ASX Benchmarks: BBSW Trade and Trade Reporting Guidelines

CONSULTATION PAPER JULY 2017

ASX

Invitation to comment

ASX is seeking submissions on the matters canvassed in this paper by 7 August 2017. Submissions should be sent to:

E regulatorypolicy@asx.com.au

Office of General Counsel ASX Limited
20 Bridge Street Sydney NSW 2000

Attention: Gary Hobourn

ASX prefers to receive submissions in electronic form. Submissions not marked as 'confidential' will be made publicly available on ASX's website.

If you would like your submission, or any part of it, to be treated as 'confidential', please indicate this clearly in your submission. Submissions marked as 'confidential' may be shared with the regulators. ASX is available to meet with interested parties for bilateral discussions.

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CONTENTS

Overview

The paper seeks feedback from stakeholders on the proposed ASX BBSW Trade and Trade Reporting Guidelines. The Guidelines have been written by ASX in consultation with the regulators and market participants active in the bank accepted bill (bank bills) and negotiable certificates of deposit (NCDs) market.

This Guidelines are provided in Appendix A.

Feedback from interested stakeholders is sought by 7 August 2017.

Background to BBSW

About BBSW

The Bank Bill Swap rate (BBSW) is the predominant short-term rate used in financial markets for the pricing and valuation of Australian dollar debt securities and for determining payment obligations for OTC derivatives. BBSW is also used as a reference rate for loans and other transactions and for performance benchmarking. BBSW is currently calculated using a nationally observed best bid and best offer (NBBO) methodology for Prime Bank short-dated paper with maturity ranges of 1 to 6 months. As at June 2016 Prime Bank paper was defined as bank bills and NCDs issued by the four major banks[1].

On 1 January 2017, ASX became the Benchmark Administrator for BBSW. As the Administrator, ASX has responsibility for the development of the BBSW calculation methodology consistent with the recommendations of the Council of Financial Regulators (CFR)[2] as outlined in the discussion paper *Evolution of the BBSW Methodology* (9 February 2016).

CFR recommended that for BBSW to remain a trusted, reliable and robust financial benchmark it should be anchored to transactions in an active underlying market. CFR recommended the Administrator:

1. Retain the existing definition of Prime Banks and Eligible Securities that underpin BBSW
2. Broaden the definition of the underlying market beyond the interbank markets to include all transactions above a minimum size (excluding offshore transactions).
3. Consider widening the rate set window to provide sufficient time for primary and secondary market activity to take place.
4. Introduce a volume weighted average price (VWAP) as the primary method for determining BBSW and use NBBO as the fall-back method.
5. Require Prime Banks transact at outright yields during the rate set window and incentivise market participants to negotiate and transact at an outright rate for primary and secondary market activity.
6. Maintain the current definition of Approved Venues and to consider which method for executing transactions should become standard market practice for most primary and secondary market transactions.
7. Ensure transaction data is provided at the close of the rate set window to enable BBSW to be calculated as the VWAP of transactions.

[1] Australia and New Zealand Bank, Commonwealth Bank of Australia, National Australia Bank and Westpac Banking Corporation.
[2] The Council of Financial Regulators is the coordinating body for Australia's main financial regulatory agencies. Its membership comprises the Reserve Bank of Australia (RBA), which chairs the Council; the Australian Prudential Regulation Authority (APRA); the Australian Securities and Investments Commission (ASIC); and The Treasury.

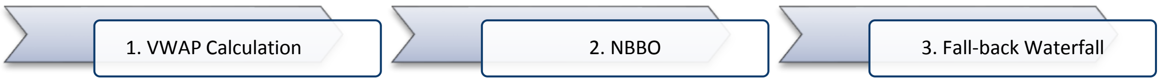
8. Ensure activity in the primary and secondary markets is transparent to enhance confidence in the BBSW calculation.

The new BBSW methodology and BBSW Trade and Trade Reporting Guidelines have been written to meet the recommendations outlined above.

In late 2017, ASX will introduce the new BBSW calculation methodology based on actual transactions in bank bills and NCDs. This volume weighted average price (VWAP) methodology will be the first stage of a calculation waterfall. The new methodology is consistent with the recommendations of CFR and reflects the evolution of market practice. In advance of the new methodology implementation, ASX will facilitate a transition period where BBSW will continue to be determined using NBBO methodology but ASX will also receive trade reports and calculate a VWAP rate. This transitional period will give market participants the opportunity to ensure all systems and processes are in place ahead of the VWAP implementation date. The transitional approach also allows ASX to compare the rates calculated under the two methodologies and how well they are aligned.

The BBSW Calculation Waterfall consists of three stages, the first of which is based on transactions in bank bills and NCDs that occur in a defined trading window (rate set window). In the event that insufficient eligible transactions occur in a particular tenor during the rate set window, ASX will calculate BBSW under NBBO. The final stage in the waterfall comprises of a three stage algorithm which applies interpolation between tenors formed under VWAP or NBBO, a yield curve shift using the bank bill futures or published BBSW as the prior day's rate. Further details on the BBSW VWAP Methodology is available on the ASX website.

