

TO:

CLEARING MEMBERS
FULL MEMBERS
LOCAL MEMBERS
ASSOCIATE MEMBERS
BACK OFFICE ACCOUNTING SUPPLIERS

NO: 40/2000

SFE INITIAL MARGIN RATES AND SPAN¹ PARAMETERS

A review of the current SFE Initial Margin rates and SPAN Parameters have resulted in changes that are detailed in the attached schedule tables. The Initial margin rates and Inter month spread charge have been increased for the NCP ISF® and decreased for the commodities Broad Wool and Wheat.

The revised SPAN Parameters will be effective for open contracts as at close of business **Tuesday, 8th of May 2000** impacting margin calls made on **Wednesday, 9th of May 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
RISK ANALYST

5th May 2000

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 09-05-2000)

	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® 200*	AP	\$2500	\$250	3.50%	\$13	02/05/2000
2	Share Price Index (SPI®)	AO	\$2500	\$250	3.50%	\$13	02/05/2000
3	90 Day Bank Accepted Bill	IR	\$500	Tiered	0.12%	\$24	27/04/2000
4	3 Year Government Bond	YB	\$700	\$150	1.00%	\$15	27/04/2000
5	10 Year Government	XB	\$2000	\$200	2.00%	\$40	27/04/2000
6	Dow Jones AP/ELS Australia***	AI	\$2600	\$200	3.50%	\$13	10/01/2000
7	ANZ ISF®	AN	\$525	\$175	-	-	10/01/2000
8	BHP ISF®	BH	\$950	\$450	-	-	06/04/2000
9	RIO ISF®	CA	\$1475	\$500	-	-	10/01/2000
10	FBG ISF®	FB	\$250	\$90	-	-	10/01/2000
11	MIM ISF®	IM	\$150	\$50	-	-	06/04/2000
12	NAB ISF®	NB	\$1400	\$475	-	-	06/04/2000
13	NCP ISF®	NU	\$2700	\$1105	-	-	09/05/2000
14	PDP ISF®	PC	\$200	\$70	-	-	10/01/2000
15	TLS ISF®	TE	\$500	\$170	-	-	06/04/2000
16	WBC ISF®	BC	\$500	\$170	-	-	10/01/2000

17	WMC ISF®	WM	\$600	\$300	-	-	10/01/2000
18	Fine Wool	FW	\$950	\$800	-	-	10/01/2000
19	Wool Deliverable	GW	\$600	Tiered	4.00%	\$13	10/01/2000
20	Broad Wool	BW	\$600	\$550	-	-	09/05/2000
21	Wheat	WH	\$350	\$225	5.00%	\$13	09/05/2000
22	NSW Electricity**	NE	\$1100	\$900	-	-	6/03/2000
23	VIC Electricity**	VE	\$1400	\$1100	-	-	6/03/2000
24	NSW Peak-Period Electricity**	NX	\$1800	\$1300	-	-	6/03/2000
25	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 09-05-2000)

	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 09-05-2000)

	Contracts	Delta Spread Ratio	% Credit per Leg 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	SPI® 200 : Share Price Index (SPI®)	1:1	90%
5	SPI® 200 : Individual Share Future	n/a	50%
6	SPI® 200 : Dow Jones AP/ELS Australia*	1:1	90%
7	Share Price Index (SPI®) : Individual Share Future	n/a	50%
8	Share Price Index (SPI®) : Dow Jones AP/ELS Australia*	1:1	90%
9	Fine Wool : Deliverable Wool	1:1	50%
10	Fine Wool : Broad Wool	1:1	50%
11	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
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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%