

Interest Rates and OTC Markets Wrap



December 2017

ASX 24 UPDATES

➤ **ASX 24 Trading and Clearing hours over 2017/2018 Christmas and New Year period**

ASX 24 Participants are reminded that normal day session trading hours will apply on Friday 22 December 2017 and Friday 29 December 2017 in order to minimise disruption to Operations teams and processes.

Overnight Options

Overnight Options on ASX 24 3 and 10 Year Treasury Bond Futures will not be available for trade date 27th December 2017 and 2nd January 2018 due to the Exchange being unavailable when the product would normally have opened and closed.

<https://www.asxonline.com/public/notices/2017/nov/1312.17.11.html>

➤ **Pack & Bundle for AUD and NZD products, including implied-in pricing**

ASX launched Pack and Bundle product functionality for NZD 90 Day Bank Bill Futures on 28th November 2017. For the NZD bank bill market, White Packs (1 year swap), Red Pack (1 year 1 year forward swap) and red Bundles (2 year swap) are available. The [NZD Pack and Bundles](#) join the existing [AUD Packs and bundles](#) which are available out to 3 years.

"Implied in" functionality also introduced, across both AUD and NZD markets, leverages prices and liquidity in the underlying bank bill futures, providing price transparency and execution certainty in the packs and bundles.

➤ **AUD 3 Year Treasury Bond Futures – half-tick increment**

The [minimum price increment](#) ('tick' size) for the 3 Year Treasury Bond Futures contract was reduced to 0.005% or 0.5 basis point from 5pm 1 December 2017 (Trade Date 4 December 2017).

Previously, ASX set the minimum price increment at 0.010% or 1 basis point, except for the 5 business days leading up to the contract expiry, when the minimum price increment was halved. The reduction in the minimum tick increment follows feedback from customers on the effectiveness of the 3 year Bond Futures contract as a hedge instrument.

ASX OTC CLEARING UPDATE

➤ **ASX launches NZD OTC Interest Rate Derivatives Clearing**

On 27 November 2017, ASX launched NZD OTC Interest Rate Derivatives Clearing. The NZD OTC products eligible for clearing now include:

- NZ BKBM Interest Rate Swaps to a maximum maturity of 2 years.
- NZ Overnight Index Swaps (NZ OIS) to a maximum maturity of 2 years.

ASX is targeting Q1 2018 to extend the maximum maturity on NZ BKBM Interest Rate Swaps from 2 year to 15 years.

<https://www.asxonline.com/public/notices/2017/nov/1370.17.11.html>

ASX BBSW UPDATE

ASX published the [BBSW Trade and Trade Reporting Guidelines](#) on 10th October 2017. ASIC and RBA issued a joint [media release](#) welcoming the BBSW Guidelines and emphasising the role they play in ensuring BBSW remains a robust and reliable benchmark.

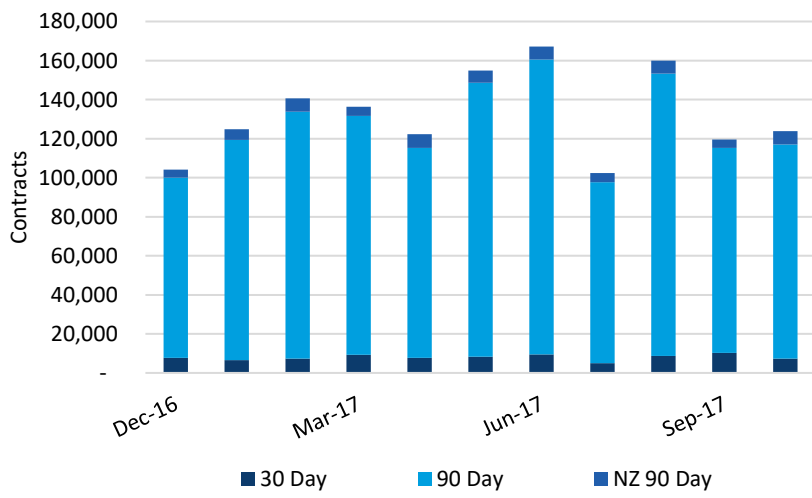
On the 4th December 2017, ASX successfully implemented the first phase of the transition to the new Volume Weighted Average Price (VWAP) methodology. A number of changes to market practices have been implemented:

- Market participants are now required to quote and trade at an outright rate as opposed to 'at BBSW';
- To prepare for trade reporting in early 2018, the NBBO sample period has been brought forward to 9:44-9:46am; and
- The early/late maturity convention has been replaced with the rolling maturity pool.

