

# CIRCULAR



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**To: Back Office Accounting Suppliers  
Clearing Members  
NZFOE Permit Holders**

**37/98**

**No:**

## **NZFOE Initial Margin Rates and SPAN Parameters**

Following a review of the current NZFOE Initial Margin Rates and SPAN<sup>1</sup> 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 NZFOE Initial Margin Rates and SPAN Parameters.

The revised SPAN parameters will be effective for open contracts as at close of business **Friday, 15 May 1998** impacting on margin calls made on **Monday 18 May 1998**.

NZFOE SPAN parameters are available on Reuters pages **NZF/SPAN** and **NZF/SPREAD** and the SFE website, **[www.sfe.com.au/](http://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 0410 or 9256 0553.

<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 18-05-98)

	Commodity Name	Code	Price Scan Range (per lot)	Inter Month Spread Charge (per spread)	% Volatility Scan Range	Short Option Minimum Charge	Effective Date
1	NZSE-10 Share Price Index	TI	\$1500	\$300	1.50%	\$25	18/05/98
2	90 Day Bank Bill	BB	\$500	Tiered	0.10%	\$12	22/12/97
3	3 Year Government Bond	TY	\$800	\$150	1.00%	\$26	22/12/97
4	10 Year Government Bond	TN	\$1600	\$250	1.25%	\$68	18/05/98
5	NZ Electricity-North Island*	EN	\$600	\$500	-	-	23/10/97
6	NZ Trade Weighted Index	TW	\$3,200	\$1,200	-	-	07/04/98
7	Air New Zealand 'B'	AB	\$275	\$140	1.50%	\$10	18/05/98
8	Brierley Investment	BY	\$75	\$40	1.50%	\$10	18/05/98
9	Carter Holt Harvey	CH	\$175	\$90	1.50%	\$10	18/05/98
10	Fernz Corporation	FZ	\$275	\$140	1.50%	\$10	18/05/98
11	Fisher & Paykel	PY	\$325	\$160	1.50%	\$10	20/11/97
12	Fletcher Challenge Paper	PF	\$225	\$115	1.50%	\$10	18/05/98
13	Fletcher Challenge Building	CF	\$275	\$140	1.50%	\$10	18/05/98
14	Fletcher Challenge Energy	EF	\$350	\$175	1.50%	\$10	18/05/98
15	Fletcher Challenge Forestry	FF	\$125	\$65	1.50%	\$10	18/05/98
16	Goodman Fielder	GF	\$200	\$100	1.50%	\$10	18/05/98
17	Independent Newspapers	IN	\$400	\$200	1.50%	\$10	18/05/98
18	Lion Nathan	LN	\$375	\$190	1.50%	\$10	18/05/98
19	Telecom Corp of NZ	TL	\$675	\$340	1.50%	\$10	18/05/98

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

NZFOE TIERED INTER-MONTH SPREAD DETAILS  
(Effective from 18-05-98)

	90 Day Bank Bills	Months in Tier	Tier 1	Tier 2	Tier 3
1	Tier 1	1	-		
2	Tier 2	2 to 3	\$175	\$150	
3	Tier 3	4 to 12	\$250	\$150	\$75

NZFOE SPAN INTER COMMODITY CONCESSIONS  
(Effective from 18-05-98)

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	70%

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13/05/98

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