All times are New Zealand time unless otherwise indicated)

Example One

10:00am (trade negotiation)

Client A places an order with SFE Participant A to fill a 200 lot buy order in September 3 Year New Zealand Government Stock futures at 9450 via the BTF. On this occasion, SFE Participant A is able to take the sell side of the proposed transaction.

10:10am (trade notification)

The two parties to the BTF agree on all trade details by 10:10am. As the initiating SFE Participant, SFE Participant A notifies the Exchange of the proposed Block Trade via the SYCOM® message facility.

10:15am (trade confirmation)

On behalf of Client A, SFE Participant A notifies the Exchange of the proposed Block Trade via the Block Trade Registration Form which is faxed to the Exchange.

10:20am (trade validation)

After receipt of all details of the Block Trade, the Exchange validates the trade with the executing participant.

9:30am (Sydney time) on the following business day (trade publication)

The Exchange disseminates information regarding the transaction to the market.

Example Two

10:00am (trade negotiation)

Client B places an order with SFE Participant A to fill a 175 lot sell order in 10 Year New Zealand Government Stock June futures via the BTF. On this occasion, SFE Participant A cannot fill the order on its own book and proceeds to contact other SFE Participants and clients.

10:40am (trade notification)

By 10:40am, SFE Participant B has agreed to buy 175 June 10 Year New Zealand Government Stock futures contracts at 9425 from SFE Participant A's customer (Client B). As the initiating SFE Participant, SFE Participant A notifies the Exchange of the proposed Block Trade via the SYCOM® message facility.

10:45am (trade confirmation)

On behalf of Client B, SFE Participant A notifies the Exchange of its part of the proposed Block Trade via the Block Trade Registration Form which is faxed to the Exchange.

On its own behalf, SFE Participant B notifies the Exchange of its part of the proposed Block Trade via the Block Trade Registration Form which is faxed to the Exchange.

10:50am (trade validation)

After receipt of **all** details of the Block Trade, the Exchange validates the trade with the executing participant.

9:30am (Sydney time) on the following business day (trade publication)

The Exchange disseminates information regarding the transaction to the market.
Block Trade Facility

Example Three

10:00am (trade negotiation)

Client C places a market-on-close order (defined in this case as the 4:30pm price between the counterparties) with SFE Participant A to fill a 750 lot buy order in September 3 Year New Zealand Government Stock futures. On this occasion, SFE Participant A is able to take the sell side of the proposed transaction.

4:30pm (trade notification)

Following receipt of the closing price of 9440 at 4:30pm, all details of the proposed trade have now been agreed. As a result, on behalf of Client C, SFE Participant A notifies the Exchange of the proposed Block Trade via the SYCOM® message facility.

4:35pm (trade confirmation)

On behalf of Client C, SFE Participant A confirms the proposed Block Trade via the Block Trade Registration Form which is faxed to the Exchange.

4:40pm (trade validation)

After receipt of **all** details of the Block Trade, the Exchange validates the trade with the executing participant.

9:30am (Sydney time) on the following business day (trade publication)

The Exchange disseminates information regarding the transaction to the market.

Example Four

10:00am (trade negotiation)

Client D places an order with SFE Participant A to fill a 500 lot sell order in June 3 Year New Zealand Government Stock futures via the BTF. On this occasion, SFE Participant A cannot completely fill the order on its own book and proceeds to contact other SFE Participants and clients.

11:30am (trade notification)

By 11:30am, SFE Participant A has filled the buy side of Client D's order at an agreed price of 9450 as follows: SFE Participant A (for itself) 200 lots; SFE Participant A (on behalf of Client E) 100 lots; SFE Participant B (on behalf of Client F) 100 lots; and SFE Participant C (on behalf of Client G) 100 lots. As the initiating SFE Participant, SFE Participant A notifies the Exchange of the proposed Block Trade via the SYCOM® message facility.

11:35am (trade confirmation)

On behalf of Clients D, E, F and G, SFE Participants A, B and C each notify the Exchange of their part in the proposed Block Trade via the Block Trade Registration Form which is faxed to the Exchange.

11:40am (trade validation)

After receipt of **all** details of the Block Trade, the Exchange validates the trade with the executing participant.

9:30am (Sydney time) on the following business day (trade publication)

The Exchange disseminates information regarding the transaction to the market.
Block Trade Facility

Example Five

10:00am (trade negotiation)

Client H places an order with SFE Participant A to fill a 150 lot sell order in June 10 Year New Zealand Government Stock futures via the BTF. On this occasion, SFE Participant A cannot fill the order on its own book and proceeds to contact other SFE Participant's and clients.

10:30am (trade notification)

By 10:30am, SFE Participant A has filled the buy side of Client H's order at an agreed price of 9428 with another of its customers, Client I. As the initiating SFE Participant, SFE Participant A notifies the Exchange of the proposed Block Trade via the SYCOM® message facility.

10:35am (trade confirmation)

On behalf of Clients H and I, SFE Participant A notifies the Exchange of the proposed Block Trade via the Block Trade Registration Form which is faxed to the Exchange.

10:40am (trade validation)

After receipt of **all** details of the Block Trade, the Exchange validates the trade with the executing participant.