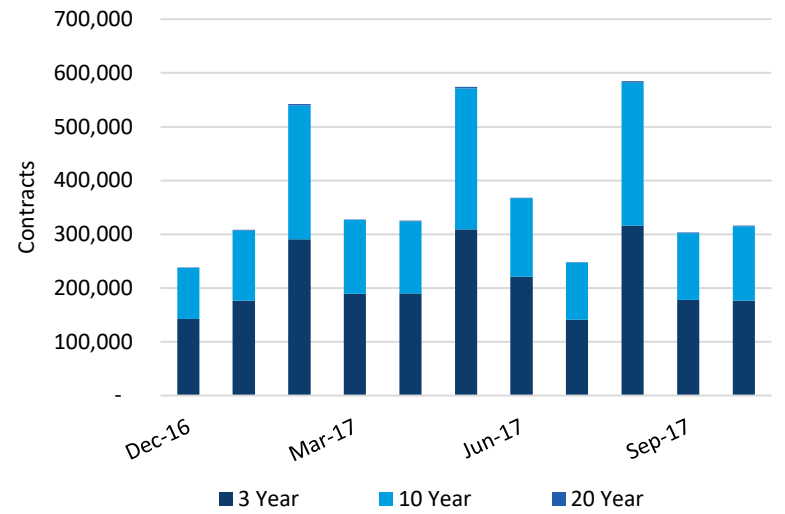
A high level [VWAP BBSW implementation timeline](#) is available on the website. The target go live date for the [new methodology](#) is 23rd April 2018 however, this date may change based on market readiness. From 4 December 2017, sections 1, 2, and 3 of the BBSW Trade and Trade Reporting Guidelines take effect.

