



SFE NOTICE NO. 175/07

Date of Issue: 14th December 2007
Effective Date: 18th December 2007

SFE Initial Margin Rates – Young Cattle & Wool Contracts

SFE Clearing Corporation has reviewed the price volatility of the Young Cattle and Wool contracts and has approved the following changes shown in Attachment 1.

The adjustments follow SFECC's ongoing review of Initial Margin parameters given current market volatility and price levels. Clearing Risk Operations monitors margin erosion using the existing margin erosion facility and any significant exposures are limited using the intra day margining process.

The revised Initial Margin parameters will be effective for open contracts as at close of business on **Tuesday 18th December 2007**, impacting on margin calls made on **Wednesday 19th December 2007**.

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 SFE Website at www.sfe.com.au

Should you have any queries in relation to the above, please contact the Clearing Risk Operations department on 9227-0595 or 9227 0532.

A handwritten signature in black ink, appearing to read 'Melissa Wong', is positioned above the typed name.

Melissa Wong
Risk Analyst

Contract	Price Scanning Range
Greasy Wool	Decrease from \$1,200 to \$1,000
Fine Wool	Increase from \$950 to \$1,250
Broad Wool	Decrease from \$950 to \$850
Young Cattle	Increase from \$900 to \$1,150

Contract	Inter Month Correlation Concessions
Greasy Wool	Tiered (see below)
Fine Wool	Increase from \$300 to \$400
Broad Wool	Decrease from \$300 to \$275
Young Cattle	Increase from \$140 to \$180

	Wool Deliverable (Greasy Wool)	Months in Tier	Tier 1	Tier 2	Tier 3
1	Tier 1	1	-		
2	Tier 2	2 to 5	Decrease from \$450 to \$375	Decrease from \$575 to \$475	
3	Tier 3	6 to 9	Decrease from \$700 to \$600	Decrease from \$450 to \$375	Decrease from \$550 to \$450