



Individual Share Futures

Individual Share Futures provide investors and traders with the benefits of trading stocks on the share market with the flexibility of derivative markets. Individual Share Futures enable you to buy or sell exposure to 1,000 shares in Australia's largest listed companies. What distinguishes futures from stocks is that they are more cost effective to trade, provide increased leverage, and allow traders to profit from a rising and a falling market.

SFE currently lists Individual Share Futures based on:

AMP Limited	Qantas Airways Limited
Ansell Limited	Rio Tinto Limited
Australia & New Zealand Banking Group Limited	St George Bank Limited
Brambles Industries Limited	Telstra Corporation Limited
Broken Hill Proprietary Limited	Wesfarmers Limited
Commonwealth Bank of Australia Limited	Westfield Holdings Limited
Coles Myer Limited	Westpac Banking Corporation Limited
Foster's Brewing Group Limited	Western Mining Corporation Limited
MIM Holdings Limited	Woodside Petroleum Limited
National Australia Bank Limited	Woolworths Limited
News Corporation Limited	

Benefits of Trading Individual Share Futures

EASY TO TRADE

- Individual Share Futures enable you to trade Australia's largest listed companies.
- They can be traded by using the phone or the Internet.
- Individual Share Futures provide the ability/choice to take delivery of (or deliver) the stock at expiry giving you a cost effective and easy method of buying (or selling) shares.

COST EFFECTIVE

- The brokerage for trading Individual Share Futures is typically less than the brokerage for trading shares.
- The presence of Official Market Makers ensure that Individual Share Futures have tight bid ask spreads providing traders with the ability to enter and exit the market with confidence.

INCREASED LEVERAGE

- Individual Share Futures enable you to trade the price of a company without having to buy the physical stock. Instead, brokers require a minimum deposit that is typically between 2% and 20% of your exposure. This means that the capital outlay to trade futures is only a fraction of the capital outlay to trade stocks.

ABILITY TO TAKE ADVANTAGE OF A RISING AND A FALLING MARKET

- Individual Share Futures have no restrictions on short selling. Therefore, you avoid the complications and costs associated with borrowing stock.
- Individual Share Futures enable you to trade 'pairs of stocks' if you believe that one stock will outperform another. For example, you may sell National Australia Bank Individual Share Futures and buy Westpac Individual Share Futures if you believe that Westpac will outperform relative to National Australia Bank.

How to Trade Individual Share Futures

If you predict a stock to rise... buy an Individual Share Futures contract and sell the contract when the price has risen.

TRADING EXAMPLE

On a given date, you decide to buy two ANZ Bank Individual Share Futures contracts at a price of \$19.00. As one contract is equal to 1000 shares the value of your exposure is equal to \$38,000 ($\$19.00 \times 1000 \text{ shares} \times 2 \text{ contracts}$). To buy these two contracts your broker only requires a minimum margin of \$1,800* to be held as deposit.

Four weeks later, ANZ Bank Individual Share Futures have increased to \$21.30. You decide that you want to close out your position by selling two ANZ Bank Individual Shares Futures contracts. The resulting profit on the trade is $(\$21.30 - \$19.00) \times 1000 \text{ shares} \times 2 \text{ contracts} = \$4,600$.

If you predict a stock to fall... sell an Individual Share Futures contract and then buy the contract when the price has fallen.

TRADING EXAMPLE

On a given date, you decide to sell one News Corporation Limited Individual Share Futures contract at a price of \$10.00. As one contract is equal to 1000 shares the value of your exposure is equal to \$10,000 ($\$10.00 \times 1000 \text{ shares} \times 1 \text{ contract}$). To buy this contract your broker only requires a minimum margin of \$1,400* to be held as deposit.

Four weeks later, News Corporation Individual Share Futures have decreased to \$9.10. You decide that you want to close out your position by buying one News Corporation Individual Shares Futures contract. The resulting profit on the trade is $(\$10.00 - \$9.10) \times 1000 \text{ shares} \times 1 \text{ contract} = \900 .

* the actual margin varies between approximately 2% and 20%.

ABOUT BELL COMMODITIES

Bell Commodities is a long established futures broker in Australia. We provide clients with:

- Australian and international futures and option execution services
- Expertise in formulating hedging programmes
- 24 hour access to the futures and bullion markets around the world, as well as to the margined foreign exchange market.

Bell Commodities is dedicated to serving the needs of its customers and providing a high level of specialised and personal service.

ABOUT SFE

SFE Corporation Limited (SFE) and its subsidiary companies, Sydney Futures Exchange, New Zealand Futures and Options Exchange, SFE Clearing Corporation and Austraclear, provide exchange-traded and over-the-counter (OTC) financial services for institutions globally. During 2001, on average more than 141,000 futures and options contract were traded each day, with an annual turnover of nearly 37 million contracts, positioning SFE as a significant derivatives exchange in the Asian region.

SFE is a public company whose shareholders include many of Australia's and the world's leading banks, brokers and other financial institutions.

FOR FURTHER INFORMATION

For further information please call Bell Commodities on 1800 805 906.

Alternatively, visit www.bellcommodities.com.au or www.sfe.com.au

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