



ASX 90 Day Bank Accepted Bill Futures and Options

Interest Rate Markets Fact Sheet | Australia

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. Outstanding's in bank bills and other discount securities issued by banks totaled AUD241 billion at the end of September 2017 with annual turnover of AUD 2,533 billion¹.

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 turnover².
- *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 [Interest Rate Derivatives Price and Valuation Guide](#)³

¹ AFMA 2015 Australian Financial Markets Report, www.afma.com.au

² WFE/ IOMA 2016 Derivatives Report

³ asx.com.au/documents/products/asx-24-interest-rate-price-and-valuation-guide.pdf

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 derivative trading platform, ASX 24 NTP.

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.



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 ⁴ .	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.	<p>Quarterly Options</p> <p>Put and Call options available on futures contracts up to six quarter months ahead.</p> <p>Serial Options</p> <p>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.</p>
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 0.01per 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 ⁵	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.	<p>Quarterly Options</p> <p>At 12:30pm on the Friday one week prior to the settlement day for the underlying futures contract.</p> <p>Serial Options</p> <p>At 12.30pm on the first Friday of the Serial Option month.</p> <p>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.</p>
Settlement Method ⁴	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.	As for 90 Day Bank Bills Futures contract.

⁴ 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.

Trading Hours⁴ 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. –

Data Vendor Access Codes⁶

	90 DAY BANK BILL FUTURES	90 DAY BANK BILL OPTIONS	90 DAY BANK BILL STRIP BASIS YT	90 DAY BANK BILL APPROVED BANKS
ASX 24 Code	IR	IR	–	–
Bloomberg	IRA<CMDTY>	IRA<CMDTY> OMON	–	–
CQG	HB	HB	–	–
Interactive Data	IRmy	IRmytypestrike	–	–
Infodirect	FA90D2	–	–	–
IRES Market Technology	IRmy	MRmyXssss	–	–
Reuters	Full: 0#YBA: Night: 0#1YBA: Day: 0#2YBA:	Day: 0#2YBAmy+ Night: 0#1YBAmy+	Full: 0#YST: Night: 0#1YST: Day: 0#2YST:	SFE/DET4
Telekurs	3,IRym,359	3,IRymcstrike,359 3,IRympstrike,359	–	–
Thomson Reuters	IR/YYM	IR/YYM	ST/YYM	–



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For this contract the market is operated by Australian Securities Exchange Limited ABN 83 000 943 377

(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.

⁵ Unless otherwise indicated, all times are Australian Eastern Standard Time / Australian Eastern Daylight time. For full contract specifications refer to www.asx.com.au

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⁶ Data vendor codes are current as at November 2017. The most recent vendor codes are available at asx.com.au/prices/asx24-data_vendor_codes.htm