

CIRCULAR



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**To: NZ Agents
NZ Clearing Members**

82/98

No:

Reminder - NZ Equity Option Procedures

This circular is to provide Members with a reminder of their responsibilities in relation to the delivery of New Zealand equity option contracts.

TIME (NZ Time)	TASK
Any Trading Day (up to and including Last Trading Day)	
Within 30 minutes after the close of trading, or on the Expiration Date up to 30 minutes after the settlement price has been declared.	Members wishing to <u>manually</u> exercise/abandon equity options must submit a Notice of Option Exercise/Abandonment form to SFECH
First Business Day After Exercise	
10:00	Call option buyers / put option sellers may elect to notify SFECH of maximum aggregation they will accept (Equity Delivery Form 1)
10:30 (for <u>manual</u> exercise/abandonments)	SFECH notifies the seller of the maximum aggregation that is acceptable and the buyer of the maximum aggregation it must accept (Equity Delivery Form 2/3)
11:00 (for <u>automatic</u> exercise/abandonments)	SFECH notifies seller of the maximum aggregations that is acceptable and the buyer of the maximum aggregation it must accept (Equity Delivery Form 2/3)
14:00*	Equity Delivery Forms 2/3 to be signed and faxed to SFECH (after Member has confirmed all details are correct)
Second Business Day After Exercise	
12:00**	Equity Delivery Form 5 to be faxed to SFECH (where members wish to confirm Member to Member delivery)
15:00*	Equity Delivery Form 6 and/or 7 to be faxed to SFECH (where Members wish to confirm Physical Delivery)
Fourth Business Day After Exercise	
17:00*	Equity Delivery Form 4 to be faxed to SFECH (by Receiving Member only) - Physical delivery only
Fifth Business Day After Exercise	
12:00	Delivering member must present Transfer Forms at appropriate delivery point - Physical delivery only

14:00	Receiving Members to lodge funds with SFECH (via Austraclear) - Physical delivery only
After 14:00	SFECH releases funds to Delivering members - Physical delivery only
Sixth Business Day After Exercise	
From 09:30	Receiving Members are able to collect marked Transfer Forms from Registry Manager - Physical delivery only

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- * These timing requirements are not currently identified in the Contract Specifications but will be updated to help facilitate any Physical delivery process (as opposed to Member to Member deliveries)
- ** The time in the Contract Specifications will be updated from the fifth business day after exercise to the second business day after exercise to assist with the administration of potential Physical deliveries (as opposed to Member to Member deliveries)

The above information has been provided as a summary of some of the important issues involved with an equity option delivery, however Members should ensure they are familiar with the NZ Rules and Regulations before undertaking any such delivery.

Should you have any questions regarding the delivery process, please do not hesitate to contact Manny Said (9256 0191) or Leanne Terrett (9256 0435).

Katrina Maunder
Manager; Clearing Services

17/12/98

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