



ASX

AUSTRALIAN SECURITIES EXCHANGE

# ASX 90 Day Bank Accepted Bill Futures and Options

## Interest Rate Markets Fact Sheet

ASX's 90 Day Bank Bill Futures and Options product is Australia's benchmark indicator for short term interest rates. Launched in 1979, the 90 Day Bank Bill contract was the first interest rate futures contract to be listed outside the United States. The 90 Day Bank Bill contracts are cost effective tools for enhancing portfolio performance, reducing and managing risk and outright trading.

90 Day Bank Bill Futures are an efficient way to gain exposure to the Australian debt markets. Their trading behaviour and liquidity make them ideal for short term trading, long term trend following and hedging of short term AUD fixed interest securities and interest rate swaps.

90 Day Bank Bill Futures and Options are approved for trading by:

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

### The Negotiable Securities Market

Bank Accepted Bills of Exchange and Negotiable Certificates of Deposit are negotiable short term securities issued by trading banks used to effect short term financing for periods typically between 30 and 180 days. Outstandings in bank bills and other discount securities issued by banks totalled AUD235 billion at the end of June 2013 with annual turnover of AUD2,949 billion<sup>1</sup>.

### 90 Day Bank Bill Futures

#### Features

- 90 Day Bank Bill Futures contract is ranked among the top 10 short-term interest rate futures contracts in the world by turnover.

- Average daily turnover in 2012 was 83,000 contracts. Turnover in the 90 Day Bank Bill Futures contract is approximately 7 times the turnover of the underlying cash market.
- *Deliverable* – 90 Day Bank Bill Futures contract is deliverable. Approved Bank Accepted Bills of Exchange and Negotiable Certificates of Deposit are eligible securities for delivery.
- *Variable Tick Value* – 90 Day Bank Accepted Bill Futures are valued using a simple interest formula for pricing discount securities. Due to this convention the dollar value of the minimum price movement, or tick value, does not remain constant but changes in accordance with movements in the underlying interest rate.

For information on the pricing of the 90 Day Bank Bill Futures contracts please see:

*The Guide to Pricing SFE Interest Rate Products*

### Quarterly and Serial Options

- Both quarterly and serial options are available for the 90 Day Bank Accepted Bill Futures. Quarterly options expire in the same calendar month as the underlying futures contract. Serial options are listed in non-financial quarter months.
- Pre-negotiated Business Rules are applicable to quarterly and serial 90 Day Bank Bill Options. These rules provide Participants the opportunity to facilitate client business off market prior to disclosing and then crossing orders on our trading platform, ASX Trade24®.

<sup>1</sup> AFMA 2013 Australian Financial Markets Report, [www.afma.com.au](http://www.afma.com.au)

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## Trading Bank Bill Futures and Options

- Trading in 90 Day Bank Bill Futures and Options is conducted 'On market' via our electronic platform ASX Trade24® and 'Off market' through 'Exchange for Physicals' transactions and the Block Trade Facility (during the night session only).
- Spread trading functionality is available for calendar and inter-commodity spreads.
- Attractive spread concessions are available on calendar spreads as well as inter-commodity spreads for offsetting positions held in the 3 Year and 10 Year Treasury Bond Futures and 30 Day Interbank Cash Rate Futures contracts.

## Benefits of Exchange Traded Markets

Trading on ASX offers the following specific benefits of exchange traded markets, such as:

- Price transparency and liquidity
- Immediate execution and confirmation
- Reduction of counterparty risk
- Centralised clearing supported by a clearing guarantee.

## About ASX

As one of the world's top 10 listed exchange groups, measured by its market capitalisation, the ASX Group was created through the merger of the Australian Stock Exchange and the Sydney Futures Exchange. The ASX Group operates under the brand Australian Securities Exchange.

The Australian Securities Exchange spans the markets for corporate control, capital formation and price discovery and functions as an operator, supervisor, central counterparty clearer and payments system facilitator.

The diverse domestic and international customer base of the Australian Securities Exchange includes issuers of a variety of listed securities, corporates, investment banks, trading banks, fund managers, hedge funds, commodity trading advisers and proprietary and retail traders.

