

# CIRCULAR



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**To:** Associate Members  
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Local Members

**76/98**

**No:**

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

Following a review of the current SFE Initial Margin Rates and SPAN 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 **Monday, 16 November 1998** impacting on margin calls made on **Tuesday, 17 November 1998**.

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

**SFE INITIAL MARGIN RATES & SPAN PARAMETERS**  
(Effective from 16-11-98)

|    | Commodity Name            | Code | Price Scan Range<br>(per lot) | Inter Month Spread Charge<br>(per spread) | % Volatility Scan Range | Short Option Minimum charge | Effective Date |
|----|---------------------------|------|-------------------------------|---|-------------------------|-----------------------------|----------------|
| 1  | All Ordinaries SPI*       | AO   | \$3,000                       | \$250                                     | 4.50%                   | \$13                        | 13/08/98       |
| 2  | 90 Day Bank Accepted Bill | IR   | \$850                         | Tiered                                    | 0.12%                   | \$24                        | 11/09/98       |
| 3  | 3 Year Government Bond    | YB   | \$1000                        | \$100                                     | 1.00%                   | \$15                        | 11/09/98       |
| 4  | 10 Year Government        | XB   | \$2,400                       | \$200                                     | 2.50%                   | \$40                        | 22/10/98       |
| 5  | ANZ ISF                   | AN   | \$500                         | \$170                                     | -                       | -                           | 3/11/98        |
| 6  | BHP ISF                   | BH   | \$650                         | \$220                                     | -                       | -                           | 3/11/98        |
| 7  | RIO ISF                   | CA   | \$825                         | \$275                                     | -                       | -                           | 3/11/98        |
| 8  | FBG ISF                   | FB   | \$200                         | \$70                                      | -                       | -                           | 3/11/98        |
| 9  | MIM ISF                   | IM   | \$90                          | \$30                                      | -                       | -                           | 3/11/98        |
| 10 | NAB ISF                   | NB   | \$925                         | \$310                                     | -                       | -                           | 3/11/98        |
| 11 | NCP ISF                   | NU   | \$875                         | \$295                                     | -                       | -                           | 3/11/98        |
| 12 | PDP ISF                   | PC   | \$200                         | \$60                                      | -                       | -                           | 16/11/98       |
| 13 | TLS ISF                   | TE   | \$425                         | \$85                                      | -                       | -                           | 16/11/98       |
| 14 | WBC ISF                   | BC   | \$425                         | \$145                                     | -                       | -                           | 3/11/98        |
| 15 | WMC ISF                   | WM   | \$350                         | \$120                                     | -                       | -                           | 3/11/98        |
| 16 | Fine Wool                 | FW   | \$950                         | \$800                                     | -                       | -                           | 22/10/98       |
| 17 | Wool Deliverable          | GW   | \$600                         | Tiered                                    | 4.00%                   | \$13                        | 8/09/98        |
| 18 | Broad Wool                | BW   | \$650                         | \$600                                     | -                       | -                           | 8/09/98        |
| 29 | Wheat                     | WH   | \$300                         | \$300                                     | 5.00%                   | \$13                        | 13/08/98       |
| 20 | NSW Electricity**         | NE   | \$1,500                       | \$1,000                                   | -                       | -                           | 3/12/97        |
| 21 | Victorian Electricity**   | VE   | \$1,800                       | \$1,200                                   | -                       | -                           | 3/12/97        |

\* 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 11-09-98)

|   | 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         | \$350  | \$100  |        |        |        |
| 3 | Tier 3                    | 4 to 8         | \$500  | \$275  | \$250  |        |        |
| 4 | Tier 4                    | 9 to 12        | \$525  | \$475  | \$300  | \$175  |        |
| 5 | Tier 5                    | 13 to 20       | \$550  | \$475  | \$375  | \$375  | \$275  |
|   |                           |                |        |        |        |        |        |
|   | 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 | \$500 | \$300 | \$250 |

**SFE SPAN INTER COMMODITY CONCESSIONS**  
(Effective from 16-11-98)

|   | Contracts   | Delta Spread Ratio | % Credit per Leg of Spread |
|---|---|--------------------|----------------------------|
| 1 | 10 Year Government Bond : 3 Year Government Bond    | 1:3                | 65%                        |
| 2 | 3 Year Government Bond : 90 Day Bank Accepted Bill  | 1:1                | 70%                        |
| 3 | 10 Year Government Bond : 90 Day Bank Accepted Bill | 1:4                | 65%                        |
| 4 | Telstra (Instalment Receipt) : Telstra (Fully Paid) | 1:1                | 85%                        |
| 5 | All Ordinaries SPI : Individual Share Future        | n/a                | 50%                        |
| 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%                        |

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12/11/98

**SYDNEY FUTURES EXCHANGE CLEARING HOUSE PTY LIMITED**  
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A wholly owned subsidiary of Sydney Futures Exchange Limited  
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