



SFE NOTICE NO.

154/08

Date of Issue: 21 October 2008

Effective Date: 23 October 2008

SFE Clearing Initial Margin Rates – Bond Spread and Interest Rate Swap Futures Margin Rates

SFE Clearing Corporation has reviewed the price volatility of the Bond Spread and Interest Rate Swap Futures contracts and has approved the margin rate changes shown in Attachment 1.

The adjustments follow SFECC's ongoing review of these contracts given current market conditions and in particular recent extreme price moves. Moreover, Participants are advised that further rate changes may be required at short notice as SFECC responds to further market volatility.

The revised margin parameters will be effective for open contracts as at close of business on **Thursday 23 October 2008**, impacting on margin calls made on **Friday 24 October 2008**.

Participants are encouraged to advise all relevant clients of this Initial Margin change on a timely basis.

Initial margin rates for all SFE contracts are available on the ASX Website at www.asx.com.au

Should you have any queries in relation to the above, please contact the Clearing Risk Operations department on 9227-0532 or 9227-0018.

A handwritten signature in black ink, appearing to read 'Kristiana Tjang', is positioned above the printed name and title.

Kristiana Tjang
Risk Analyst

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NOTICE CONTINUED

A T T A C H M E N T 1

Price Scanning Range

Contract	Price Scanning Range
Australian / US 10 Year Bond Spread	Decrease from \$2,500 to \$1,710
3 Year Interest Rate Swap Futures 6.5% Coupon	Increase from \$885 to \$1,080
10 Year Interest Rate Swap Futures 6.5% Coupon	Increase from \$1,435 to \$3,230

Inter Commodity Concessions

Contract	Delta Spread Ratio	% Credit per Leg of Spread
10 Year Interest Rate Swap Future 6.5% Coupon: 3 Year Interest Rate Swap Future 6.5% Coupon	1:3	80%
10 Year Government Bond 6% Coupon : 10 Year Interest Rate Swap Futures 6.5% Coupon	1:1	95%
3 Year Government Bond 6% Coupon : 3 Year Interest Rate Swap Futures 6.5% Coupon	1:1	95%
3 Year Interest Rate Swap Future 6.5% Coupon :90 Day Bank Bill	1:1	75%

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