



SFE NOTICE NO.

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## SFE 3 & 10 Year Commonwealth Treasury Bond Futures Contracts Expiry - Market Information Update

As market users will be aware, the March 2008 expiry of the SFE 3 & 10 Year Commonwealth Treasury Bond Futures contracts takes place on Monday 17th of March at 12 Noon.

As this expiry approaches, SFE wishes to ensure market awareness of the following factors.

As part of its market operator licence which imposes front-line market supervisory authority and obligation to ensure that its markets are fair, orderly and transparent, Exchange Surveillance personnel monitor trading activity and holdings approaching expiry and initiate contact with relevant parties to gain adequate assurance as to traders' intentions and understanding of their obligation to trade in a manner consistent with the fair, orderly and transparent operation of SFE's markets. In the case of the 3 & 10 year Commonwealth Treasury Bond Futures contracts, strict T-1 expiry position limits apply (of 23,000 and 17,500 respectively at a corporate entity level) to facilitate the orderly settlement of the front quarter month contract.

SFE recognises that recent global financial market events that have impacted on the domestic wholesale credit markets are also impacting the secondary market for physical Commonwealth Government Securities (CGS). There have been indications that the current overall debt market environment is on occasion causing wider bid/offer spreads and greater variation in prices in the secondary CGS market than has been typically seen on an historical basis. Consequently, there is some potential for greater than usual physical CGS price volatility leading into the March 2008 Commonwealth Treasury Bond futures contract expiry. Traders who are unwilling to accept such price risk may look to exit positions prior to the last trading day for these contracts.

SFE wishes to remind users of these contracts of the importance of complying with all rules and relevant guidance through the contract expiry process.

Should you have any queries in relation to the above, please contact Nick Gaut, Senior Market Analyst, Futures Compliance & Surveillance, on (02) 9227-0226 or at [nick.gaut@asx.com.au](mailto:nick.gaut@asx.com.au)

A handwritten signature in black ink, appearing to read 'R. Coaldrake', is written in a cursive style.

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