



SFE NOTICE NO.

96/07

Date of Issue: 2 August 2007

Effective Date: Immediate

Changes to Approved Banks List and Requirements for 90 Day Bank Accepted Bill Futures Contract Delivery

Participants are advised of the following changes to delivery requirements for the 90 Day Bank Bill Futures contract:

1. Addition to the Approved Banks list
2. Restriction of eligible paper for delivery purposes to early paper only
3. Restriction of the minimum face value per deliverable security to AUD1,000,000
4. Removal of conversion of dematerialised security to physical paper requirement

1. Approved Banks

Based on the criteria outlined in SFE Notice 90/07, BNP Paribas has been determined to be an Approved Bank for the purpose of 90 Day Bank Bill Futures delivery.

Following is the complete list of Approved Banks which will be effective from the September 2007 expiry until further notice:

- Australia and New Zealand Banking Group Limited
- BNP Paribas
- Commonwealth Bank of Australia Limited
- National Australia Bank Limited
- Westpac Banking Corporation Limited

2. Restriction to Early Paper

The SFE Operating Rules governing the delivery of 90 Day Bank Bill futures contracts currently stipulate that acceptable bank bills are those with remaining maturity of 85 to 95 days at settlement. Following customer consultation, it was agreed to apply an additional condition to the acceptable maturity dates of paper being delivered. Effective from the September 2007 expiry, accepted paper must be "early" paper and must mature between 85 to 95 days (inclusive) from the futures expiry date.

"Early" paper refers to a bank bill that matures on business days between the 1st and 15th of the month.

3. Minimum Face Value of Deliverable Paper

The minimum face value of paper for delivery purposes has been increased to AUD1,000,000. Effective from the September 2007 expiry, SFE Clearing will not accept parcels made up of smaller denominations.

4. Conversion of Electronic Bills to Physical Bills

The ability for a buyer to request delivery of physical paper, that is, a Bill of Exchange or Negotiable Certificate of Deposit (NCD), as opposed to an electronic Bill of Exchange (EBA) or electronic Negotiable Certificate of Deposit (ECD) as part of the 90 Day Bank Bill Futures delivery process has been removed from the rules. Participants should note that the deletion of this rule has no impact on a buyer's ability, subsequent to the completion of the futures delivery process, to withdraw the EBA / ECD and receive the physical paper.



The SFE Operating Rules for the 90 Day Bank Bill Futures contract is attached, with the changes shown marked up (deletions are struck through and additions are underlined).

For further information please contact Kristye van de Geer on +612 9227 0130 or kristye.vandeger@asx.com.au.

A handwritten signature in black ink, appearing to read 'Maurice Farhart', is written over a faint, light-colored signature line.

Maurice Farhart
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Australia

6.22.1 90 Day Bank Accepted Bill Futures Contract

Item	Heading	Individual contract specifications
1	Contract Unit	Securities (referred to as "bills") with a face value of \$1,000,000 accepted by an approved acceptor and maturing 90 days from Settlement Day. Any such bill must be either: <ul style="list-style-type: none"> (a) a bill of exchange under the Bills of Exchange Act (as amended); or (b) an electronically recorded debt obligation defined as an "EBA" within the definition of "Dematerialised Security" in the Operating Rules of Austraclear Limited (hereafter referred to as "EBA").
1.2	Type of Contract	Deliverable
2	Effect of Contract	<ul style="list-style-type: none"> (a) In fulfilment of each Contract the Seller must deliver either: <ul style="list-style-type: none"> (i) \$1,000,000 face value of either bank accepted bills of exchange or EBA's (hereafter referred to as "bills") comprising either one (1) bill having a face value of \$1,000,000 or <u>such other parcel of bills as determined by the Exchange; or</u> (ii) \$1,000,000 in face value of either bank negotiable certificates of deposit or electronically recorded debt obligations defined as an "ECD" within the definition of "Dematerialised Security" in the Operating Rules of Austraclear Limited (hereafter referred to as ECDs") comprising either one (1) ECD having a face value of \$1,000,000 or <u>such other parcel of ECDs as determined by the Exchange</u> (b) Each bill delivered pursuant to this Item 2 shall: <ul style="list-style-type: none"> (i) Have been accepted by the same Approved Bank. (ii) Have been drawn by the same drawer. (iii) Have the same maturity date. (iv) Be payable at the same city branch of an Approved Bank in either Sydney, Melbourne, Perth, Brisbane, Adelaide, or such other locations as the Exchange may from time to time determine.
		<ul style="list-style-type: none"> (c) Each ECD delivered pursuant to this Item 2 shall: <ul style="list-style-type: none"> (i) Have been issued by the same Approved Bank. (ii) Have the same maturity date. (iii) Be payable at the same city branch of an Approved Bank in either Sydney, Melbourne, Perth, Brisbane, Adelaide, or such other locations as the Exchange may from time to time determine. (d) <u>Subject to 2(e)</u> the maturity date of each bill or ECD delivered pursuant to this Item 2 shall be not less than 85 days and not more than 95 days from Settlement Day. (e) <u>Each bill or ECD delivered pursuant to this Item 2 must be "early" month maturing securities, such that the securities mature on Business Days from the 1st to the 15th of the month inclusive.</u> (f) For the purposes of Item 2, a city branch of a trading bank shall mean a branch designated by Austraclear as a City Branch.