ASX BBSW VWAP Methodology Waterfall



Purpose of the BBSW Trade and Trade Reporting Guidelines

The new calculation methodology requires changes to current market trading behaviour as it relies on market participants trading at outright yields within the Rate Set Window to establish the volume necessary for the VWAP. All participants in the bank bill and NCD market should endeavour, to the best of their ability, to transact during the Rate Set Window. Market participants are encouraged to transact all bank bill and NCD activity at outright market rates and not at a reference rate, irrespective of whether the transactions occur within or outside of the rate set window. Other behavioural changes required to support the VWAP methodology include timely trade reporting, undertaking volume adjustments, trade amendments, and cancellations by transacting in the secondary market at outright market rates.

For the purpose of these Guidelines, market participants are defined as traders, issuers and investors in bank bills and NCDs.

The purpose of Trade and Trade Reporting Guidelines is to:

1. Ensure that a trusted, reliable and robust benchmark can be formulated based on trading in the Rate Set Window that reflects genuine supply and demand in trading of bank bills and NCDs.

2. Provide guidance for trading bank bills and NCDs during the rate set window, including having regard to regulatory issues that may be relevant to determining best practices and expected trading behaviour. These regulatory issues may already be addressed in market participants' compliance frameworks such as their AFSL compliance.
3. Set out how such trading should be reported to the Administrator to facilitate the timely calculation and publication of the BBSW benchmark.

This Consultation

ASX is inviting comments from participants in the bank bill and NCD market and other stakeholders on the proposed ASX BBSW Trade and Trade Reporting Guidelines as published in Appendix A.

ASX is seeking comments on the coverage of the Guidelines and if there are any other market practices and behaviours that should be addressed as part of these Guidelines.

Next Steps

ASX will review all feedback received ahead of finalising the Guidelines in consultation with the regulators. ASX expects to publish the finalised BBSW Trade and Trade Reporting Guidelines end of August 2017.

Appendix A: ASX BBSW Trade and Trade Reporting Guidelines

ASX BBSW Trade and Trade Reporting Guidelines

Version 1.4 | 10 July 2017

Table of Contents

1. Introduction

1.1. Purpose

ASX is the Benchmark Administrator for the Bank Bill Swap Rate (BBSW). The BBSW rates are calculated based on trading of Bank Paper in the Rate Set Window, with a volume weighted average price (VWAP) calculation methodology to be adopted as the primary methodology for that calculation. The calculation relies on Market Participants trading at outright yields within the Rate Set Window to establish the volume necessary for the VWAP. All parties should therefore endeavour, to the best of their ability, to transact during the Rate Set Window.

- The purpose of this document is to:
  - ensure that a trusted, reliable and robust benchmark can be formulated based on trading in the Rate Set Window that reflects the forces of genuine supply and demand in trading of Bank Paper.
  - provide guidance for trading Bank Paper during the Rate Set Window, including having regard to regulatory issues that may be relevant to determining best practices and expected trading behaviour. These regulatory issues may already be addressed in Market Participants' compliance frameworks such as their AFSL compliance.
  - set out how such trading should be reported to the Administrator to facilitate the timely calculation and publication of the BBSW benchmark.

[This document will be updated to reflect any regulatory stature that it is granted, including if mandatory for compliance and consequences of non-compliance]

1.2. Application

- These Guidelines are intended to apply to all Market Participants involved in the issuing and trading of Bank Paper and the reporting of trades that could be used by the Administrator to calculate BBSW.
- Market Participants includes Prime Banks, investors, banks and other participants who participate in the interbank and wholesale market for Bank Paper and transactions related to primary issuance of Bank Paper.
- These Guidelines also apply to Approved Trading Venues and Intermediaries involved in the trading, or reporting of trading, of Bank Paper.
- These Guidelines are not intended to apply to:
  - Transactions in Bank Paper for less than $10 million;
  - Internal Trades of Market Participants;
  - Prime Banks' internal drawdown of their lending facility of bills of exchange accepted or endorsed by them or any subsequent internal return of such bills of exchange for extinguishment.

1.3. Reference Documentation

This document should be read in conjunction with:

- ASX BBSW Conventions
- ASX Prime Bank Conventions
- [any document which establishes the legislative framework for benchmark administration and ASX's powers as benchmark administrator to be reflected]

This document should also be read in conjunction with obligations of Market Participants at law, including under the Corporation Act, in connection with the issuing, trading and reporting of trading of Bank Paper.

1.4. Version History

This document has been revised according to the table below:

Version	Author	Comment	Date
V1.0	ASX Limited	First Draft	3 April 2017
V1.1	ASX Limited	Updated following Committee feedback	1 May 2017
V1.2	ASX Limited	Updated following Committee feedback	29 May 2017
V1.3	ASX Limited	Updated following Committee feedback	21 June 2017
V1.4	ASX Limited	Updated following Committee feedback	10 July 2017

1.5. Definitions

- Administrator – means the entity responsible for the calculation and publication of BBSW in accordance with [refer to new legislation or ASIC rules].
- Approved Trading Venues (ATVs) – means those entities that facilitate trading and trade reporting of Bank Paper transactions.
- Bank Paper – means bills of exchange accepted or endorsed by Prime Banks or negotiable certificates of deposit issued by Prime Banks, or their dematerialised versions (EBAs and ECDs).
- BBSW – means Bank Bill Swap Rate.
- Bi-Lateral Trades – means a transaction agreed by two Market Participants directly and is a non-Intermediated Trade.

