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20 October 2008

Commissioner Dr John Tamblyn
Australian Energy Market Commission
PO Box A2449
SYDNEY SOUTH NSW 1235

By mail and by email: submissions@aemc.gov.au

Dear Commissioner

Public Hearing on Futures Offset Arrangements (FOAs) Rule Submission to the AEMC

As per our verbal feedback on the risk analysis presented at the above hearing, ASX would like to submit for the AEMC's consideration that whilst the drafting of the proposed rule change may be ambiguous, the mechanics of a Futures Offset Arrangement:

- has for over 3 years of discussions between NEMMCO, ASX and its Clearing Participants and their customers been on the basis that a FOA would be a contractual relationship between a Clearing Participant and NEMMCO on behalf of a client;
- does not directly involve SFE Clearing House or its clearing guarantee, margining processes or systems.

Several of the higher rated risks identified by Deloitte for further analysis should be considered by the AEMC in the context of the above points.

ASX is available to meet with the AEMC at its convenience if it wishes to discuss further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Anthony Collins', is set against a light grey, dotted background.

Anthony Collins
General Manager – Emerging Markets

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear