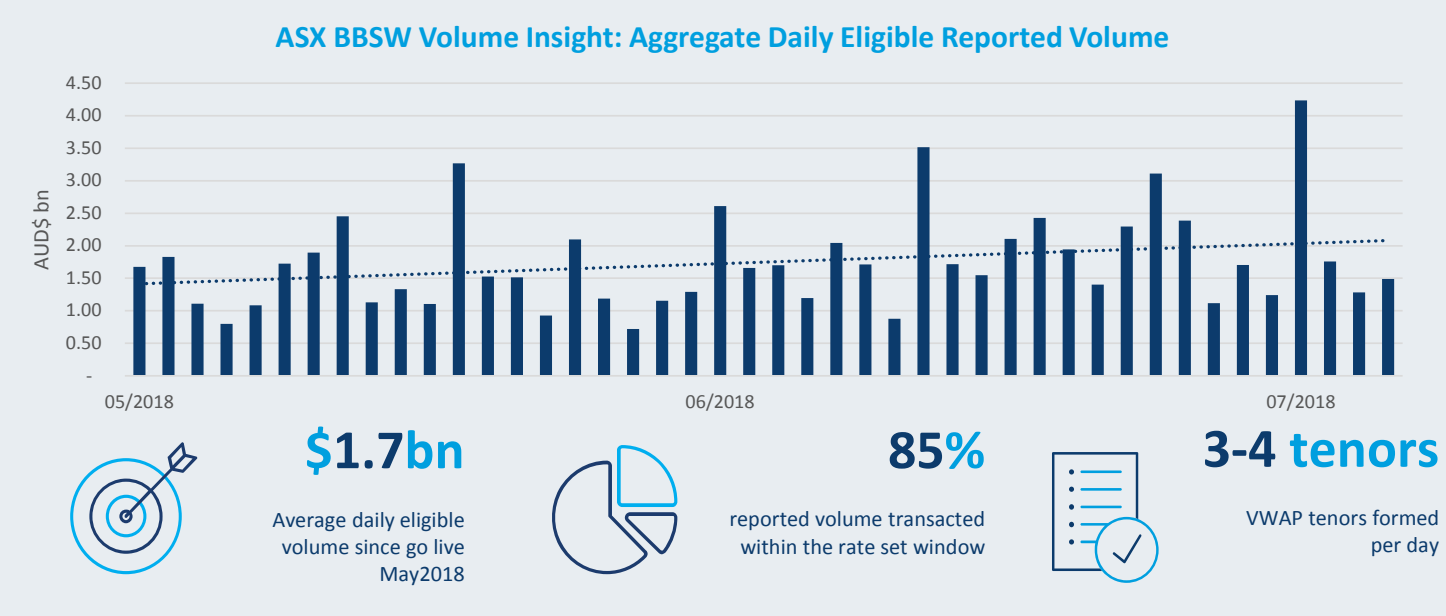
Interest Rates and OTC Markets Wrap

ASX

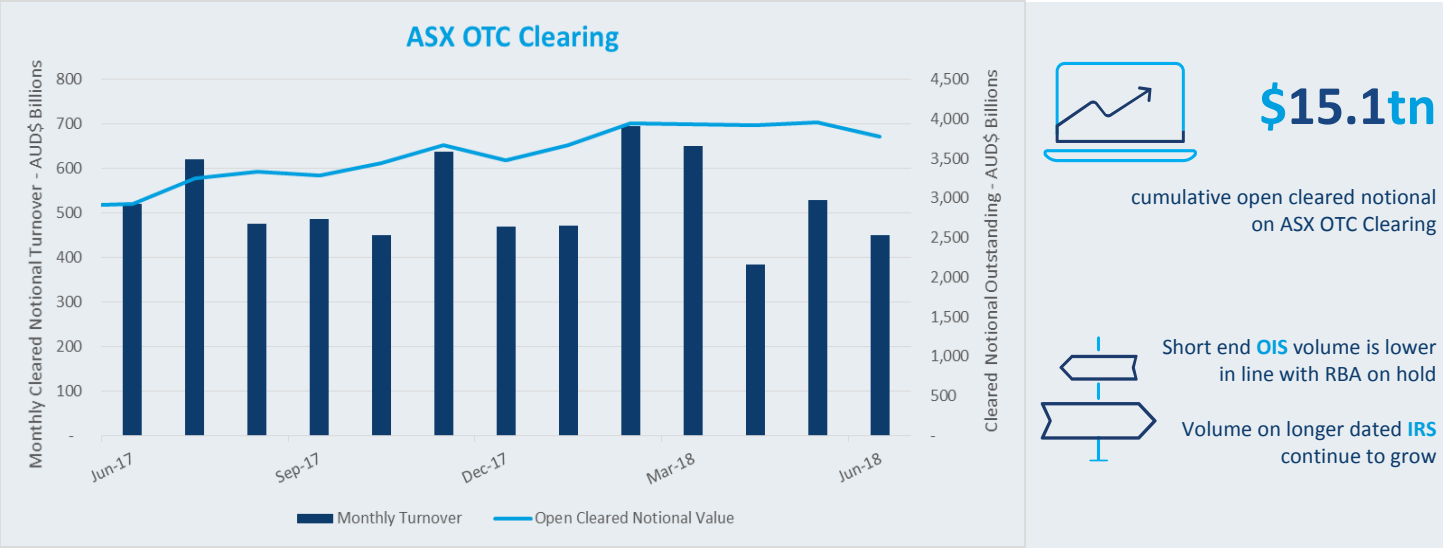
July 2018



Fallback for Systemic Benchmarks

ISDA with guidance from the Financial Stability Board (FSB) Official Sector Steering Group (OSSG) have been working on the definition and calculation methodology for suitable fallback reference rates. These fallback rates are used in contractual arrangements, such as derivatives agreements and loan documentation. This is part of a global initiative for benchmark reform led by the OSSG to ensure that fall back arrangements included in contractual documentation are robust enough to minimise market disruption in the event of permanent discontinuation of the primary benchmark.