- Buying Counterparty – means the buyer of Bank Paper.
- Conventions – means the ASX BBSW Convention and ASX Prime Bank Convention which detail the calculation methodology and governance for BBSW.
- EBAs – has the meaning given in the Austraclear Regulations.
- ECDs – has the meaning given in the Austraclear Regulations.
- Eligible Trades means all trades in Bank Paper that occur in the Rate Set Window, other than where these Guidelines provide that they are not intended to apply to such trades or that those trades do not need to be reported.
- Intermediaries – means interdealer brokers and electronic platforms that facilitate trading of Bank Paper.
- Intermediated Trades – means a transaction agreed via an Intermediary.
- Internal Trades – means a transaction which occurs within the same Market Participant.
- Market Participants – means traders, issuers and investors in Bank Paper.
- Primary Issuance – means the origination of a specific Bank Paper.
- Prime Bank – means a designated sub-set of banks operating in Australia as defined in the ASX Prime Bank conventions.
- Rate Set Window – means the period 9:00:00am to 10.10:00am AEST during which trading in Bank Paper determines the BBSW rates.
- Secondary Market Trades – means any transaction in Bank Paper which is not the Primary Issuance of that Bank Paper.
- Selling Counterparty – means the seller of Bank Paper.
- Switches – means where a Market Participants rolls their Bank Paper exposure by trading out of one tenor and trading into another tenor at a net price.
- Trade Report – means the report of a Bank Paper transaction by a Trade Reporting Entity to a Trade Reporting Agent or by a Trade Reporting Agent to the Administrator, for the purpose of BBSW calculation.
- Trade Reporting Agent – means the Approved Trading Venues who offer a service for reporting Bank Paper transactions to the Administrator.
- Trade Reporting Entities – means the Prime Banks or other Market Participants (as applicable) who are responsible for reporting Bank Paper transactions to a Trade Reporting Agent.

- Trade Reporting Error – means an error in the details included in a Trade Report such that the Trade Report did not accurately reflect the terms of or counterparties to the Bank Paper transaction the subject of that Trade Report.
- Trade Reporting Failure – means a failure by a:
  - Trade Reporting Entity to provide a Trade Report for an Eligible Trade to a Trade Reporting Agent before the close of the Trade Reporting Window; or
  - Trade Reporting Agent to provide a Trade Report for an Eligible Trade to the Administrator before the close of the Trade Reporting Window.
- Trade Reporting Officers – means those persons authorised to report Bank Paper transactions to a Trade Reporting Agent or to the Administrator on behalf of Trade Reporting Entities or Trade Reporting Agents (as applicable).
- Trade Reporting Procedures – means the procedures of the Trade Reporting Entity or Trade Reporting Agent for the reporting of Bank Paper transactions to a Trade Reporting Agent or to the Administrator (as applicable).
- Trade Reporting Window – means the period of time during which trades effected in the Rate Set Window must be reported to the Administrator.

2. Governance

2.1. Segregation of Duties in respect of Bank Paper – Prime Banks

- Segregation within Prime Banks should ensure that information on the Prime Bank's net exposure to BBSW is not divulged to issuers or traders of Bank Paper either within the Prime Bank's business or externally.
- The goal of this for the purpose of these Guidelines is so that bids and offers for, and any transactions in, Bank Paper are not entered or undertaken by the Prime Bank for a purpose of moving the BBSW (notwithstanding that a bid, offer, or transaction is likely to, or may, have that consequence).
- The making of markets by a Prime Bank in accordance with section 3.5 below does not of itself mean that bids or offers by the Prime Bank when performing that function (or transactions arising from the execution of those bids or offers) are for an improper purpose.

2.2. Segregation of Duties in respect of Bank Paper – Non- Prime Bank Market Participants

- Segregation within Market Participants other than Prime Banks should ensure (other than where impractical) that information on the Market Participant's net exposure to BBSW is not divulged to issuers or traders of Bank Paper either within the Markets Participant's business or externally.
- The goal of this for the purpose of these Guidelines is so that bids and offers for, and any transactions in, Bank Paper are not entered or undertaken by the Market Participant for a purpose of moving the BBSW (notwithstanding that a bid, offer, or transaction is likely to, or may, have that consequence).

2.3. Conflicts of Interest Handling

- Market Participants' internal policies should address conflicts of interest, including in relation to perceived or actual conflicts arising in their trading, distribution and trade reporting activity in Bank Paper.

- Market Participants should have in place adequate arrangements for the management of conflicts of interest that may arise in relation to activities undertaken by them (including their trading and trade reporting activity in Bank Paper). Where conflicts of interest are managed other than by avoiding the conflict, Market Participants should put in place processes and procedures to maintain a record of any decision making by an employee in line with the Market Participant's internal policies covering the perceived or actual conflict of interest. Senior compliance staff of the Market Participant should regularly review these decisions to ensure that the conflicts of interest policy is being adhered to.

