

CIRCULAR



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**To: Back Office Accounting Suppliers
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67/98

No:

NZFOE Initial Margin Rates and SPAN Parameters

Following a review of the current NZFOE Initial Margin Rates and SPAN¹ Parameters, the changes as detailed in the tables set out in the attached schedule will result. The shaded areas highlight changes since the last circular regarding NZFOE Initial Margin Rates and SPAN Parameters.

The revised SPAN parameters will be effective for open contracts as at close of business **Friday, 18 September 1998** impacting on margin calls made on **Monday, 21 August 1998**.

NZFOE SPAN parameters are available on Reuters pages **NZF/SPAN** and **NZF/SPREAD** and the SFE website, **www.sfe.com.au/**.

If you have any queries in respect to these or any other SPAN parameters, please contact the Risk Management Department on 9256 0403 or 9256 0553.

¹ SPAN and Standard Portfolio Analysis of Risk are trademarks of the Chicago Mercantile Exchange. The Chicago Mercantile Exchange assumes no liability with the use of SPAN by any person or entity.

NZFOE INITIAL MARGIN RATES & SPAN PARAMETERS
(Effective from 18-09-98)

| | Commodity Name | Code | Price Scan Range (per lot) | Inter Month Spread Charge (per spread) | % Volatility Scan Range | Short Option Minimum Charge | Effective Date |
|----|------------------------------|------|----------------------------|--|-------------------------|-----------------------------|----------------|
| 1 | NZSE-10 Share Price Index | TI | \$1250 | \$300 | 2.50% | \$25 | 13/08/98 |
| 2 | 90 Day Bank Bill | BB | \$600 | Tiered | 0.10% | \$12 | 22/06/98 |
| 3 | 3 Year Government Bond | TY | \$800 | \$150 | 1.00% | \$26 | 22/12/97 |
| 4 | 10 Year Government Bond | TN | \$1600 | \$250 | 1.50% | \$68 | 18/05/98 |
| 5 | NZ Electricity-North Island* | EN | \$600 | \$500 | - | - | 23/10/97 |
| 6 | NZ Trade Weighted Index | TW | \$3,200 | \$1,200 | - | - | 07/04/98 |
| 7 | Air New Zealand 'B' | AB | \$225 | \$140 | 1.50% | \$10 | 13/08/98 |
| 8 | Brierley Investment | BY | \$75 | \$40 | 1.50% | \$10 | 18/05/98 |
| 9 | Carter Holt Harvey | CH | \$225 | \$90 | 1.50% | \$10 | 13/08/98 |
| 10 | Fernz Corporation | FZ | \$250 | \$140 | 1.50% | \$10 | 13/08/98 |
| 11 | Fisher & Paykel | PY | \$325 | \$160 | 1.50% | \$10 | 20/11/97 |
| 12 | Fletcher Challenge Paper | PF | \$225 | \$115 | 1.50% | \$10 | 18/05/98 |
| 13 | Fletcher Challenge Building | CF | \$275 | \$140 | 1.50% | \$10 | 18/05/98 |
| 14 | Fletcher Challenge Energy | EF | \$400 | \$175 | 1.50% | \$10 | 13/08/98 |
| 15 | Fletcher Challenge Forestry | FF | \$100 | \$65 | 1.50% | \$10 | 13/08/98 |
| 16 | Goodman Fielder | GF | \$200 | \$100 | 1.50% | \$10 | 18/05/98 |
| 17 | Independent Newspapers | IN | \$350 | \$200 | 1.50% | \$10 | 13/08/98 |
| 18 | Lion Nathan | LN | \$350 | \$190 | 1.50% | \$10 | 13/08/98 |
| 19 | Telecom Corp of NZ | TL | \$425 | \$200 | 1.50% | \$10 | 18/09/98 |

* The spot month isolation rate for the EN contract is \$100

NZFOE TIERED INTER-MONTH SPREAD DETAILS
(Effective from 23-06-98)

| | 90 Day Bank Bills | Months in Tier | Tier 1 | Tier 2 | Tier 3 |
|---|-------------------|----------------|--------|--------|--------|
| 1 | Tier 1 | 1 | - | | |
| 2 | Tier 2 | 2 to 3 | \$250 | \$200 | |
| 3 | Tier 3 | 4 to 12 | \$350 | \$150 | \$75 |

NZFOE SPAN INTER COMMODITY CONCESSIONS
(Effective from 23-06-98)

| Priority | Contracts | Delta Spread Ratio | % Credit per Leg of Spread |
|----------|---|-----------------------|-------------------------------|
| 1 | 3 Year Government Bond: 10 Year Government Bond | 5:2 | 70% |
| 2 | 90 Day Bank Bill: 3 Year Government Bond | 2:1 | 65% |

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16/09/98

SYDNEY FUTURES EXCHANGE CLEARING HOUSE PTY LIMITED
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