Interest Rate Derivatives Volume

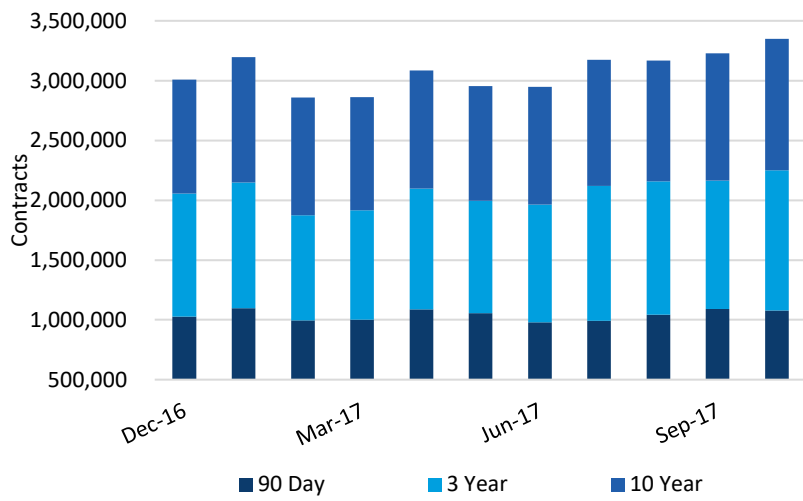
Short Term IR Futures ADV



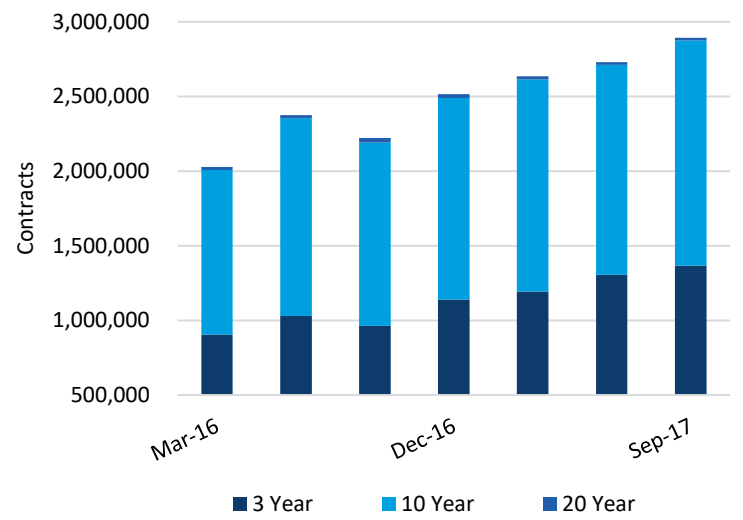
Long Term IR Futures ADV