- Market Participants should ensure all employees involved in the issuing and trading of Bank Paper and the reporting of trades that could be used by the Administrator to calculate BBSW, are aware of and fully compliant with the conflicts of interest policy.

2.4. Training

- Market Participants should ensure that personnel of Market Participants involved in the issuance, trading and trade reporting of Bank Paper have received training on compliance with the Market Participant's legal obligations, having regard to the applicable legal framework for BBSW and the trading of Bank Paper (including market misconduct prohibitions under the Corporation Act), in connection with such functions.

- Market Participants should ensure that ongoing training is provided to all relevant personnel.

3. Execution and Request For Quote

3.1. Bank Paper transactions to reflect genuine business requirements

- Trading in Bank Paper by a Market Participant should be based on its genuine business requirements to buy or sell Bank Paper, as determined by the Market Participant.

- For the avoidance of doubt (and without limiting the matters it may have regard to), in determining its genuine business requirements to buy or sell Bank Paper, a Market Participant may have regard to its:
  - balance sheet or prudential requirements for management of liquidity by way of purchases of Bank Paper or similarly satisfying prudential funding requirements with the issuing or sale of Bank Paper
  - perceived value opportunities, if buying, to acquire at a low price, or if selling, to sell at a high price
  - in the case of a Prime Bank, its obligation to show two-way markets throughout the Rate Set Window in accordance with section 3.5 below.

3.2. Trading within the Rate Set Window

- Trading in the Rate Set Window should reflect the forces of genuine supply and demand for Bank Paper at the time of the Rate Set Window. For this reason, the practices and processes of Market Participants should not delay trading Bank Paper for the purpose of avoiding trading in the Rate Set Window.
- Where Market Participants intend to transact in Bank Paper on a Business Day and do not engage in transaction negotiations during the Rate Set Window, the Market Participant should adhere to internal policies regarding audit trails and record keeping.

3.3. Trade Execution Policy

- Market Participants should have in place trade execution policies that, when issuing, buying or selling Bank Paper, seek to achieve market pricing reflective of the forces of genuine supply and demand at the time of transacting.
- In the case of Bank Paper, the forces of genuine supply and demand are those forces which are created in a market by buyers whose purpose is to acquire at the lowest available price and sellers whose purpose is to sell at the highest realisable price. This description allows for competition between buyers whose purpose is to maximise the yield received and between sellers whose purpose is to minimise the yield paid.

3.4. Price quotation and trading

- All Bank Paper trading must be conducted at an outright rate irrespective of whether trades are negotiated within or outside of the Rate Set Window.
- Pricing by each Market Participant may vary reflecting their genuine business requirements as to the volume of Bank Paper sought to be bought or sold.
- When determining an outright rate (including the rate of a bid or offer entered on an ATV) a Market Participant should take into account the following factors:
  - its genuine business requirements to buy or sell Bank Paper as referred to in section 3.1 above
  - Underlying liquidity
  - Investment demand to buy or sell Bank Paper
  - Size of flow or enquiry
  - Consistent pricing relativities to other related financial instruments
  - Market environment.
- Bids and offers for, and any transactions in, Bank Paper (including the outright rate and volume for such bids, offers and transactions) by a Market Participant must not be for a purpose of moving the BBSW (notwithstanding that a bid, offer, or transaction is likely to, or may, have that consequence).

- The making of markets by a Prime Bank in accordance with section 3.5 below does not of itself mean that bids or offers by the Prime Bank when performing that function (or transactions arising from the execution of those bids or offers) are for an improper purpose.
- Prime Banks must quote at an outright rate and advise any investor requesting to trade at BBSW that they must trade at an outright rate.
- Where Switches are negotiated Market Participants must agree the individual tenor outright prices. The individual outright prices should be priced at prevailing market rates.
- A transaction is considered executed at the time both parties agree the terms of the trade.

3.5. Price discovery and disclosure

- Prime Banks are required to show two-way markets throughout the Rate Set Window on recognised ATVs from 9:00:00am till 10.10:00am in accordance with the ASX Prime Bank Conventions.
- Market making should be consistent with guidelines outlined in the ASX Prime Bank conventions.
- Market Participants should, as part of its conflicts of interest handling requirements referred to in section 2.3 above, have in place appropriate handling of confidential client information policies and processes related to their clients' intent to trade.

3.6. Internal Trades

- Internal Trades of Market Participants must not be reported for the purpose of BBSW calculation.
- The Administrator may on a regular basis review the volume of Internal Trades undertaken and whether these should be reported for the purpose of BBSW calculation. If so, these Guidelines will be updated to capture the trading and trade reporting of such Internal Trades.

3.7. Minimum parcel size

- For the purpose of BBSW calculation eligibility the minimum parcel size is $10 million.
- Market Participants should not break up trades with the intention of avoiding inclusion in the rate set.

3.8. Volume adjustments for trades executed during Rate Set Window

- In the event that a Market Participant has executed a trade during the Rate Set Window where they have purchased more Bank Paper than required, any reduction in the volume of Bank Paper purchased can only occur through the Market Participant entering into a separate transaction in which it is the seller of Bank Paper.
- The separate transaction must be at an outright rate that reflects the forces of genuine supply and demand in accordance with sections 3.1 to 3.4 above.
- Where the separate trade has not been executed during the Rate Set Window, it will not be included for the purpose of BBSW calculation for that day.