Explanatory Note:

Buyers and Sellers should note:

EBA's are defined in Regulation 8A.3 of the Operating Rules of Austraclear as "electronically recorded two party debt obligations under which the rights as between the drawer, acceptor, any indorser and any Participant who deals in them will be equivalent to the rights which would arise under a Bank accepted bill of exchange (as described by Regulation 7 for a Paper Security). The Equivalent Paper Security is a Bank accepted Bill of Exchange.

- (i) An EBA is not the legal equivalent of a bill of exchange under the Bills of Exchange Act and accordingly delivery of an EBA may not be the same as delivery of a bank accepted bill of exchange under the Bills of Exchange Act.

- (ii) The Bills of Exchange Act is a Commonwealth Act which grants and guarantees rights of title, enforcement and negotiability to instruments which qualify as bills of exchange under the Act.
- (iii) An EBA is not a bill of exchange unless and until it is withdrawn from the Austraclear Limited system in accordance with the Operating Rules of Austraclear Limited AND the withdrawn EBA satisfies the requirements of a bill of exchange under the Bills of Exchange Act.

~~Buyers and Sellers should note that in most cases the subject of delivery under the contract will be an EBA, however where a Seller intends to deliver an EBA and a Buyer requires the delivery of a bill of exchange in accordance with the Bills of Exchange Act, the Seller shall be required to withdraw the EBA and re deposit a bill of exchange in accordance with the Bills of Exchange Act as required by these Contract Specifications.~~

~~The Seller reserves the option to deliver bills of other maturities or negotiable certificates of Deposit within the tolerances as provided in these Contract Specifications.~~

Item	Heading	Individual Contract Specifications
3	Approved Banks	The Exchange in consultation with SFE Clearing shall from time to time approve those banks whose acceptance of a bill or issuance of an ECD shall be approved as good delivery. Banks so approved shall be called "Approved Banks."
4	Approved Settlement Facility	<p>Bills and ECD's must be settled through a Settlement Facility approved by the Exchange. Austraclear Limited (ACN 002 060 773) (a company incorporated in Australia), has been approved as a Settlement Facility.</p> <p>Sellers and Buyers who are Full Participants of Austraclear shall be entitled to give or take delivery in their own names. Sellers and Buyers who are not Full Participants of Austraclear shall not be entitled to give or take delivery in their own name but may appoint a Full Participant of Austraclear to act as their agent for this purposes.</p> <p>Where bills or ECDs are deposited with Austraclear Limited in order to fulfil obligations pursuant to a Futures Contract, such deposit shall be governed by the Operating Rules of Austraclear Limited. Austraclear Limited may impose on its Participants such charges as provided for in its Operating Rules.</p>
5	Tendering Procedures	The Seller or its Agent shall give to SFE Clearing through the Austraclear Limited system, by no later than the time determined by SFE Clearing, such details of tenders as SFE Clearing may determine.
6.1	Invoicing and Settlement Procedures	<p>The Settlement Value of each contract shall be calculated using the following formula:</p> $\frac{1,000,000 \times 365}{365 + \left(\frac{\text{invoice price} \times 90}{100} \right)}$
6.2		<p>The invoice price shall be the Daily Settlement Price for the Settlement Month for the Final Trading Day.</p> <p>The Settlement Value is to be rounded in the manner determined by the Exchange.</p> <p>Any days to maturity before or after 90 days but within the permissible range <u>(85 to 95 days)</u> as provided in these Individual Contract Specifications shall be calculated and invoiced at the invoice price.</p>

