



SFE NOTICE NO.

20/07

Date of Issue: 15 February 2007

Effective Date: 19 February 2007

Acceptable Securities for EFP Transactions against SFE Interest Rate, Electricity and Commodity Futures and Option Contracts

Participants are advised that SFE has conducted a review of what constitutes an acceptable security for the purpose of transacting an Exchange for Physical (EFP) against SFE Futures and Option contracts. Under Operating Rule 3.5.4(b) the Exchange may prescribe additional provisions which may include limitations on the type or size of EFP transactions.

Following this review, SFE has determined that, from 19 February 2007, EFPs will only be permitted where the physical transaction relating to the EFP is **reasonably correlated** with the futures or options contracts.

Over the counter physical obligations in the following currencies are considered to be reasonably correlated against SFE Interest Rate Futures and Options contracts:

- Australian, New Zealand, US and Canadian dollar
- British Pound, and
- Euro denominated securities.

The physical transaction relating to EFPs against SFE Electricity and Commodity Futures and Options contracts is restricted to Australian or New Zealand denominated financial assets or physicals of similar value or quantity.

In all other respects SFE policy relating to EFPs remains unchanged, including the prohibition of EFP transactions where SFE Futures or Options on Futures contracts are exchanged for other domestic or offshore exchange traded Futures or Options on Futures contracts.

Participants are reminded that in constructing an EFP the value or quantity of the physical interest rate instrument must be similar in terms of notional or risk adjusted value to the futures or option on futures contracts. For EFPs against SFE Interest Rate Futures and Options, the physical securities must have similar present value of a basis point (PVBP) exposure.

Further information on EFP construction and registration is available from the SFE Operating Rules and SFE Operational Policies, which are available from the SFE website at http://www.asx.com.au/supervision/rules_guidance/sfe_operating_rules.htm

Should you have enquiries please contact Kristye van de Geer on 02 9227 0130 or kristye.vandeger@asx.com.au

A handwritten signature in black ink, appearing to read 'Peter Hiom', is positioned above the printed name and title.

Peter Hiom
Group Executive, Business Development

ASX Limited
20 Bridge Street
Sydney NSW 2000
Australia