- Market Participants should follow internal policies regarding record keeping in respect of the initial trade to buy Bank Paper and separate trade to sell Bank Paper (including the reason for the trades and as to the timing of their execution).
- For the avoidance of doubt:
  - a trade in Bank Paper that occurs in the Rate Set Window (other than where these Guidelines provide that they are not intended to apply to such trade or that such trade does not need to be reported); and
  - any trade to reduce the volume of Bank Paper purchased that occurs during the Rate Set Window,

  are each Eligible Trades which must be separately reported in accordance with these Guidelines.

4. Documentation

4.1. Record keeping

- Market Participants should ensure that they generate, or have access to, a timely and accurate record of transactions undertaken (and of executable quotes posted by them on ATVs) to ensure effective monitoring and to meet internal audit requirements.
- Market Participants that are unable to achieve segregation of duties should ensure that they maintain a record of decision making by an employee in line with their internal policies.
- A record should be kept of the rationale for any transaction at a price which is materially different from the expected price given the information available to the Market Participant as to the supply of and demand for Bank Paper at the time of the transaction.
- Market Participants should follow internal policies for record keeping.

4.2. Time stamping of transaction

- All transactions must be time stamped and, where appropriate, voice recorded at the time the transaction (yield and volume) is agreed between the counterparties.
- The timestamp should be recorded with the transaction details.
- Time stamping mechanisms can take the form of a recorded line, e-platform ticket, e-mail or market chat pages.

4.3. Confirmation of transactions

- Where a trade in Bank Paper is reported to a Trade Reporting Agent or occurs on an ATV that is a Trade Reporting Agent, and the Trade Reporting Agent seeks to confirm details of the trade with the trade counterparties, the trade counterparties should provide an electronic confirmation of those details to the Trade Reporting Agent or otherwise notify the Trade Reporting Agent if those details are incorrect.

- Where such trades occur during the Rate Set Window, such electronic confirmation (or notification of incorrect details) should occur as soon as possible, and by no later than 20 minutes from the time of the trade.

5. Trade Reporting – Market Participants

5.1. Trade reporting governance

- Trade Reporting Entities should ensure that their trade reporting processes are placed within an appropriate governance structure.
- Trade Reporting Entities should ensure adequate internal oversight of their trade reporting activities. The level of oversight may vary depending on the nature, scale and complexity of each firm's business.
- Trading Reporting Entities should have a documented policy relevant to their reporting procedures which identifies and provides for managing conflicts of interest. Records of conflict of interest situations should be kept and any advice that may be given in this regard.
- Trade Reporting Entities should consider how to ensure dealings in financial instruments by the entity that reference the benchmark do not influence the trade reporting activity.
- Complaints concerning the accuracy or integrity of the Trade Reporting Entity's Trade Reports shall be recorded and reviewed by the Trade Reporting Entity's compliance or legal personnel. Such complaints and concerns shall be thoroughly investigated and recorded appropriately.

5.2. Managing conflicts of interest

- The Trade Reporting Entity shall, as part of its conflicts of interest handling requirements referred to in 2.3 above, have a documented policy relevant to the Trade Reporting Procedures which identifies and provides for managing conflicts of interest that a Trade Reporting Officer may face arising from their other responsibilities in the organisation.

5.3. Record keeping of conflicts of interest

- The Trade Reporting Entity shall keep a record of situations which give rise to a conflict of interest for the Trade Reporting Officer and any advice given to the officer in this regard. Such records shall be provided on a regular basis to the Trade Reporting Entity's compliance or legal function.

5.4. Authorisation of Trade Reporting Officer

- The Trade Reporting Entity should only authorise Trade Reporting Officers who have the necessary knowledge and have undergone the required training to accurately follow the Trade Reporting Procedures in a timely and consistent manner.
- Trade Reporting Entities must notify:
  - Trade Reporting Agents to whom it may provide Trade Reports; and

– the Administrator,

of the Trade Reporting Officers for that Trade Reporting Entity.

5.5. Responsibility for trade reporting

- Where a trade occurs on an ATV that is a Trade Reporting Agent, the trade does not need to be separately reported to the Trade Reporting Agent.
- Primary Issuance transactions during the Trade Set Window must be reported to the Trade Reporting Agent by the Issuer of Bank Paper.
- Secondary Market Trades during the Trade Set Window that occur on a bilateral basis must be reported to the Trade Reporting Agent by the seller of Bank Paper unless otherwise agreed by the parties.
- Where parties have agreed that Secondary Market Trades that occur on a bilateral basis be reported by a party other than the seller of Bank Paper, a record of that agreement must be maintained.
- Primary Issuance transactions that are Internal Trades of Market Participants must not be reported to the Trade Reporting Agent.
- Secondary Market Trades that are Internal Trades of Market Participants must not be reported to the Trade Reporting Agent.

