

CIRCULAR



30 - 32 Grosvenor Street

Sydney NSW 2000

Australia

Telephone +61 (0)2
9256 0555

Facsimile +61 (0)2 9256
0426

To: Associate Members
Back Office Accounting Suppliers
Clearing Members
Floor Members
Local Members

No: 4/99

SFE Initial Margin Rates and SPAN Parameters

A review of the current SFE Initial Margin Rates and SPAN Parameters, have resulted in changes which are detailed in the attached schedule tables. The shaded areas highlight these changes, since the last circular, regarding SFE Initial Margin Rates and SPAN Parameters.

The revised SPAN parameters will be effective for open contracts as at close of business **Tuesday, 19 January 1999** impacting on margin calls made on **Wednesday, 20 January 1999**.

SFE SPAN parameters are available on Reuters pages **SFE/SPAN** and **SFE/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 0410 or 9256 0553.

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SFE INITIAL MARGIN RATES & SPAN PARAMETERS
(Effective from 20-01-99)

| | Commodity Name | Code | Price Scan Range (per lot) | Inter Month Spread Charge (per spread) | % Volatility Scan Range | Short Option Minimum charge | Effective Date |
|----|---------------------------|------|----------------------------|--|-------------------------|-----------------------------|----------------|
| 1 | All Ordinaries SPI* | AO | \$3,000 | \$250 | 4.50% | \$13 | 13/08/98 |
| 2 | 90 Day Bank Accepted Bill | IR | \$850 | Tiered | 0.12% | \$24 | 11/09/98 |
| 3 | 3 Year Government Bond | YB | \$1,000 | \$100 | 1.00% | \$15 | 11/09/98 |
| 4 | 10 Year Government | XB | \$2,400 | \$200 | 2.50% | \$40 | 22/10/98 |
| 5 | ANZ ISF | AN | \$525 | \$175 | - | - | 18/12/98 |
| 6 | BHP ISF | BH | \$650 | \$220 | - | - | 3/11/98 |
| 7 | RIO ISF | CA | \$825 | \$275 | - | - | 3/11/98 |
| 8 | FBG ISF | FB | \$200 | \$70 | - | - | 3/11/98 |
| 9 | MIM ISF | IM | \$90 | \$30 | - | - | 3/11/98 |
| 10 | NAB ISF | NB | \$1,000 | \$340 | - | - | 20/01/99 |
| 11 | NCP ISF | NU | \$875 | \$295 | - | - | 3/11/98 |
| 12 | PDP ISF | PC | \$200 | \$70 | - | - | 18/12/98 |
| 13 | TLS ISF | TE | \$425 | \$145 | - | - | 18/12/98 |
| 14 | WBC ISF | BC | \$450 | \$150 | - | - | 20/01/99 |
| 15 | WMC ISF | WM | \$350 | \$120 | - | - | 3/11/98 |
| 16 | Fine Wool | FW | \$950 | \$800 | - | - | 22/10/98 |
| 17 | Wool Deliverable | GW | \$600 | Tiered | 4.00% | \$13 | 8/09/98 |
| 18 | Broad Wool | BW | \$650 | \$600 | - | - | 8/09/98 |
| 19 | Wheat | WH | \$300 | \$300 | 5.00% | \$13 | 13/08/98 |
| 20 | NSW Electricity** | NE | \$1,500 | \$1,000 | - | - | 3/12/97 |
| 21 | Victorian Electricity** | VE | \$1,800 | \$1,200 | - | - | 3/12/97 |

* The spot month isolation rate for the AO contract is \$125

** The spot month isolation rate for the NE and VE contracts is \$100

SFE TIERED INTER-MONTH SPREAD DETAILS
(Effective from 18-12-98)

| | 90 Day Bank Accepted Bill | Months in Tier | Tier 1 | Tier 2 | Tier 3 | Tier 4 | Tier 5 |
|---|---------------------------|----------------|--------|--------|--------|--------|--------|
| 1 | Tier 1 | 1 | - | | | | |
| 2 | Tier 2 | 2 to 3 | \$350 | \$100 | | | |
| 3 | Tier 3 | 4 to 8 | \$500 | \$275 | \$250 | | |
| 4 | Tier 4 | 9 to 12 | \$525 | \$475 | \$300 | \$175 | |
| 5 | Tier 5 | 13 to 20 | \$550 | \$475 | \$375 | \$375 | \$275 |

| Wool Deliverable | Months in Tier | Tier 1 | Tier 2 | Tier 3 |
|------------------|----------------|--------|--------|--------|
|------------------|----------------|--------|--------|--------|

| | | | | | |
|---|--------|--------|-------|-------|-------|
| 1 | Tier 1 | 1 | - | | |
| 2 | Tier 2 | 2 to 5 | \$800 | \$200 | |
| 3 | Tier 3 | 6 to 9 | \$800 | \$300 | \$300 |

SFE SPAN INTER COMMODITY CONCESSIONS
(Effective from 16-11-98)

| | Contracts | Delta Spread Ratio | % Credit per Leg of Spread |
|---|---|--------------------|----------------------------|
| 1 | 10 Year Government Bond : 3 Year Government Bond | 1:3 | 65% |
| 2 | 3 Year Government Bond : 90 Day Bank Accepted Bill | 1:1 | 70% |
| 3 | 10 Year Government Bond : 90 Day Bank Accepted Bill | 1:4 | 65% |
| 4 | All Ordinaries SPI : Individual Share Future | n/a | 50% |
| 5 | Individual Share Future : Individual Share Future | n/a | 40% |
| 6 | Fine Wool : Deliverable Wool | 1:1 | 50% |
| 7 | Fine Wool : Broad Wool | 1:1 | 50% |
| 8 | Deliverable Wool : Broad Wool | 1:1 | 50% |

Julie Zarate
Risk Analyst

15/01/99

SYDNEY FUTURES EXCHANGE CLEARING HOUSE PTY LIMITED
ACN 050 615 864

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Address all correspondence to PO Box N680 Grosvenor Place Sydney NSW 2000 Australia