More information on ASX can be found on our website [www.asx.com.au](http://www.asx.com.au)

## Contract Specification for Australian 90 Day Bank Accepted Bill Futures and Options

CONTRACT	90 DAY BANK ACCEPTED BILL FUTURES	OPTIONS ON 90 DAY BANK ACCEPTED BILL FUTURES
Commodity Code	IR	IR
Option Style	–	American
Contract Unit	AUD1,000,000 face value 90 day bank accepted bills of exchange or EBAs <sup>2</sup> .	One unit of futures contract for a specified contract month on ASX 24.
Contract Months	March/June/September/December up to twenty quarter months or five years ahead.	<b>Quarterly Options</b> Put and Call options available on futures contracts up to six quarter months ahead. <b>Serial Options</b> Listed in non-financial quarter months with two serial option months listed at all times. Put and call options are available based on a futures contract which expires in the financial quarter month immediately following the respective serial month.
Minimum Price Movement	Prices are quoted in yield per cent per annum in multiples of 0.01 per cent. For quotation purposes the yield is deducted from an index of 100. The minimum fluctuation of 0.01 per cent equals approximately \$24 per contract, varying with the level of interest rates.	Quoted in yield per cent per annum in multiples of 0.005 per cent.
Exercise Prices	–	Set at intervals of 0.125 per cent per annum yield. New option exercise prices created automatically as the underlying futures contract price moves.
Contract Expiry <sup>1</sup>	12.00 noon on the business day immediately prior to settlement day. The Expiry Settlement Price is determined at 10:00am on the final trading day.	<b>Quarterly Options</b> At 12:30pm on the Friday one week prior to the settlement day for the underlying futures contract. <b>Serial Options</b> At 12.30pm on the first Friday of the Serial Option month.  Options may be exercised on any business day up to and including the day of expiry. In-the-money options are automatically exercised at expiry unless abandoned.
Settlement Method <sup>1</sup>	One bank accepted bill or EBA or bank negotiable certificate of deposit or ECD issued by an Approved Bank, of face value AUD1,000,000 maturing 85 – 95 days from settlement day and classified as "early" month paper. "Early" month paper matures on business days between the 1st and the 15th of the month.	As for 90 Day Bank Bills Futures contract.
Trading Hours <sup>1</sup>	5.08pm – 7.00am and 8.28am – 4.30pm (for period from second Sunday in March to first Sunday in November) 5.08pm – 7.30am and 8.28am – 4.30pm (for period from first Sunday in November to second Sunday in March)	–
Settlement Day	The second Friday of the delivery month.	

<sup>1</sup> Unless otherwise indicated, all times are Australian Eastern Standard Time / Australian Eastern Daylight time. For full contract specifications refer to [www.asx.com.au](http://www.asx.com.au)

<sup>2</sup> Buyers and Sellers should note: EBAs are defined in Regulation 8A.3 of the Operating Rules of Austraclear as "electronically recorded two party debt obligations under which the rights as between the drawer, acceptor, any indorser and any Participant who deals in them will be equivalent to the rights which would arise under a Bank accepted bill of exchange (as described by Regulation 7 for a Paper Security). The Equivalent Paper Security is a Bank accepted Bill of Exchange.

(i) an EBA is not the legal equivalent of a bill of exchange under the Bills of Exchange Act and accordingly delivery of an EBA may not be the same as delivery of a bank accepted bill of exchange under the Bills of Exchange Act.

(ii) the Bills of Exchange Act is a Commonwealth Act which grants and guarantees rights of title, enforcement and negotiability to instruments which qualify as bills of exchange under the Act.

(iii) an EBA is not a bill of exchange unless and until it is withdrawn from the Austraclear Limited system in accordance with the Regulations and Operating Manual of Austraclear Limited AND the withdrawn EBA satisfies the requirements of a bill of exchange under the Bills of Exchange Act.

## Australian 90 Day Bank Bill Futures and Options Data Vendor Access Codes\*

	90 DAY BANK BILL FUTURES	90 DAY BANK BILL OPTIONS	90 DAY BANK BILL STRIP BASIS YT	90 DAY BANK BILLS APPROVED BANKS
ASX 24 Code	IR	IR	ST	--
Bloomberg	IRA<CMDTY>	IRA<CMDTY> OMON	W1my<CMDTY>	--
Bourse Data	IR	IR	--	--
CGG	HB	HB	--	--
Interactive Data	IRmy	IRmytypestrike	STmy	--
Interactive Data RTS	17mlRmy	17mlR_my_sss	17mSTmy	--
FutureSource/signal	Day: AIR Night: ANR Full: ASR	PAIR/CAIR	--	--
Infodirect	FA90D2	--	--	--
IRESS Market Technology	IRmy	MRmyXssss	STmy	--
MarketSource	Day:IR1/IR1.Q Night: SR1/SR1.Q	--	--	--
Orange	Bank Bills			
Reuters	Full: O#YBA: Night: O#1YBA: Day: O#2YBA:	Day: O#2YBAmy+ Night: O#1YBAmy+	Full: O#YST: Night: O#1YST: Day: O#2YST:	SFE/DET4
Telekurs	3,IRym,359	3,IRymcstrike,359 3,IRympstrike,359	--	--
Thomson Reuters	IR/YYM	IR/YYM	ST/YYM	--

\* Data vendor codes are current as at October 2009. A current list of codes is available at [www.asx.com.au](http://www.asx.com.au)

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