5.6. Trade reporting requirements

- All Eligible Trades must be reported by one side to that transaction.
- All Eligible Trades that occurred in the Rate Set Window must be reported to the Trade Reporting Agent.
- Eligible Trades that occur during the Rate Set Window must be reported to the Trade Reporting Agent within 20 minutes of the trade being executed.
- Market Participants should not break up the reporting of trades with the intention of avoiding inclusion in the rate set.
- Note that where a single trade occurs, which is for the benefit of multiple underlying funds, Market Participants should report trades executed on a block basis not allocated basis.
- The following details should be reported:
  - ISIN
  - Trade Date
  - Trade Time (in the format of hour:minute:second) (if second is not known it can be rounded to the nearest minute)
  - Trade identifier

- Issuer
- Maturity Date
- Tenor
- Settlement Date (optional unless settling on a date other than the transaction date)
- Volume
- Yield
- Selling Counterparty (LEI or otherwise agreed naming convention format)
- Buying Counterparty (LEI or otherwise agreed naming convention format)
- Settlement Amount (optional)

- Trade Reporting Entities should check trade yield and volume for reasonableness before the trade is reported. Where trade yields or volume do not appear reasonable they should be investigated to confirm the accuracy of the yield and volume before the trade is reported.

5.7. Trade amendments

- For trades executed during the Rate Set Window, any amendment to that trade can only occur through the relevant Market Participant entering into a separate transaction.
- Market Participants should have appropriate documentation for audit purposes of the initial trade and any separate trade, including the reason for the trades and as to the timing of their execution.
- The separate transaction must be at an outright rate that reflects the forces of genuine supply and demand in accordance with sections 3.1 to 3.4 above.
- Where the separate trade has not been executed during the Rate Set Window, it will not be included for the purpose of BBSW calculation for that day.
- For the avoidance of doubt:
  - a trade in Bank Paper that occurs in the Rate Set Window (other than where these Guidelines provide that they are not intended to apply to such trade or that such trade does not need to be reported); and
  - any trade to amend that trade that occurs during the Rate Set Window,

  are each Eligible Trades which must be separately reported in accordance with these Guidelines.

5.8. Trade cancellations

- For trades executed during the Rate Set Window, any cancellation of that trade can only occur through the relevant Market Participant entering into a separate transaction.

- Market Participants should have appropriate documentation for audit purposes of the initial trade and any separate trade, including the reason for the trades and as to the timing of their execution.
- The separate transaction must be at an outright rate that reflects the forces of genuine supply and demand in accordance with sections 3.1 to 3.4 above.
- Where the separate trade has not been executed during the Rate Set Window, it will not be included for the purpose of BBSW calculation for that day.
- For the avoidance of doubt:
  - a trade in Bank Paper that occurs in the Rate Set Window (other than where these Guidelines provide that they are not intended to apply to such trade or that such trade does not need to be reported); and
  - any trade to cancel that trade that occurs during the Rate Set Window,

  are each Eligible Trades which must be separately reported in accordance with these Guidelines.

5.9. Trade Reporting Errors and Trade Reporting Failures

- This section 5.9 deals with:
  - an error in the details included in a Trade Report by a Trade Reporting Entity to a Trade Reporting Agent, such that the Trade Report did not accurately reflect the terms of or counterparties to the Bank Paper transaction the subject of that Trade Report; and
  - a failure by a Trade Reporting Entity to provide a Trade Report for an Eligible Trade to a Trade Reporting Agent before the close of the Trade Reporting Window.
- This section 5.9 does **not** deal with amendments or cancellations of Trade Reports which accurately reflected the terms of and counterparties to the Bank Paper transaction the subject of that Trade Report. Such amendments or cancellations are to be dealt with in accordance with sections 3.8, 5.7**,** 5.8, 6.4 or 6.5 (as applicable).
- The Trade Reporting Entity must advise the Administrator of any Trade Reporting Errors or Trade Reporting Failures prior to 10:45:00am on that day.
- Non – Prime Bank Market Participants that trade bilaterally with a Prime Bank where the Prime Bank is the relevant Trade Reporting Entity should advise the Prime Bank of any Trade Reporting Errors or Trade Reporting Failures that they become aware of.
- Where a Trade Reporting Error or Trade Reporting Failure has been advised to the Administrator in accordance with section 5.9.4 below before 10:45:00am on the day of the trade, the Administrator will reflect the correction to the Trade Report or the notified trade in the BBSW calculated and published for that day.

5.9.1. Correction timing for errors and failures to report a trade

- Trade Reporting Entities must correct any errors, or notify any failures to report a trade, that could impact the rate set, immediately. Errors or failures to report a trade that could affect the rate set include an error in the trade details notified such as tenor or maturity date, yield, volume, time (where the error would change whether the trade was in or out of the Rate Set Window) or a failure to report a trade of material volume that occurred within the Rate Set Window.
- Other errors or failures to report a trade should be corrected promptly and by no later than the end of the trade execution date.

5.9.2. Investigate errors and failures to report a trade

- The source of errors and failures to report a trade should be investigated with records kept of the results of any such investigation. Where appropriate, measures to mitigate the risk of recurrence should be put in place.

