ASX 3 & 10 Year Interest Rate Swap Futures

Liquidity provision and new spread trading functionality

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ASX is pleased to announce the appointment of an Official Market Maker in the 3 and 10 Year Interest Rate Swap Futures and the introduction of enhanced spread trading functionality.

The presence of continuous prices by the Market Maker will assist in promoting liquidity in the Swap Futures contracts. In addition, market users will benefit from enhanced trading functionality resulting from newly created inter-commodity spread trading. This enhanced functionality will facilitate the transacting of spread markets between Bond and Swap Futures.

The Market Maker is committed to providing automated two way prices for 75% of the trading day from 8.30am to 4.30pm in the front contract month with the following bid/offer spreads and volume:

Contract	Maximum Bid / Offer Spread	Minimum Volume per Side
3 Year Interest Rate Swap Futures	3 basis points	500 lots
10 Year Interest Rate Swap Futures	3 basis points	250 lots

During the 5 business days leading up to expiry, the Market Maker will also provide prices in the next contract month to facilitate market users rolling their positions. Spreads in the back month will be at 3 basis points and volume levels as listed in the table above.

The Market Maker will also support the market by providing end of day closing prices for the purposes of accurate daily settlement and mark to market margin calculations.

About ASX 3 and 10 Year Interest Rate Futures

ASX Interest Rate Swap Futures are an ideal product for managing risk exposures in non-government debt instruments and offer significant advantages compared to OTC swap products including:

- **Centralised Counterparty Credit Risk**: being exchange-traded and central counterparty cleared provides for effective reduction of credit risk and obviates the need for bilateral collateralisation agreements.
- **No physical resets**: the presence of on screen prices facilitates rolling of exposures prior to expiry and provides for transparent revaluation of positions.
- **Cost effectiveness**: the absence of complex documentation and reduced ongoing administrative costs makes transacting in a futures market more efficient and cost competitive when compared to the OTC swap market.
- **Price transparency**: exchange traded markets bring together a potentially larger number of connected users promoting price transparency and reducing the total cost of trade.

For more information on the ASX 3 and 10 Year Interest Rate Swap Futures please go to www.asx.com.au/products/3_10_year_australian_ir_swap_futures.htm

Further information
Kristye van de Geer
Manager, Interest Rate Markets
Australian Securities Exchange
Phone +612 9227 0130
Email kristye.vandegeer@asx.com.au