

# CIRCULAR



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**To:** Associate Members  
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**No:** 15/99

## **SFE Initial Margin Rates and SPAN Parameters**

A review of the current SFE Initial Margin Rates and SPAN<sup>1</sup> 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, 2 March 1999** impacting on margin calls made on **Wednesday, 3 March 1999**.

SFE SPAN parameters are available on Reuters pages **SFE/SPAN** and **SFE/SPREAD** and the SFE Website **[www.sfe.com.au/](http://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.

<sup>1</sup> 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.

**SFE INITIAL MARGIN RATES & SPAN PARAMETERS**  
(Effective from 3-03-99)

|    | 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                                  | 3.50%                   | \$13                        | 3/03/99        |
| 2  | 90 Day Bank Accepted Bill      | IR   | \$850                      | Tiered                                 | 0.12%                   | \$24                        | 11/09/98       |
| 3  | 3 Year Government Bond         | YB   | \$1,000                    | \$150                                  | 1.00%                   | \$15                        | 3/03/99        |
| 4  | 10 Year Government             | XB   | \$2,400                    | \$200                                  | 2.00%                   | \$40                        | 3/03/99        |
| 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   | \$250                      | \$90                                   | -                       | -                           | 5/02/99        |
| 9  | MIM ISF                        | IM   | \$90                       | \$30                                   | -                       | -                           | 3/11/98        |
| 10 | NAB ISF                        | NB   | \$1,100                    | \$370                                  | -                       | -                           | 24/02/99       |
| 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        |
| 22 | NSW Peak-Period Electricity*** | NX   | \$2,250                    | \$1,500                                | -                       | -                           | 15/03/99       |
| 23 | VIC Peak-Period Electricity*** | VX   | \$2,700                    | \$1,800                                | -                       | -                           | 15/03/99       |

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

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

\*\*\* These contracts will listed on the 15/03/99

**SFE TIERED INTER-MONTH SPREAD DETAILS**  
(Effective from 03-03-99)

|   | 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         | \$300  | \$100  |        |        |        |
| 3 | Tier 3                    | 4 to 8         | \$325  | \$175  | \$150  |        |        |
| 4 | Tier 4                    | 9 to 12        | \$450  | \$350  | \$225  | \$175  |        |

|   |        |          |       |       |       |       |       |
|---|--------|----------|-------|-------|-------|-------|-------|
| 5 | Tier 5 | 13 to 20 | \$475 | \$400 | \$375 | \$300 | \$200 |
|---|--------|----------|-------|-------|-------|-------|-------|

|   | Wool Deliverable | Months in Tier | Tier 1 | Tier 2 | Tier 3 |
|---|------------------|----------------|--------|--------|--------|
| 1 | Tier 1           | 1              | -      |        |        |
| 2 | Tier 2           | 2 to 5         | \$400  | \$200  |        |
| 3 | Tier 3           | 6 to 9         | \$400  | \$300  | \$300  |

**SFE SPAN INTER COMMODITY CONCESSIONS**  
(Effective from 5-02-99)

|   | 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                | 45%                        |
| 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%                        |

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26/02/99

**SYDNEY FUTURES EXCHANGE CLEARING HOUSE PTY LIMITED**  
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