

Interest Rate Derivatives and OTC Markets



October 2017

ASX 24 UPDATES

➤ AUD 3 YEAR TREASURY BOND FUTURES – RE-ESTABLISH HALF TICK PRICE INCREMENT

Customers are reminded the minimum price increment ('tick' size) for the 3 Year Treasury Bond Futures contract will be reduced to 0.005% or 0.5 basis point from 5.00pm 1 December 2017 (Trade Date 4 December 2017).

Currently, ASX sets 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 is 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.

Further details available on [ASX Online](#).

➤ AUD Back Month Bill Futures Price Support

ASX has appointed 3 market makers in the back end 90 Day Bank Bill markets i.e. Reds, Greens and Blues, that will commence in mid-October 2017. Liquidity provision combined with the "implied in" functionality being rolled out for Packs and Bundles in late November, will add greater order book depth and improve pricing in the bank bill futures outright, spread, and Packs and Bundles markets.

➤ Packs and Bundles for 90 Day NZ Bank Bill Futures

ASX will launch Pack and Bundle product functionality for the front 8 contracts (white and red packs, and red bundle) of the 90 Day NZ Bank Bill Futures (BB) on 28th November 2017 at 5:40pm NZST/ 3:40pm AEST (Trade Date 29th November 2017). "Implied in" functionality being introduced in late November will leverage prices and liquidity in the underlying NZ bank bill futures market, proving price transparency and execution certainty in the packs and bundles.

➤ NZD OTC Clearing

Late November 2017 will see ASX adding NZD Clearing of Swaps and OIS, with ASX being the first CCP globally to clear NZD OIS.

➤ ASX TradeAccept: STP electronic reporting for off market trades

Participants are reminded of the FIX STP reporting functionality on ASX TradeAccept that supports electronic lodgement of bond, swap and SPI versus XJO EFPs, reducing operational risk, providing reporting efficiencies and assisting Participants in meeting the ASX 24 Operating Rule reporting cut off times:

- Trading Participants for the futures seller client are required to report the EFP within 30minutes of client notification
- Trading Participants for for the futures buyer client are required to approve the EFP within 1 hour of approval by the seller.

The registration process must be completed by 5:30pm Sydney Time. EFPs presented for registration after 5:30 pm Sydney Time will be processed on the next business day. EFPs agreed after 4.30pm must be registered by 9am the following day.

For further details refer to the [ASX 24 Operating Rules Procedure 4800](#).

ASX BBSW UPDATE

ASX in consultation with the regulators and market participants have been working towards the introduction of transaction based (VWAP) step in the BBSW calculation waterfall. Given feedback from market participants on the extent of change required, ASX will be taking a phased in approach to the implementation of the new methodology.

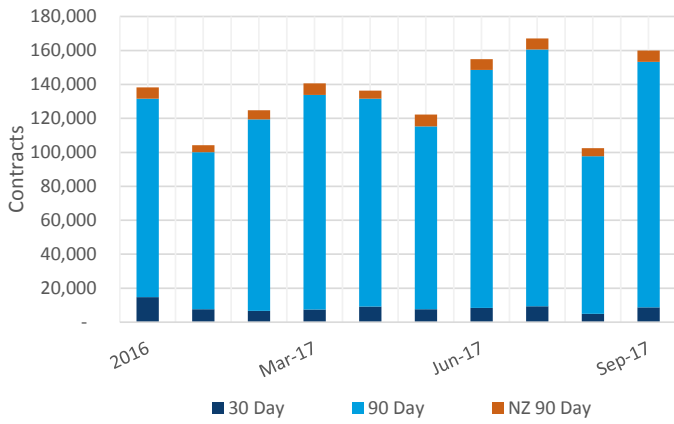
Effective 4 December 2017, the market will undergo a number of behavioural changes as part of the transition. Market participants will be required to quote and trade at an outright rate and will no longer be able to request to trade at BBSW. The early/late maturity convention will be replaced with a rolling maturity pool (+/- 5 business days either side of the straight run maturity date) and the NBBO sample period will be brought forward to 9:44-9:46am from 9:59-10:01am. BBSW will continue to be published each day at 10:15am. The [BBSW methodology documentation](#) will be effective from 4 December 2017.

In order to support this change, ASX will be publishing the finalised BBSW Trade and Trade Reporting Guidelines on 10 October 2017.