Item	Heading	Individual Contract Specifications
6.3		<p>(a) SFE Clearing shall advise the Seller by such time as it may determine, in respect of each contract:</p> <ul style="list-style-type: none"> (i) the name of the Participant of Austraclear Limited to whom the bills or ECD's are to be transferred; (ii) the details required by Item 5 of the bills or ECD's to be transferred to that Participant of Austraclear Limited; and (iii) the amount that will be received from that Participant of Austraclear Limited. <p>(b) SFE Clearing shall advise the Buyer by such time as it may determine, in respect of each contract:</p> <ul style="list-style-type: none"> (i) the name of the Participant of Austraclear Limited from whom bills or ECD's are to be transferred; (ii) the details determined in accordance with Item 5, of the bills or ECD's that will be transferred by that Participant of Austraclear Limited; and (iii) the amount to be paid to that Participant of Austraclear Limited.
7.1	Obligations of Seller on Delivery	<p>(a) The Seller or its Agent shall</p> <ul style="list-style-type: none"> (i) deposit the bills or ECD's as required by these Individual Contract Specifications in the Austraclear Limited system in the Seller's or Agent's account (as the case may be) by no later than the time determined by SFE Clearing; and (ii) transfer the bills or ECD's to the Buyer or its Agent, in accordance with the Operating Rules of Austraclear Limited, no later than the time determined by SFE Clearing. <p>(b) Where the Seller or its Agent does not receive the amount referred to in Item 6 through the Austraclear Limited system by the time determined by SFE Clearing, the Seller shall immediately advise SFE Clearing accordingly.</p>
7.2	Obligations of Buyer on Delivery	<p>(a) The Buyer or its Agent shall pay the Seller or its Agent the amount advised pursuant to Item 6.3, such payment to be made through the Austraclear Limited system by no later than the time determined by SFE Clearing.</p> <p>(b) The Buyer shall be responsible for checking that the bills or ECD's which are the subject of the transfer referred hereof conform with the details advised to it pursuant to Item 6.3.</p> <p>(c) Where the bills or ECD's which are the subject of the transfer conform with the details advised pursuant to Item 6.3, the Buyer or its Agent shall by the time determined by SFE Clearing, confirm for immediate settlement.</p> <p>(d) Where the bills or ECD's which are the subject of the transfer do not conform with the details advised pursuant to Item 6.3, the Buyer shall, by the time determined by SFE Clearing, so advise SFE Clearing.</p>
8	Delivery of Bill of Exchange or NCD	<p>(a) Where a Buyer requires delivery of a bill of exchange in accordance with the Bills of Exchange Act rather than an EBA, or a bank negotiable certificate of deposit rather than an ECD, the Buyer shall advise the Seller of that requirement in respect of each contract by such time on the Settlement Day as may be determined by SFE Clearing.</p> <p>(b) Where the Seller receives advice from the Buyer under Item 8(a), the Seller shall, as required by the Operating Rules of Austraclear Limited, withdraw the EBA or ECD and re-deposit a bill of exchange in accordance with the Bills of Exchange Act or a bank negotiable certificate of deposit.</p>

Item	Heading	Individual Contract Specifications
		<p>(c) The Buyer may only require delivery of a bill of exchange in accordance with the Bills of Exchange Act or a bank negotiable certificate of deposit under paragraph (a) which is identical with the EBA or ECD referred to in paragraph (a) in all relevant characteristics.</p> <p>(d) The Seller or its Agent shall deposit the bill of exchange in accordance with the Bills of Exchange Act or the bank negotiable certificate of deposit in the Austraclear Limited system in the Seller's or Agent's account (as the case may be) by such time on the Settlement Day as shall be determined by SFE Clearing.</p>
9	Default	<p>(a) Should a delivery not be duly made by the Seller or its Agent as provided in these Individual Contract Specifications, such Seller shall be in default.</p> <p>(b) Should a delivery not be duly taken by the Buyer or its Agent, as provided in these Individual Contract Specifications, such Buyer shall be in default.</p> <p>(c) Should the Seller fail to withdraw an EBA or an ECD from the Austraclear Limited system for the purpose of providing the Buyer with a bill of exchange in accordance with the Bills of Exchange Act or a bank negotiable certificate of deposit as required under Item 8 above, such Seller shall be in default.</p> <p>(d) Should the Seller fail to deliver a bill of exchange which conforms with the Bills of Exchange Act or a bank negotiable certificate of deposit in all relevant respects as required by Item 8, such Seller shall be in default.</p> <p>(ec) Should payment for any delivery not be made by the Buyer as provided in these Individual Contract Specifications, the Seller with the agreement of and in conjunction with SFE Clearing is authorised to sell the bills or ECD's. Any difference in price resulting through such sales, together with interest and all charges incurred by the delay, shall be settled with SFE Clearing forthwith.</p>
10	Rights of Clearing Participant when its client is in Default	<p>If a default arises as described in provided for in Item 9 and the defaulter is a Client of a Clearing Participant, the Clearing Participant shall have the right of:</p> <p>(a) lodging tenderable Bills or ECD's in the Austraclear Limited system by such time as may be determined by SFE Clearing so as to be transferred in accordance with Item 5; or</p> <p>(b) taking delivery of tenderable bills or ECD's through the Austraclear Limited system by immediate settlement of the amount referred to in Item 5 by no later than such time as may be determined by SFE Clearing as the case may be; or</p> <p>(c) Closing Out all or any transactions entered into in any Market by such Clearing Participant on behalf of the Client without further notice and without in any way prejudicing any other legal action for recovery which the Clearing Participant may take or have taken;</p> <p>If the Clearing Participant takes action under Item 8(a) or (b), all differences, interest and all other charges shall be settled by the Client with the Clearing Participant forthwith.</p>
11	Unavailability of or inability to access Austraclear	<p>(a) If any transfer of deliverable stock required under these Individual Contract Specifications cannot be accomplished by the time specified on Settlement Day due to the unavailability of the Austraclear Limited system, or due to the unavailability of the Buyer's or its Agent's, the Seller's or its Agent's or SFE Clearing's access to the Austraclear Limited system, such transfer shall be made as soon as possible and in accordance with any instructions which may be given by the Exchange in consultation with SFE Clearing.</p> <p>(b) Should a situation arise as described in item 11(a), no alteration shall be made to the invoiced amount, provided that in respect of such delay:</p>

