



ASX Packs and Bundles 90 Day Bank Accepted Bill Futures

ASX's Packs and Bundles on 90 Day Bank Bill Futures provide users with an exchange alternative to OTC Swaps and enable hedging activity for FRA and Swap traders. Packs and Bundles allow users to gain access to the most actively traded short-term interest rate derivatives product in the Asian region¹ with the ease of a single transaction and greater capital efficiency.

Packs and Bundles are an efficient way to trade a 1, 2 or 3 Year Swap exchange equivalent in a single transaction, with the added benefits offered by exchange traded markets.

Packs

A Pack is a strip of four successive Bank Bill Futures products that allows users to trade segments of the yield curve in a single transaction, without the legging risk inherent with trading each Bank Bill Futures contract separately. ASX offers three Australian Bank Bill Futures Packs:

- 1. White Pack on 90 Day Bank Bill Futures**
(1st to 4th quarterly expiry months)
- 2. Red Pack on 90 Day Bank Bill Futures**
(5th to 8th quarterly expiry months)
- 3. Green Pack on 90 Day Bank Bill Futures**
(9th to 12th quarterly expiry months)

Bundles

A Bundle is a strip of successive Bank Bill Futures products covering more than four successive futures contracts. The first contract in a Bundle is the 1st quarterly contract in the respective Bank Bill Futures contracts. ASX offers two Australian Bank Bill Futures Bundles:

- 1. 2nd Year Bundle on 90 Day Bank Bill Futures**
(1st to 8th quarterly expiry months)
- 2. 3rd Year Bundle on 90 Day Bank Bill Futures**
(1st to 12th quarterly expiry months)

Providing trading flexibility

Packs and Bundles provide trading flexibility in managing interest rate exposure and allow you to execute additional trading strategies. Packs and Bundles:

- Allow users to trade segments of the yield curve in a single transaction.
- Are traded as an average price of the constituent Bank Bill Futures contracts, providing a transparent mechanism for users to match an executed Pack or Bundle price with allocated leg prices.
- Are available to trade at the narrower tick increment of 0.005 compared to outright Bank Bill Futures that trade at 0.01 increments. Allocated Bank Bill Futures will clear at the narrower tick increment.

Upon execution of a Pack or Bundle on ASX Trade24, underlying Bank Bill Futures positions are allocated through to ASX Clear (Futures). The allocated Bank Bill Futures will be marked-to-market together with Bank Bill Futures created from outright futures trades. Allocated Bank Bill Futures contracts benefit from the same margin offsets available when trading outright Bank Bill Futures contracts.

90 Day Bank Bill Futures

Underlying 90 Day Bank Bill Futures are actively traded on ASX Trade24. They are ranked amongst the Top 15 short-term interest rate futures contracts in the world by turnover. In 2013, just over 29 million Bank Bill Futures contracts were traded, a 36% increase from the previous calendar year.

¹ WEF/IOMA Derivatives Market Survey 2013

Packs and Bundles

Cost efficiency

Packs and Bundles provide users with the benefit of trading a single product in order to gain multiple Bank Bill Future contract exposure, thereby reducing legging risk inherent with trading individual futures contracts.

Tighter bid-ask spreads for Packs and Bundles - 0.5 basis point increments - allows for Bank Bill Futures positions to be established at a finer price than through trading the individual contract months.

Trading ASX Packs and Bundles 90 Day Bank Bill Futures

Trading of Packs and Bundles is conducted on-market via ASX's electronic platform ASX Trade24 and off-market through block trade and exchange for physical transactions

Leg price allocation procedure

Upon execution of a Pack or Bundle, underlying Bank Bill Futures prices will be determined through a strip leg allocation process².

The previous Daily Settlement Prices (DSP) of the underlying futures contract will be used as a starting point and adjusted by a price adjustment factor to achieve an implied Pack or Bundle price which equates to the price of the executed underlying futures contracts.

Price adjustments will be made via a consistent proportional price movement from the DSP with the exception that the underlying futures contract with the longest dated expiry will be further adjusted up or down in increments of 0.005 to the extent that such adjustment will achieve a more accurate implied Pack or Bundle price.

A working example of the leg price allocation process is outlined in the **Pack and Bundle Allocation Presentation** available on the ASX website³. Users can also estimate leg prices by the **Pack and Bundle Leg Allocation Calculator** also available on the ASX website.