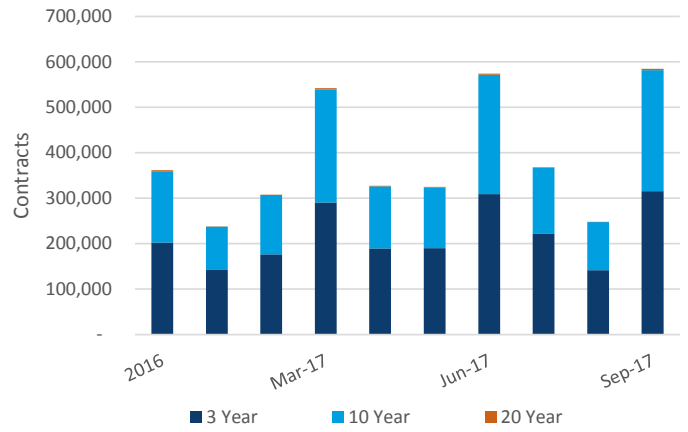


Interest Rate Derivatives Volume

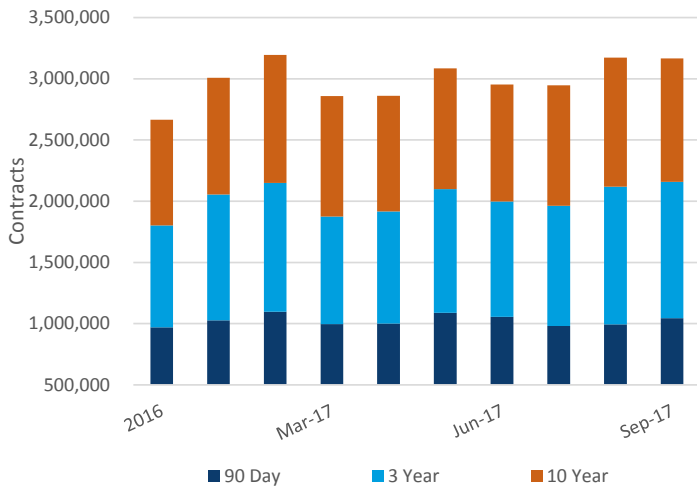
Short Term IR Futures ADV



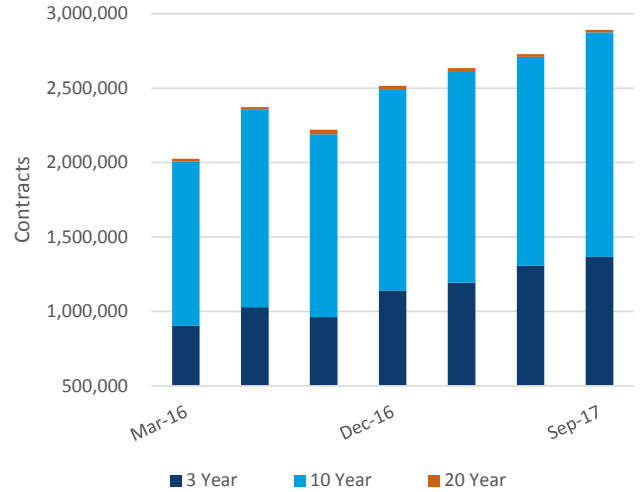
Long Term IR Futures ADV



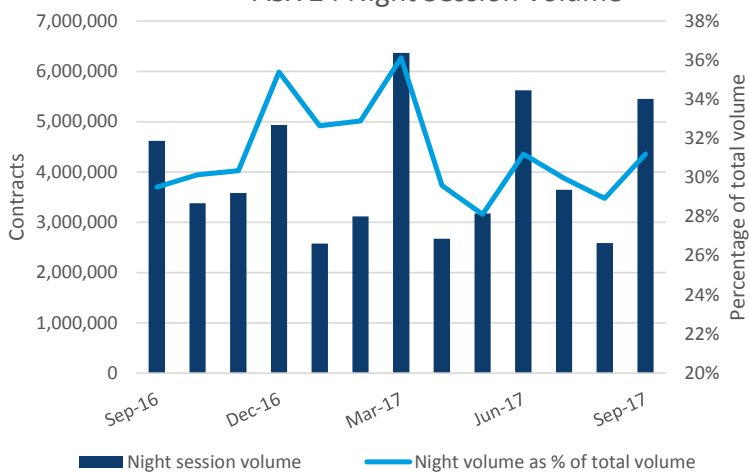
Open Interest



Roll Volume

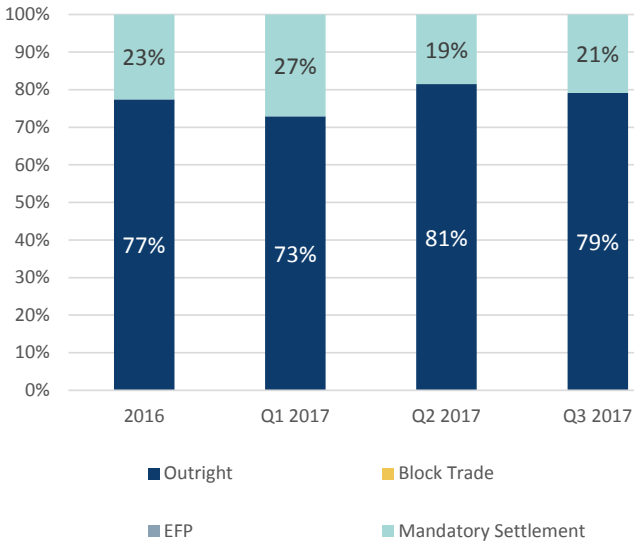


ASX 24 Night Session Volume

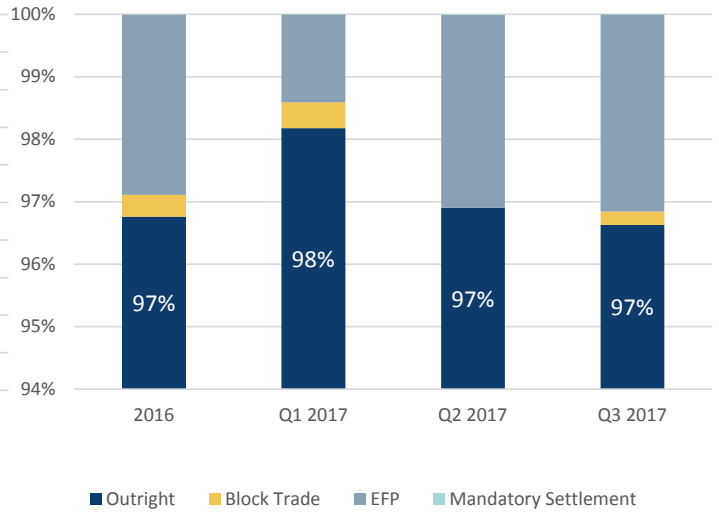


Volume by trade types - ASX Interest Rate Futures