9:30am (Sydney time) on the following business day (trade publication)

The Exchange disseminates information regarding the transaction to the market.

21 **NZSX 15 Index Futures (“the ZIF”) Worked Examples**
(All times are New Zealand time unless otherwise indicated)

Example One

10:00am (trade negotiation)

Client A places an order with Participant A to fill a 500 lot buy order in September NZSX 15 index futures (the ‘ZIF’) via the BTF. On this occasion, Participant A contacts a House trader from a division within the Participant firm, who is able to take the sell side of the proposed transaction at a price of 4,850.

10:10am (trade notification)

The two parties to the BTF agree on all trade details by 10:10am. As the initiating Participant (and the only Participant to the trade), Participant A notifies the Exchange of the proposed Block Trade via the SYCOM® message facility.

10:15am (trade confirmation)

On behalf of Client A, Participant A confirms the proposed Block Trade to the Exchange via the official Block Trade Facility Registration Form (“Trade Registration Form”).

10:20am (trade validation)

After receipt of all details of the Block Trade, the Exchange validates the trade with the executing Participant.

9:15am on the following business day (trade publication)

The Exchange disseminates information regarding the transaction to the market.

Example Two

10:00am (trade negotiation)

Client B places an order with Participant A to fill a 1,750 lot sell order in June NZSX 15 (the ‘ZIF’) futures via the BTF. Participant A is not able to obtain a counterparty to its Client’s Block Trade order from within its internal or external client base, and thus proceeds to contact other Participants and clients.

10:40am (trade notification)

By 10:40am, a House trader from Participant B has agreed to buy 1,750 June NZSX 15 (the ‘ZIF’) futures contracts at 4,850 from Participant A’s customer (Client B). As the initiating Participant, Participant A notifies the Exchange of the proposed Block Trade via the SYCOM® message facility.

10:45am (trade confirmation)

On behalf of Client B, Participant A notifies the Exchange of the proposed Block Trade via the Trade Registration Form.

On behalf of its internal client (House), Participant B confirms the proposed Block Trade to the Exchange via the Trade Registration Form.

10:50am (trade validation)

After receipt of all details of the Block Trade, the Exchange validates the trade with the executing Participant.

9:15am on the following business day (trade publication)

The Exchange disseminates information regarding the transaction to the market.

Example Three

10:00am (trade negotiation)

Client C places a market-on-close order (defined in this case as the 4:30pm price between the counterparties) with Participant A to fill a 750 lot buy order in December NZSX 15 (the ‘ZIF’) futures. On this occasion, a House trader from another division of Participant A is able to take the sell side of the proposed transaction.

4:30pm (trade notification)

Following receipt of the closing price of 4,860 at 4:30pm, all details of the proposed trade have now been agreed. As the initiating Participant, Participant A notifies the Exchange of the proposed Block Trade via the SYCOM® Message Facility.

4:35pm (trade confirmation)

On behalf of Client C, Participant A confirms the proposed Block Trade to the Exchange via the Trade Registration Form.

4:40pm (trade validation)

After receipt of all details of the Block Trade, the Exchange validates the trade with the executing Participant.

9:15am on the following business day (trade publication)

The Exchange disseminates information regarding the transaction to the market.

Example Four***10:00am (trade negotiation)***

Client D places an order with Participant A to fill a 5,000 lot sell order in March NZSX 15 (the 'ZIF') futures contract via the BTF. On this occasion, Participant A is not able to completely fill the Block Trade order from within its internal or external client base and thus proceeds to contact other Participants and clients.

11:30am (trade notification)

By 11:30am, Participant A has filled the buy side of Client D's order at an agreed price of 4,600 as follows: Participant A (for a House account of another division) 500 lots; Participant A (on behalf of Client E) 1,500 lots; Participant B (on behalf of Client F) 1,000 lots; and Participant C (on behalf of Client G) 2,000 lots.

As the initiating Participant, Participant A notifies the Exchange of the proposed Block Trade via the SYCOM® message facility.

11:35am (trade confirmation)

Participants A, B and C each confirm the proposed Block Trade to the Exchange via the Trade Registration Form on behalf of all clients involved.

11:40am (trade validation)

After receipt of all details of the Block Trade, the Exchange validates the trade with the executing Participant.

9:15am on the following business day (trade publication)

The Exchange disseminates information regarding the transaction to the market.

Example Five***10:00am (trade negotiation)***

Client H places an order with Participant A to fill a 1,500 lot sell order in March NZSX 15 (the 'ZIF') futures via the BTF. Participant A proceeds to contact other Participants and internal and external clients.

10:30am (trade notification)

By 10:30am, Participant A has filled the buy side of Client H's order at an agreed price of 4,850 with another of its customers, Client I.

As the initiating Participant, Participant A confirms the proposed Block Trade to the Exchange via the SYCOM® message facility.

10:35am (trade confirmation)

On behalf of Clients H and I, Participant A notifies the Exchange of the proposed Block Trade via the Trade Registration Form.

10:40am (trade validation)

After receipt of all details of the Block Trade, the Exchange validates the trade with the executing Participant.

9:15am on the following business day (trade publication)

The Exchange disseminates information regarding the transaction to the market.