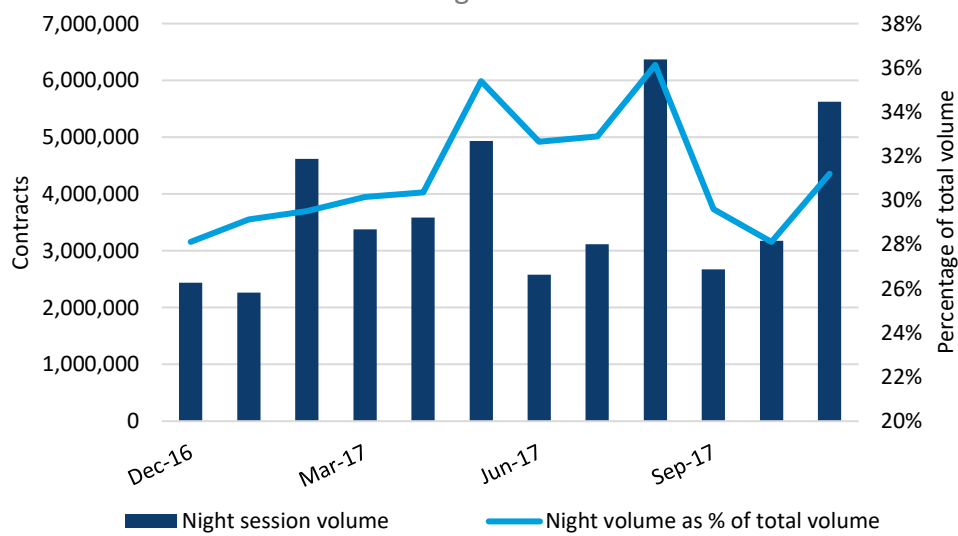
Open Interest



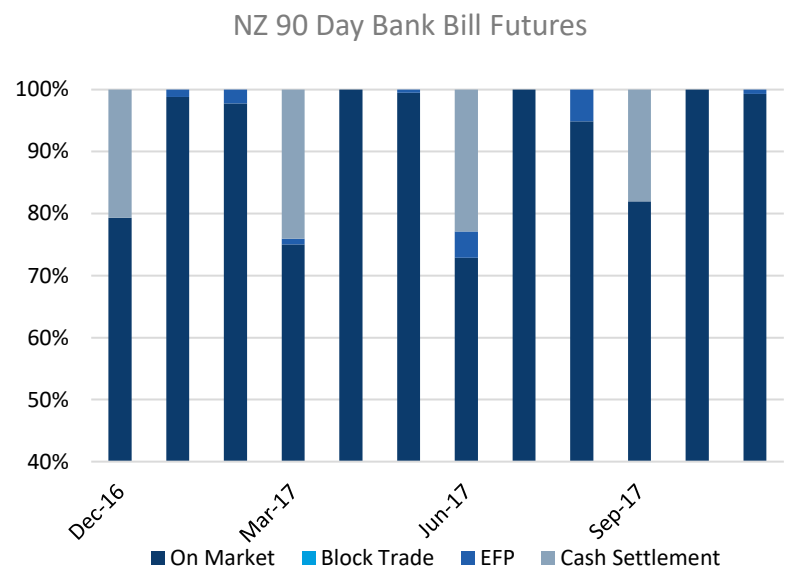
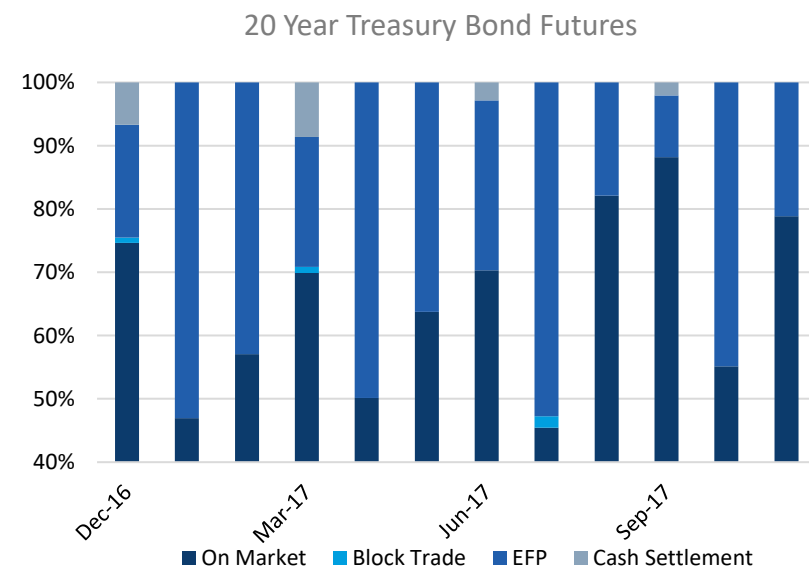
