

CIRCULAR



30 - 32 Grosvenor Street

Sydney NSW 2000

Australia

Telephone (02) 9256
0555

Facsimile (02) 9256
0426

To: **Associate Members**
 Back Office Accounting Suppliers
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10/98

No:

SFE Initial Margin Rates and SPAN Parameters

Following a review of the current SFE Initial Margin Rates and SPAN¹ Parameters, the changes as detailed in the tables set out in the attached schedule will result. The shaded areas highlight 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 **Friday, 6 February 1998** impacting on margin calls made on **Monday, 9 February 1998**.

SFE SPAN parameters are available on Reuters pages **SFE/SPAN** and **SFE/SPREAD**.

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.

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SFE INITIAL MARGIN RATES & SPAN PARAMETERS
(Effective from 09-02-98)

| | 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 | \$4,000 | \$250 | 4.50% | \$13 | 20/11/97 |
| 2 | 90 Day Bank Accepted Bill | IR | \$700 | Tiered | 0.12% | \$24 | 16/05/97 |
| 3 | 3 Year Government Bond | YB | \$1,100 | \$100 | 1.00% | \$15 | 28/10/97 |
| 4 | 10 Year Government | XB | \$2,400 | \$200 | 2.00% | \$40 | 28/10/97 |
| 5 | ANZ ISF | AN | \$700 | \$230 | - | - | 20/11/97 |
| 6 | BHP ISF | BH | \$875 | \$290 | - | - | 20/11/97 |
| 7 | RIO ISF | CA | \$1,300 | \$430 | - | - | 09/02/98 |
| 8 | FBG ISF | FB | \$175 | \$60 | - | - | 20/11/97 |
| 9 | MIM ISF | IM | \$130 | \$40 | - | - | 24/12/97 |
| 10 | NAB ISF | NB | \$1,275 | \$425 | - | - | 20/11/97 |
| 11 | NCP ISF | NU | \$575 | \$200 | - | - | 09/02/98 |
| 12 | PDP ISF | PC | \$200 | \$65 | - | - | 20/11/97 |
| 13 | TLS (Instalment Receipt) | TR | \$175 | \$60 | - | - | 24/12/97 |
| 14 | TLS (Fully Paid) | TE | \$270 | \$90 | - | - | 24/12/97 |
| 15 | WBC ISF | BC | \$525 | \$175 | - | - | 20/11/97 |
| 16 | WMC ISF | WM | \$450 | \$150 | - | - | 22/01/98 |
| 17 | Fine Wool | FW | \$1,200 | \$800 | - | - | 19/01/98 |
| 18 | Wool Deliverable | GW | \$750 | Tiered | 4.00% | \$13 | 20/01/98 |
| 19 | Broad Wool | BW | \$700 | \$470 | - | - | 19/01/98 |
| 20 | Wheat | WH | \$450 | \$400 | 5.00% | \$13 | 01/12/97 |
| 21 | NSW Electricity** | NE | \$1,500 | \$1,000 | - | - | 03/12/97 |
| 22 | Victorian Electricity** | VE | \$1,800 | \$1,200 | - | - | 03/12/97 |

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

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

SFE TIERED INTER-MONTH SPREAD DETAILS
 (Effective from 09-02-98)

| | 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 | \$250 | \$125 | | | |
| 3 | Tier 3 | 4 to 8 | \$275 | \$225 | \$125 | | |
| 4 | Tier 4 | 9 to 12 | \$475 | \$400 | \$225 | \$100 | |
| 5 | Tier 5 | 13 to 20 | \$650 | \$575 | \$400 | \$300 | \$200 |

| | Wool Deliverable | Months in Tier | Tier 1 | Tier 2 | Tier 3 |
|---|------------------|----------------|--------|--------|--------|
| 1 | Tier 1 | 1 | - | | |
| 2 | Tier 2 | 2 to 5 | \$575 | \$300 | |
| 3 | Tier 3 | 6 to 9 | \$750 | \$450 | \$450 |

Anita Costa
 Risk Analyst

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SYDNEY FUTURES EXCHANGE CLEARING HOUSE PTY LIMITED
ACN 050 615 864

A wholly owned subsidiary of Sydney Futures Exchange Limited
 Address all correspondence to PO Box N680 Grosvenor Place Sydney NSW 2000 Australia