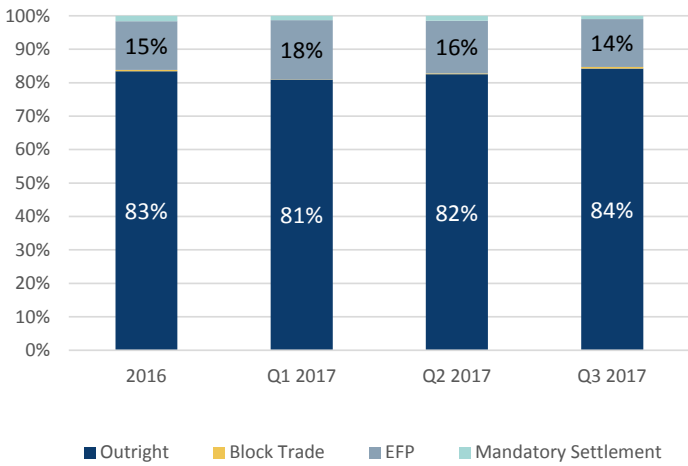
30 Day Interbank Cash Rate Futures



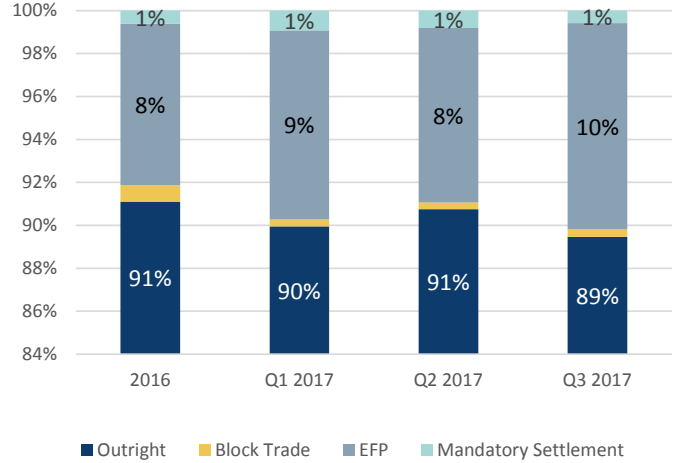
90 Day Bank Bill Futures



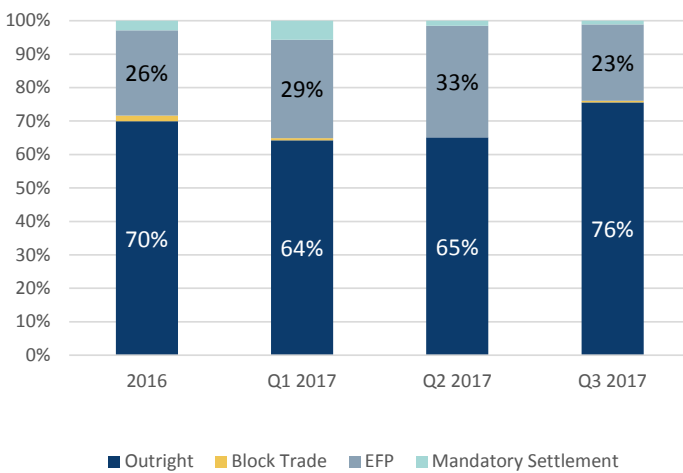
3 Year Treasury Bond Futures



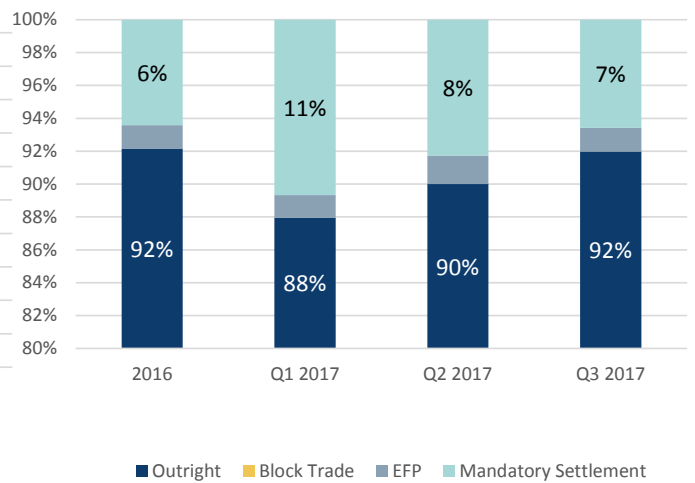
10 Year Treasury Bond Futures



20 Year Treasury Bond Futures



NZ 90 Day Bank Bill Futures



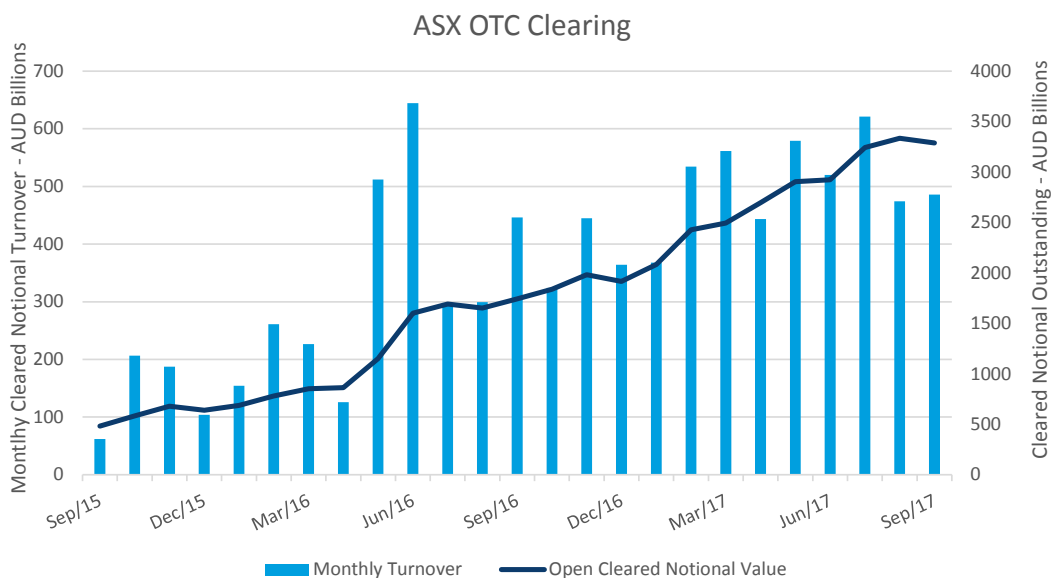
ASX OTC Clearing

OTC Clearing continues to grow strongly in 2107 with a record \$1.6bn turnover cleared in Q3-2017, up 51% YoY. Cleared Notional Turnover of \$4.6tr YTD* exceeds CY16's \$4.1tr. The Total Open Cleared Notional has surpassed \$3.3tr.

NZD OTC Clearing on ASX 24

➤ Late November 2017 will see ASX adding NZD Clearing of Swaps and OIS, with the ASX being the first CCP globally to clear NZD OIS.

*Data as at 29 September 2017, calendar YTD



Further information

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