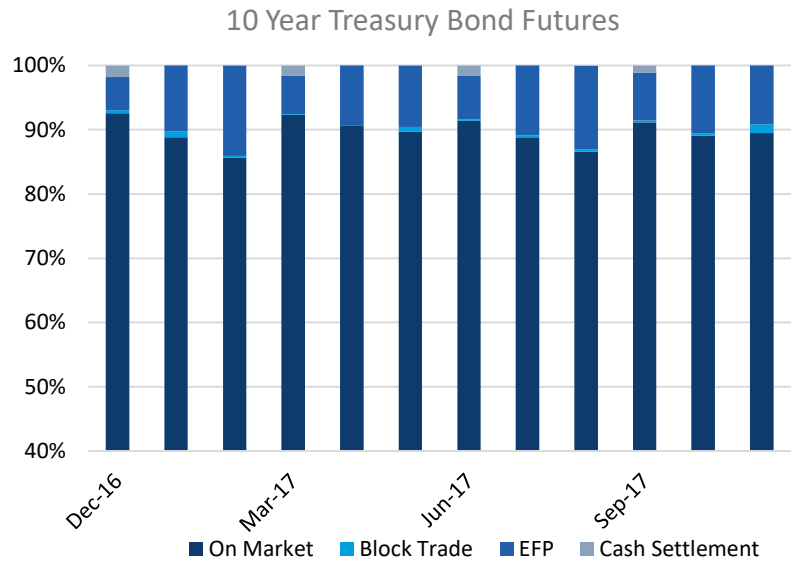
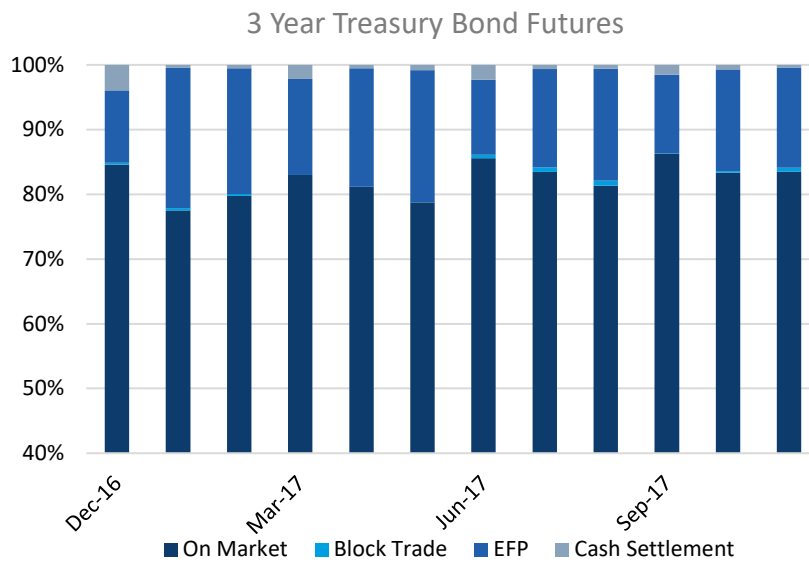
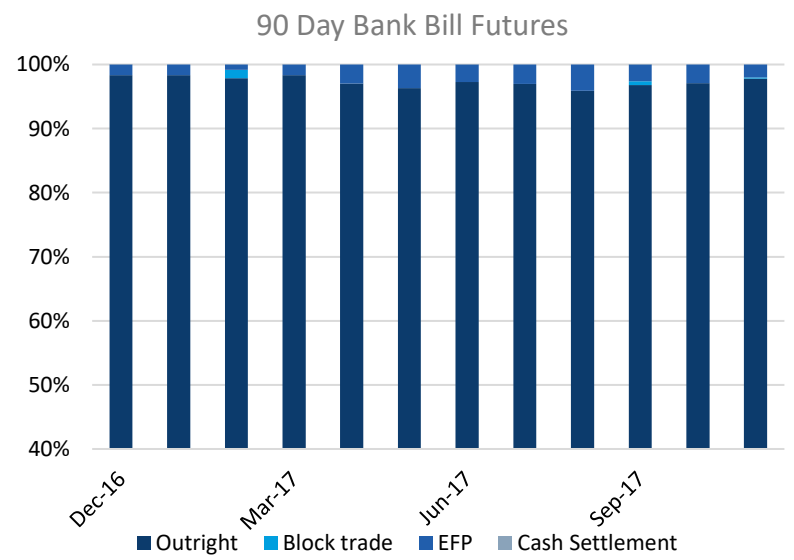
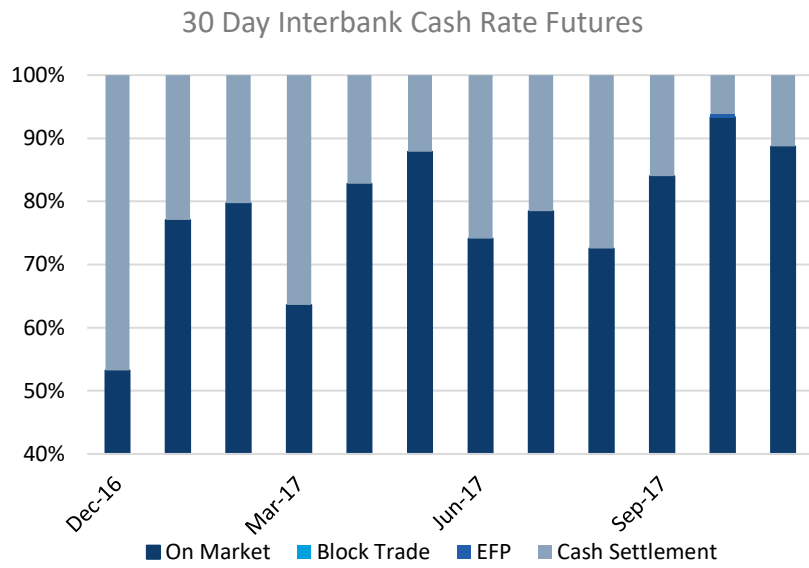
Roll Volume