5.9.3. Management of errors and failures to report a trade

- Trade Reporting Errors and Trade Reporting Failures should be advised in a way that avoids miscounting of volume or yield by the Administrator.
- Where a Trade Reporting Error or Trade Reporting Failure was not advised to the Administrator prior to 10:45:00am, the Administrator must be notified immediately. Non-Prime Bank Market Participants may notify the relevant Prime Bank counterparty (where the Prime Bank is the relevant Trade Reporting Entity) immediately instead of the Administrator (where applicable). The Prime Bank will in turn notify the Administrator.
- Where a Trade Reporting Error or Trade Reporting Failure has been advised to the Administrator in accordance with section 5.9.4 below after 10:45:00am but before 2:00:00pm on the day of the trade, the Administrator will, subject to materiality thresholds as announced by the Administrator – being, as at the date of the Guidelines, a difference of 3 basis points between the published rate and the corrected rate, calculate and publish a revised BBSW for that day by 3:00:00pm on that day.
- Where a Trade Reporting Error or Trade Reporting Failure has been advised to the Administrator after 2:00:00pm on the day of the trade, or on a subsequent day, ASX will **not** calculate and publish a revised BBSW for that day. ASX will however report such notified errors or failures to report a trade one month in arrears (as indicated in 5.9.5 below).
- Detailed records should be kept around any errors and failures to report a trade.

5.9.4. Manner of reporting errors and failures to report a trade

- A Trade Reporting Entity must, via one of its Trade Reporting Officers, notify the Administrator of any Trade Reporting Errors or Trade Reporting Failures together with the following details:
  - in the case of a reporting error, of the inaccurate details included in the Trade Report; or

- in the case of a failure to provide a Trade Report, of the details of the trade as referred to in 5.6 above).

- The notification referred to above must be provided both by:
  - Initial telephone notification; and;
  - Subsequent email notification.
- The Administrator will notify Market Participants of the persons at the Administrator who such notification can be provided to, including the telephone and email contact details for those persons.

5.9.5. Log of errors and failures to report a trade

- The Administrator will maintain a log of errors and failures to report a trade notified after 10:45:00am.
- The Administrator will publish the log to the market. For each reported error and failure to report a trade, the magnitude of impact on published BBSW for the relevant day will be included but not the direction of that impact (ie whether increases or decreases the BBSW).

5.10. Trade reporting systems

- Trade Reporting Entities should have sufficient systems to enable timely and accurate trade reporting.
- Trade Reporting Entities shall have adequate security for trade reporting systems.
- Trade Reporting Entities shall have a contingency plan for making Trade Reports in the event of a failure in trade reporting or related systems.

6. Trade Reporting – Trade Reporting Agents

6.1. Trade reporting governance

- Complaints concerning the accuracy or integrity of the Trade Reporting Agent's Trade Reports shall be recorded and reviewed by the Trade Reporting Agent's compliance or legal personnel. Such complaints and concerns shall be thoroughly investigated and recorded appropriately.
- For trades in Bank Paper reported to a Trade Reporting Agent or occurring on an ATV that is a Trade Reporting Agent, it is best practice for the Trade Reporting Agent to have an electronic confirmation from the trade counterparties as to the details of the trade reported to the Trade Reporting Agent or occurring on the ATV, when reporting the trade to the Administrator. If a Trade Reporting Agent has not received such electronic confirmation by the time that it is required to report the trade, the trade still needs to be reported.

6.2. Authorisation of Trade Reporting Officer

- The Trade Reporting Agent should only authorise Trade Reporting Officers who have the necessary knowledge and have undergone the required training to accurately follow the Trade Reporting Procedures in a timely and consistent manner.
- Trade Reporting Agents must notify the Administrator of the Trade Reporting Officers for that Trade Reporting Agent.

6.3. Trade reporting requirements

- All Eligible Trades that occurred in the Rate Set Window and were reported to the Trade Reporting Agent during the Trade Reporting Window or which occurred on an ATV that is a Trade Reporting Agent must be reported to the Administrator by no later than the end of the Trade Reporting Window.
- The following details should be reported:
  - Trade Reporting Agent Identifier
  - ISIN
  - Trade Date
  - Trade Time (in the format of hour:minute:second) (if second is not known it can be rounded to the nearest minute)
  - Trade identifier
  - Issuer
  - Maturity Date
  - Tenor
  - Settlement Date (optional unless settling on a date other than the transaction date)
  - Volume
  - Yield
  - Selling Counterparty (LEI or otherwise agreed naming convention format)
  - Buying Counterparty (LEI or otherwise agreed naming convention format)
  - Settlement Amount (optional)
  - Bilateral Trade or Intermediated Trade flag
- Trade Reporting Agents should check trade yield and volume for reasonableness before the trade is reported. Where trade yields or volumes do not appear reasonable they should be investigated to confirm the accuracy of the yield and volume before the trade is reported.

6.4. Trade amendments

- For trades executed during the Rate Set Window, any amendment to the trade can only occur through the relevant Market Participant entering into a separate transaction.
- The separate transaction must be at an outright rate that reflects the forces of genuine supply and demand in accordance with 3.1 to 3.4 above.
- Where the separate trade has not been executed during the Rate Set Window, it will not be included for the purpose of BBSW calculation for that day.
- For the avoidance of doubt:
  - a trade in Bank Paper that occurs in the Rate Set Window (other than where these Guidelines expressly provide that they are not intended to apply to such trade or that such trade does not need to be reported); and
  - any trade to amend that trade that occurs during the Rate Set Window,

  are each Eligible Trades which must be separately reported in accordance with these Guidelines.

