



**SFE Clearing Bulletin No:** 09/03

**From:** SFE Clearing Corporation Pty Ltd ABN 91 050 615 864

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### CLEARING OPERATIONS TIME BRACKETING REQUIREMENTS

Prior to the implementation of SECUR it was generally stated that while compliance and enforcement of allocation Time Brackets in the Clearing environment was desirable the ability of Participants to successfully operate within those brackets was limited. The establishment of SECUR has enabled the use of STP solutions, and consequently a generally higher capability to manage the post-execution activities of trading. Accordingly, it is now appropriate that the Time Bracketing guidelines, as detailed in the Trading Rules, become operational. The following describes the operational details associated with the introduction of "Time Bracketing".

The intention of the Business Rules regarding "Time Bracket Requirements" and the associated "Allocations and Assignment" times is to increase the efficiency and market integrity of the Clearing Operations environment to the benefit of all Participants. Specific rules of interest are detailed in G.42 and G.43 of the Business Rules and are accessible from page 119 of the link below.

[http://www.sfe.com.au/site/html/rules/sydfutex/sydfutex\\_003.pdf](http://www.sfe.com.au/site/html/rules/sydfutex/sydfutex_003.pdf)

These Business Rules detail rights and obligations as they effect all Participants. In relation to Time Bracketing requirements particular attention should be paid to G.43.8 and the subsequent consequences detailed in the Trading Rules.

The Trading Rules detailing "Confirmation of Trades and Submission to Clearing House" and "Time Bracketing Requirements" are detailed in TR 22 and Schedule I of the Trading Rules respectively and can be accessed on pages 58 and 97 of the link below.

[http://www.sfe.com.au/site/html/rules/sydfutex/sydfutex\\_005.pdf](http://www.sfe.com.au/site/html/rules/sydfutex/sydfutex_005.pdf)

### TRADING RULES - SCHEDULE I

Session	Allocation and Assignment	Assignments of Allocations In
Overnight SYCOM	9.00am	9.30am
Morning SYCOM	2.00pm	2.30pm
Afternoon SYCOM	6.00pm	6.30pm

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In detail Schedule I requires all night session trades to have been Allocated or Assigned by 9.00am the following morning and for all Allocations resulting from overnight trades to be accepted by 9.30am.

Discussion of which Time Brackets are considered relevant for the maintenance of market integrity, thus requiring a stringent view of compliance will be developed over time. Note that the 2pm and 2.30pm Time Brackets detailed above in Schedule I of the Trading Rules will be monitored and reported against with a view to being met, but will at this stage not attract additional action. The table below details the Time Bracket within which compliance will be required.

## MONITORED AND ENFORCED TIME BRACKETS

Session	Execution time	Allocation and Assignment	Assignments of Allocations In
Night Session	17.09 – 08.00	9.00am	9.30am
Day Session	08.29 – 16.30	6.00pm	6.30pm

To assist Participants in managing their allocation exposure SFE Business Operations will be monitoring instances where Schedule I “Time Brackets” have not been met and will provide Participants with a weekly report via email detailing all such instances. In addition SFE Business Operations will be actively monitoring Participant positions in real-time and informing Participants by telephone when the Time Bracket is unlikely to be met.

The compliance approach of the Schedule I “Time Bracket Requirements” will follow the timeframe below.

	Reporting from SFE	Major Offence Fine
March 3 – April 11 2003	Weekly	Warning only
April 14 – July 4 2003	Weekly and Monthly Bill	\$50 per breach

The timeframe allows Participants six weeks to implement any changes to their allocation processes after which time a more stringent approach to compliance, including small fines, will be adopted. Details of how the billing system will operate will be the subject of a further bulletin closer to the effective date.

The Trading Rule TR 22.2 details the following. “An Exchange Official may grant an extension of time to Allocate or Designate but Exchange Officials are under no obligation to grant such an extension.” For clarification Participants should be aware that in this circumstance Exchange Official is defined as Trading Manager and that requests should be addressed to the undersigned.

To clarify the above an extension to the time to Allocate, Designate or Accept will be considered in the circumstances detailed below. An extension to the relevant Time Bracket will be communicated to the market via SECUR and via the SECUR status page on the SFE website.

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- Within three business days prior to the expiry of a quarterly Bond or Equity Index product.
- Market wide technical failure.
- Exceptional market circumstances.

To address any issues presented by deals which have yet to be split, confirmed or allocated, Participants are advised that as stated above the 2.00 – 2.30pm Allocation and Assignment Time Bracket will be monitored but not enforced. This should allow Participants to Allocate, Assign or accept allocation of give-ups in the session (day or night) in which the deal was executed.

If further assistance is required in managing deals that are unable to be Allocated or Assigned within the relevant Time Bracket, Participants are advised to set-up holding/ suspense accounts in their STP systems. In addition Participants are advised to consult with clients to ensure timely confirmation of deals.

Should you have any queries please contact the undersigned on 9256-0554 or [draper@sfe.com.au](mailto:draper@sfe.com.au)

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