ASX 24 Night Session Volume



Volume by trade types - ASX Interest Rate Futures



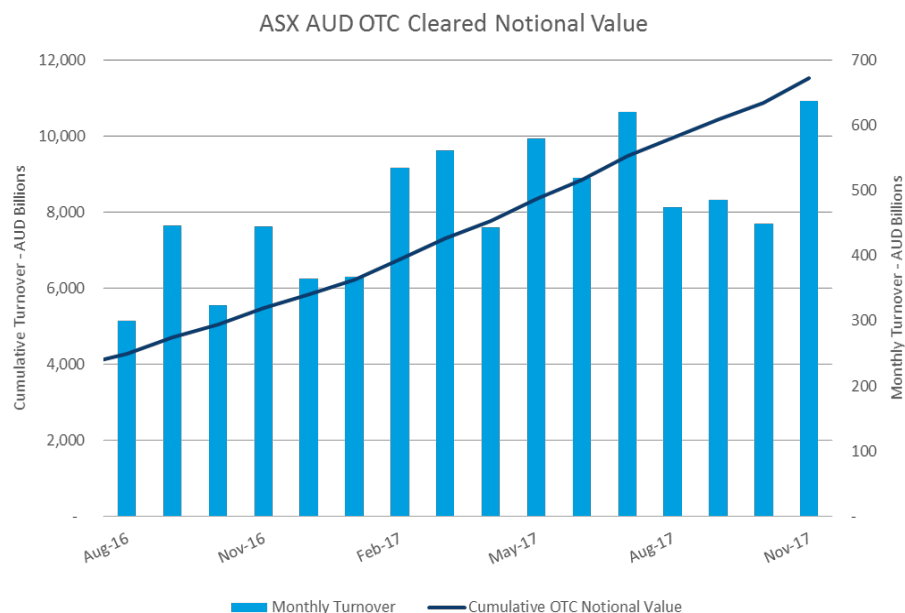
ASX OTC Clearing

AUD OTC Clearing continues to grow strongly in 2017 with \$5.7tn turnover cleared YTD (as at 30th November 2017), up 85% YoY. November 2017 recorded the second highest monthly volume cleared at \$638bn. Total Open Cleared Notional stands at \$3.7tr.

NZD OTC Clearing

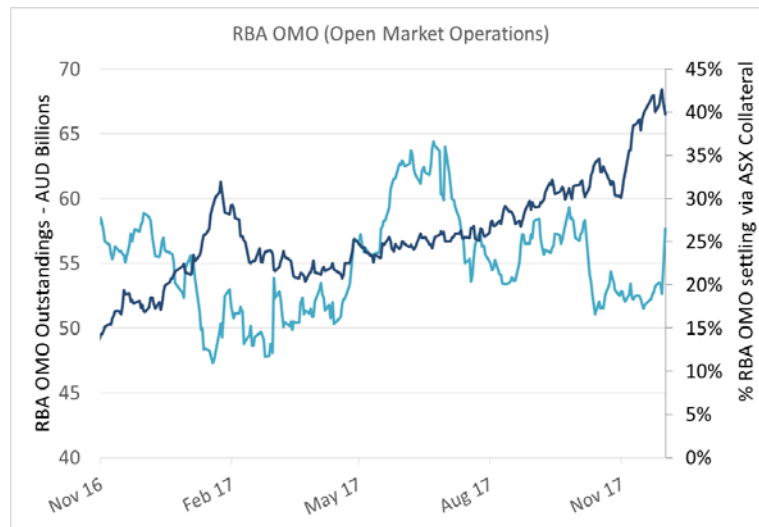
➤ ASX launched NZ OTC Clearing on 27 November 2017, being the only CCP globally that clears NZ OIS, with the service already being utilised by clients.

*Data as at 30th November 2017, calendar YTD



ASX Collateral

The ASX triparty collateral management service reached record balances under management of \$22.97bn in November 2017, with 43% high to date of the RBA OMO settling via ASX Collateral.



Further information

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