6.5. Trade cancellations

- For trades executed during the Rate Set Window, any cancellation of the trade can only occur through the relevant Market Participant entering into a separate transaction.
- The separate transaction must be at an outright rate that reflects the forces of genuine supply and demand in accordance with 3.1 to 3.4 above.
- Where the separate trade has not been executed during the Rate Set Window, it will not be included for the purpose of BBSW calculation for that day.
- For the avoidance of doubt:
  - a trade in Bank Paper that occurs in the Rate Set Window (other than where these Guidelines provide that they are not intended to apply to such trade or that such trades do not need to be reported); and
  - any trade to cancel that trade that occurs during the Rate Set Window,

  are each Eligible Trades which must be separately reported in accordance with these Guidelines.

6.6. Trade Reporting Errors and Trade Reporting Failures

- This section 6.6 deals with:
  - an error in the details included in a Trade Report by a Trade Reporting Agent to the Administrator, such that the Trade Report did not accurately reflect the terms of or counterparties to the Bank Paper transaction the subject of that Trade Report; and

- a failure by a Trade Reporting Agent to provide a Trade Report for an Eligible Trade to the Administrator before the close of the Trade Reporting Window.

- This section 6.6 does not deal with amendments or cancellations of Trade Reports which accurately reflected the terms of and counterparties to the Bank Paper transaction the subject of that Trade Report. Such amendments or cancellations are to be dealt with in accordance with sections 3.8, 5.7, 5.8, 6.4 or 6.5 (as applicable).
- The Trade Reporting Agent must advise the Administrator of any Trade Reporting Errors or Trade Reporting Failures prior to 10:45:00am on that day.
- Where a Trade Reporting Error or Trade Reporting Failure has been advised to the Administrator in accordance with section 6.6.4 below before 10:45:00am on the day of the trade, the Administrator will reflect the correction to the Trade Report or the notified trade in the BBSW calculated and published for that day.

6.6.1. Correction timing for errors and failures to report a trade

- Trade Reporting Agents must correct any errors, or notify any failures to report a trade, that could impact the rate set, immediately. Errors or failures to report a trade that could affect the rate set include an error in the trade details notified such as tenor or maturity date, yield, volume, time (where the error would change whether the trade was in or out of the Rate Set Window) or a failure to report a trade of material volume that occurred within the Rate Set Window.
- Other errors should be corrected promptly and by no later than the end of the trade execution date.

6.6.2. Investigate errors and failures to report a trade

- The source of errors and failures to report a trade should be investigated with records kept of the results of any such investigation. Where appropriate, measures to mitigate the risk of recurrence should be put in place.

6.6.3. Management of errors and failures to report a trade

- Trade Reporting Errors and Trade Reporting Failures should be advised in a way that avoids miscounting of volume or yield by the Administrator.
- Where a Trade Reporting Error or Trade Reporting Failure was not advised to the Administrator prior to 10:45:00am, the Administrator must be notified immediately.
- Where a Trade Reporting Error or Trade Reporting Failure has been advised to the Administrator in accordance with section 6.6.4 below after 10:45:00am but before 2:00:00pm on the day of the trade, the Administrator will, subject to materiality thresholds as announced by the Administrator – being, as at the date of the Guidelines, a difference of 3 basis points between the published rate and the corrected rate, calculate and publish a revised BBSW for that day by 3:00:00pm on that day.
- Where a Trade Reporting Error or Trade Reporting Failure has been advised to the Administrator after 2:00:00pm on the day of the trade, or on a subsequent day, ASX will **not** calculate and publish a revised

BBSW for that day. ASX will however report such notified errors one month in arrears (as indicated in 6.6.5 below).

- Detailed records should be kept around any errors or failures to report a trade.

6.6.4. Manner of reporting errors and failures to report a trade

- A Trade Reporting Agent must, via one of its Trade Reporting Officers, notify the Administrator of any Trade Reporting Errors or Trade Reporting Failures together with the following details:
  - in the case of a reporting error, of the inaccurate details included in the Trade Report; or
  - in the case of a failure to provide a Trade Report, of the details of the trade as referred to in 6.3 above).
- The notification referred to above must be provided both by:
  - Initial telephone notification; and;
  - Subsequent email notification.
- The Administrator will notify Trade Reporting Agents of the persons at the Administrator who such notification can be provided to, including the telephone and email contact details for those persons.

6.6.5. Log of errors and failures to report a trade

- The Administrator will maintain a log of errors and failures to report a trade notified after 10:45:00am.
- The Administrator will publish the log to the market. For each reported error and failure to report a trade, the magnitude of impact on published BBSW for the relevant day will be included but not the direction of that impact (ie whether increases or decreases the BBSW).

6.7. Trade reporting systems

- Trade Reporting Agents should have sufficient systems to enable timely and accurate trade reporting.
- Trade Reporting Agents shall have adequate security for trade reporting systems.
- Trade Reporting Agents shall have a contingency plan for making Trade Reports in the event of a failure in trade reporting or related systems.