

# ASX Treasury Bond Futures and Options





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ASX's 3, 5, 10 and 20 year Treasury Bond Futures and Options are the benchmark derivative products for trading and hedging medium to long-term Australian Dollar interest rates. The Treasury Bond contracts are cost effective tools for enhancing portfolio performance, managing risk and outright trading.

Gain exposure to the Australian debt markets through:

- Short-term trading
- Long-term trend following
- Hedging medium to long-term AUD Fixed Interest securities and interest rate swaps

## Features and Benefits

ASX's listed medium and long-term Treasury Bond Futures Contracts are amongst the most heavily traded globally. Take advantage of our Exchange Traded Market, providing access to price transparency and deep liquidity:

### ASX Treasury Bond product suite

Futures Contract	Average Daily Contracts Traded (2022)
3 Year (YT)	162,606
5 Year (VT)	1,819
10 Year (XT)	186,939
20 Year (LT)	834



ASX is ranked in the top 3 global exchanges for volume and open interest in Long Term Interest Rate Futures<sup>1</sup>.



- Immediate execution and confirmation.
- Reduction of counterparty risk.
- Cash settled against the average price of a basket of Commonwealth Government Bonds requiring less time and costs to deliver upon expiration.
- Exchange for physicals: Off-market trading mechanism enabling the exchange of futures and options for an offsetting physical position.
- Eligible for automated cross-product margining with ASX Cleared OTC derivatives.
- Quarterly and Serial Options available: Quarterly options expire in the same calendar month as the underlying futures contract. Serial options are listed in non-financial quarter months.
- One session Options (3 and 10 Year Treasury Bonds): Overnight or intra-day options valid for one trading session only.
- ASX Treasury Bond Futures Roll: facilitating the timely and efficient movement of existing futures exposure from the front contract to the next futures contract.
- Variable tick value: ASX Treasury Bond Futures are traded on the basis of their yield with the futures price quoted as 100 minus the yield to maturity expressed in per cent per annum. Therefore the dollar value of the minimum price movement, or tick value, does not remain constant, rather changes in accordance with movements in underlying interest rates.

### Trading ASX Bonds Futures and Options

- Trading in ASX's Treasury Bond Futures and Options is conducted 'On market' via ASX 24's electronic platform ASX 24 NTP and 'Off market' through 'Exchange for Physicals' transactions and the Block Trade Facility (night sessions only for 3, 5 and 10 year Treasury Bond futures, night and day sessions for 20 year Treasury Bond futures).
- Spread trading functionality is available for calendar and inter commodity spreads.
- Attractive spread concessions for initial margin are available on calendar spreads as well as inter commodity spreads for offsetting positions held in the Treasury Bond Futures contracts, 90 Day Bank Bill Futures and 30 Day Interbank Cash Rate futures.

### The Commonwealth Government Securities Market

The Commonwealth Government of Australia is the benchmark issuer in the medium to long-term debt market. Fixed coupon Commonwealth Government Bonds constitute the bulk of debt issued by the Australian Federal Government. Currently there are 28 benchmark lines issued with a maximum maturity of 30 years, totaling approximately A\$826 billion<sup>2</sup> on issue.

ASX Treasury Bond Futures are approved for trading by:

- US Commodities Futures Trading Commission (CFTC)
- UK Financial Services Authority (FCA)
- Monetary Authority of Singapore (MAS) and
- Hong Kong Securities and Futures Commission (SFC Hong Kong)

1. World Federation of Exchanges, Derivatives Report as at 28 April 2022

2. AOFM as at February 2023



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