

New Zealand 90 Day Bank Bill Futures

Improved margin efficiency for market users



ASX

AUSTRALIAN SECURITIES EXCHANGE

The new tier structure and revised offset rates for the NZ 90 Day Bank Bill Futures contract provides market users with enhanced margin efficiency and capital usage. The new margin structure and offsets are effective from Friday 14 May 2010.

Under the tier redefinition, expiry months with a high correlation are allocated their own tier and tier rate. For example, a portfolio consisting of a long June 2010 (spot month) contract and short September 2010 contract will incur a \$150 charge, while a portfolio consisting of a long June 2010 contract and short December 2010 contract will incur a \$220 charge. Previously both portfolios would have incurred the same rate of \$410.

The tier redefinition significantly reduces the margins required when holding inter-month spread positions.

The new NZ 90 Day Bank Bill Futures Margin Offset Tier is detailed below.

Inter-month Margin Offset Tiers (effective 14 May 2010)							
NZ 90 Day Bank Bill	Months in Tier	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
Tier 1	1						
Tier 2	2	\$150					
Tier 3	3	\$220	\$110				
Tier 4	4	\$270	\$180	\$90			
Tier 5	5	\$270	\$270	\$270	\$270		
Tier 6	6 to 12	\$270	\$270	\$270	\$270	\$270	\$270

In comparison, the previous tier structure had a flat \$430 charge across most tiers as shown below.

Previous					
NZ 90 Day Bank Bill	Months in Tier	Tier 1	Tier 2	Tier 3	Tier 4
Tier 1	1				
Tier 2	2 to 3	\$410	\$165		
Tier 3	4 to 8	\$430	\$235	\$430	
Tier 4	9 to 12	\$430	\$430	\$430	\$430

Current Initial Margins and margin offsets rates for all futures contracts are available on the ASX website at <http://www.asx.com.au/initialmargins>

For further information on the new NZ 90 Day Bank Bill Futures margin offset tiers, please contact Clearing Risk Operations at ASX on + 61 2 9227 0532 or + 61 2 9227 0236