

**TO:**                    **NEW ZEALAND CLEARING MEMBERS**  
                                 **NEW ZEALAND AGENTS**  
                                 **BACK OFFICE ACCOUNTING SUPPLIERS**

**NO: 14/00**

**NZFOE INITIAL MARGIN RATES AND SPAN<sup>1</sup> PARAMETERS**

A review of the current NZFOE Initial Margin Rates and SPAN Parameters, have resulted in a change which is detailed in the attached schedule table. The Price Scanning has been changed for the NZ Electricity-Nth Island\*.

The revised SPAN parameter will be effective for the open contracts as at close of business **Tuesday 22<sup>nd</sup> February 2000** impacting on margin calls made on **Wednesday, 23rd February 2000.**

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 0417 or 9256 0553.

**STEPHEN ANSCHAU**  
**RISK ANALYST**

**18<sup>th</sup> February 2000**

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<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.

**NZFOE INITIAL MARGIN RATES & SPAN PARAMETERS**  
(Effective from 23-02-2000)

	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	\$1400	\$300	2.50%	\$25	10/01/2000
2	90 Day Bank Bill	BB	\$500	Tiered	0.10%	\$12	10/01/2000
3	3 Year Government Bond	TY	\$600	\$150	1.00%	\$26	10/01/2000
4	10 Year Government Bond	TN	\$1600	\$250	1.50%	\$68	10/01/2000
5	NZ Electricity-North Island*	EN	\$1075	\$500	-	-	23/02/2000
6	NZ Trade Weighted Index	TW	\$3200	\$1200	-	-	10/01/2000
7	Air New Zealand 'B'	AB	\$250	\$125	1.50%	\$10	10/01/2000
8	Brierley Investment	BY	\$75	\$40	1.50%	\$10	10/01/2000
9	Carter Holt Harvey	CH	\$200	\$100	1.50%	\$10	10/01/2000
10	Fernz Corporation	FZ	\$300	\$150	1.50%	\$10	10/01/2000
11	Fisher & Paykel	PY	\$450	\$225	1.50%	\$10	10/01/2000
12	Fletcher Challenge Paper	PF	\$230	\$115	1.50%	\$10	10/01/2000
13	Fletcher Challenge Building	CF	\$300	\$150	1.50%	\$10	10/01/2000
14	Fletcher Challenge Energy	EF	\$350	\$175	1.50%	\$10	10/01/2000
15	Fletcher Challenge Forestry	FF	\$100	\$50	1.50%	\$10	10/01/2000
16	Goodman Fielder	GF	\$225	\$115	1.50%	\$10	10/01/2000
17	Independent Newspapers	IN	\$400	\$200	1.50%	\$10	10/01/2000
18	Lion Nathan	LN	\$225	\$115	1.50%	\$10	10/01/2000
19	Telecom Corp of NZ	TL	\$425	\$215	1.50%	\$10	10/01/2000
20	Contact Energy Limited	CE	\$300	\$150	1.50%	\$10	10/01/2000

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

**NZFOE TIERED INTER-MONTH SPREAD DETAILS**  
(Effective from 23-02-2000)

	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 8	\$350	\$150	\$75

**NZFOE SPAN INTER COMMODITY CONCESSIONS**  
(Effective from 23-02-2000)

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	60%