Item	Heading	Individual Contract Specifications
		<p>(i) the obligations of the Buyer shall extend to the payment to SFE Clearing of a sum calculated in accordance with item 11(c) hereto; and</p> <p>(ii) the rights of the Seller shall extend to the right to receive from SFE Clearing a sum calculated in accordance with item 11(c).</p> <p>(c) The sum as described in item 11 (b) shall be calculated in accordance with the formula:</p> $\frac{D}{365} \times \frac{R}{100} \times I$ <p>Where:</p> <p>D = the number of days from (and excluding) Settlement Day up to (and including) the day on which transfer is effected;</p> <p>R = the average of SFE Clearing's Australian Dollar Base Rate in percentage terms at the close of business on each day from (and including) Settlement Day up to (and excluding) the day on which transfer is effected;</p> <p>I = the invoiced amount in respect of the relevant lot;</p> <p>and shall be payable at such time and in such manner as SFE Clearing may specify.</p> <p>(d) Should a situation arise as described in item 11(a), the Buyer and Seller shall provide to SFE Clearing documentary evidence satisfactory to SFE Clearing that they had complied with their obligations under these Individual Contract Specifications by the time and in the manner determined</p> <p>(e) If invoices are not ready when documents are required payments shall be made and received on account EXCEPT to circumstances as described in item 11(a).</p>
13	Disputes	Bills or ECD's must be taken up without prejudice to any question in Dispute, and failing agreement between the parties SFE Clearing may resell the bills or ECD's for account of whom it may concern. All differences, interests and all other charges are for prompt settlement.
14	Inability for SFE Clearing to declare Settlement Price and undesirable situations	If a situation is developing or has developed which is capable of preventing SFE Clearing from declaring the Settlement Price in accordance with these Individual Contract Specifications, or if an undesirable situation within the meaning of Rule 1.4 is developing or has developed in relation to the contract, then the provisions of that Rule 1.4 shall apply and any provision of these Operating Rules which cannot be complied with until the value or price has been declared shall be complied with as soon as possible after it has been declared.

Explanatory Note

The terms of all 90 Day Bank Accepted Bill Futures contract contracts comprise a combination of:

- the Individual Contract Specifications set out above; and
- the generic specifications set out elsewhere in the Rules.

As to the generic specifications, see in particular Rule 6.2 which provided for determinations by the Exchange as to:

- the units in which prices are to be quoted by participants when submitting orders;
- the Final Trading Day in a Settlement Month;
- the time at which trading ceases on the Final Trading Day;
- the Settlement Day;



- the final times by which the Seller's and Buyer's obligations, respectively, must be satisfied on the Settlement Day; and
- the Settlement Months in which a Final Trading Day for a contract occurs.

Pursuant to the generic terms/specifications for all contracts that are set out in Rule 6 providing for various Determinations by the Exchange, the actual Determinations (which do not themselves constitute terms of the contracts) are set out, for information, in the separate document "Procedures, Determinations and Practice Notes" (this document does not form part of the Rules).

For example, the generic term/specification in Rule 6.2 relating to the Settlement Day for this contract day is as follows

"Settlement Day" – such business day as is determined by the Exchange. The actual determination made by the Exchange is "The second Friday of the Settlement Month".

Link to Procedures for determination. [Ninety Day BAB Futures Determination](#)