Leg price confirmation messages

Following determination of the underlying leg price, the buyer and seller of the transaction will receive a series of FIX text messages notifying each of the details of the trade including deal numbers, time stamps, strip price, leg codes and leg prices. Further information regarding the leg price confirmation message is outlined in the **ASX Trade24 Market and Functionalities Guide**, available on the ASX website.

Data vendor codes

For updated data vendor codes, please see the Interest Rate Derivatives section at www.asx.com.au/prices/asx24-data_vendor_codes.htm

² Leg allocation and notification will occur within 10 minutes of the Pack or Bundle order being executed

³ Available at www.asx.com.au/australian-short-term-derivatives

Contract Specification for Packs and Bundles on Australian 90 Day Bank Bill Futures

CONTRACT	PACKS	BUNDLES
Commodity Codes	<p>WP: White Pack on 90 Day Bank Bill Futures</p> <p>RP: Red Pack on 90 Day Bank Bill Futures</p> <p>GP: Green Pack on 90 Day Bank Bill Futures</p>	<p>RB: 2nd Year Bundle on 90 Day Bank Bill Futures</p> <p>GB: 3rd Year Bundle on 90 Day Bank Bill Futures</p>
Contract Unit	Each underlying leg of a Pack product translates to a 90 Day Bank Bill Futures contract	Each underlying leg of a Bundle product translates to a 90 Day Bank Bill Futures contract
Contract Months	One listed quarterly March/June/September/December product for each respective Pack	One listed quarterly March/June/September/December product for each respective Bundle
Underlying Futures Months	<p>WP: First four consecutive listed underlying 90 Day Bank Bill Futures (IR) contracts, i.e. Spot, Spot + 1, Spot + 2 and Spot + 3</p> <p>RP: Four consecutive listed underlying 90 Day Bank Bill Futures (IR) contracts with the first commencing from Spot + 4, i.e. Spot + 4, Spot + 5, Spot + 6 and Spot + 7</p> <p>GP: Four consecutive listed underlying 90 Day Bank Bill Futures (IR) contracts with the first commencing from Spot + 8, i.e. Spot + 8, Spot + 9, Spot + 10 and Spot + 11</p>	<p>RB: First eight consecutive listed underlying 90 Day Bank Bill Futures (IR) contracts, i.e. Spot, Spot + 1, Spot + 2, Spot + 3, Spot + 4, Spot + 5, Spot + 6 and Spot + 7</p> <p>GB: First twelve consecutive listed underlying 90 Day Bank Bill Futures (IR) contracts, i.e. Spot, Spot + 1, Spot + 2, Spot + 3, Spot + 4, Spot + 5, Spot + 6, Spot + 7, Spot + 8, Spot + 9, Spot + 10 and Spot + 11.</p>
Minimum Price Movement	Prices are quoted in yield per cent (%) per annum in multiples of 0.005 per cent (%).	
Last Trading Day	One trading day prior to the last day of trading of the underlying Bank Bill Futures contract. All trading ceases at the end of trading on the prior days' day session.	
Trading Hours	<p>5.08pm – 7.00am and 8.28am – 4.30pm (for the period from the second Sunday in March to the first Sunday in November)</p> <p>5.08pm – 7.30am and 8.28am – 4.30pm (for the period from the first Sunday in November to the second Sunday in March)</p>	
Clearing	Individual underlying 90 Day Bank Bill Futures legs are calculated and allocated into ASX Clear (Futures) once a Pack or Bundle is executed on ASX Trade24. Underlying legs will be cleared at 0.005 per cent (%) increments	
Leg Price Allocation	The previous daily settlement prices (DSP) of the underlying futures market contract will be used as a starting point and adjusted by a price adjustment factor to achieve an implied Pack or Bundle price which approximates the price of the executed underlying futures contracts. Price adjustments will be made via a consistent proportional price movement from DSP with the exception that the underlying futures market contract with the longest dated expiry will be further adjusted up or down in increments of 0.005 to the extent that such adjustment will achieve a more accurate implied Pack or Bundle price.	

Further Information

For further information on Packs and Bundles, or any of our Interest Rate Derivatives products, please contact:

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