TO: **CLEARING MEMBERS** **NO: 32/2000**
FLOOR MEMBERS
LOCAL MEMBERS
ASSOCIATE MEMBERS
BACK OFFICE ACCOUNTING SUPPLIERS

SFE INITIAL MARGIN RATES AND SPAN[1] PARAMETERS

Due to the recent volatility, anticipated market activities and to provide adequate cover of exposure movements during the Easter Holiday period, a review of SFE Initial Margin rates has been undertaken. This has resulted in an increase for the SPI®, 90 Day Bank Bill, 3 Year Government Bond and the 10 Year Government Bond which are detailed in the attached schedule tables.

The SFECH will review the increases in Initial Margin rates on completion of the Easter Holiday period.

The revised Initial margin rates will be effective for open contracts as at close of business **Wednesday, 19th April 2000** impacting on margin calls made on **Thursday, 20th of April 2000.**

SFE SPAN parameters are available on Reuter's 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 0417 or 9256 0553

STEPHEN ANSCHAU **18th April 2000**
RISK ANALYST

[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.

SFE INITIAL MARGIN RATES & SPAN PARAMETERS
(Effective from 20-04-2000)

	Commodity Name	Code	Price Scan Range (per lot)	Inter Month Spread Charge (per spread)	% Volatility Scan Range	Short Option Minimum charge	Effective Date
1	SPI*	AO	$4000	$250	3.50%	$13	20/04/2000
2	90 Day Bank Accepted Bill	IR	$600	Tiered	0.12%	$24	20/04/2000
3	3 Year Government Bond	YB	$850	$150	1.00%	$15	20/04/2000
4	10 Year Government	XB	$2200	$200	2.00%	$40	20/04/2000
5	Dow Jones AP/ELS Australia***	AI	$2600	$200	3.50%	$13	10/01/2000
6	ANZ ISF	AN	$525	$175	-	-	10/01/2000
7	BHP ISF	BH	$950	$450	-	-	06/04/2000
8	RIO ISF	CA	$1475	$500	-	-	10/01/2000
9	FBG ISF	FB	$250	$90	-	-	10/01/2000
10	MIM ISF	IM	$150	$50	-	-	06/04/2000
11	NAB ISF	NB	$1400	$475	-	-	06/04/2000
12	NCP ISF	NU	$1900	$650	-	-	06/04/2000
13	PDP ISF	PC	$200	$70	-	-	10/01/2000
14	TLS ISF	TE	$500	$170	-	-	06/04/2000
15	WBC ISF	BC	$500	$170	-	-	10/01/2000
16	WMC ISF	WM	$600	$300	-	-	10/01/2000

17	Fine Wool	FW	$950	$800	-	-	10/01/2000
18	Wool Deliverable	GW	$600	Tiered	4.00%	$13	10/01/2000
19	Broad Wool	BW	$650	$600	-	-	10/01/2000
20	Wheat	WH	$450	$300	5.00%	$13	23/02/2000
21	NSW Electricity**	NE	$1100	$900	-	-	6/03/2000
22	VIC Electricity**	VE	$1400	$1100	-	-	6/03/2000
23	NSW Peak-Period Electricity**	NX	$1800	$1300	-	-	6/03/2000
24	VIC Peak-Period Electricity**	VX	$2200	$1800	-	-	6/03/2000

* 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

SFE TIERED INTER-MONTH SPREAD DETAILS
(Effective from 20-04-2000)

	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	$175			
3	Tier 3	4 to 8	$425	$200	$150		
4	Tier 4	9 to 12	$450	$350	$225	$175	
5	Tier 5	13 to 20	$675	$650	$650	$650	$500

	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 20-04-2000)

	Contracts	Delta Spread	% Credit per Leg

		Ratio	of Spread
1	10 Year Government Bond : 3 Year Government Bond	1:3	70%
2	3 Year Government Bond : 90 Day Bank Accepted Bill	1:1	65%
3	10 Year Government Bond : 90 Day Bank Accepted Bill	1:4	60%
4	All Ordinaries SPI : Individual Share Future	n/a	50%
5	All Ordinaries SPI : Dow Jones AP/ELS Australia*	1:1	90%
6	Individual Share Future : Individual Share Future	n/a	40%
7	Fine Wool : Deliverable Wool	1:1	50%
8	Fine Wool : Broad Wool	1:1	50%
9	Deliverable Wool : Broad Wool	1:1	50%

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%**