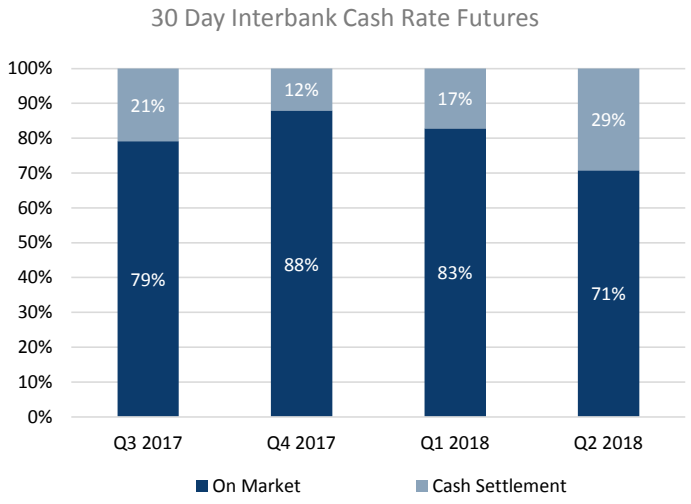
The ISDA consultation paper (available here) with the comment period open to both ISDA and non-ISDA members until 12 October 2018. The consultation specifically covers operational and technical aspects of spread and term adjustments to the relevant risk free rate to determine the fallback rates for a number of global interest rate derivative benchmarks, including BBSW. Users of global benchmarks are encouraged to participate in the consultation process.

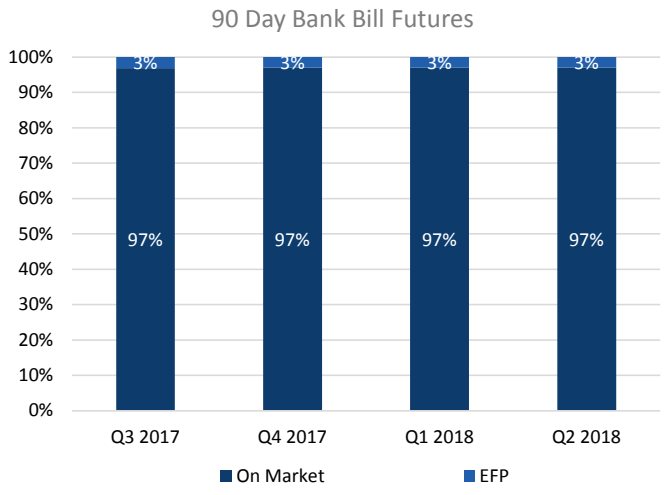


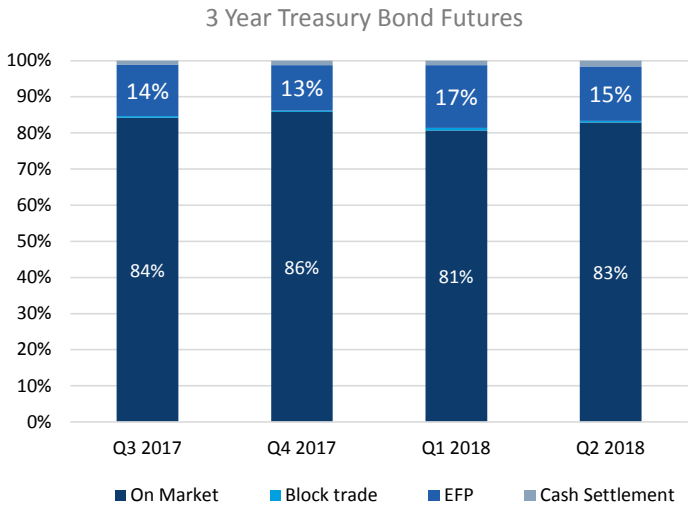
20Year Future Contract Face Value Change

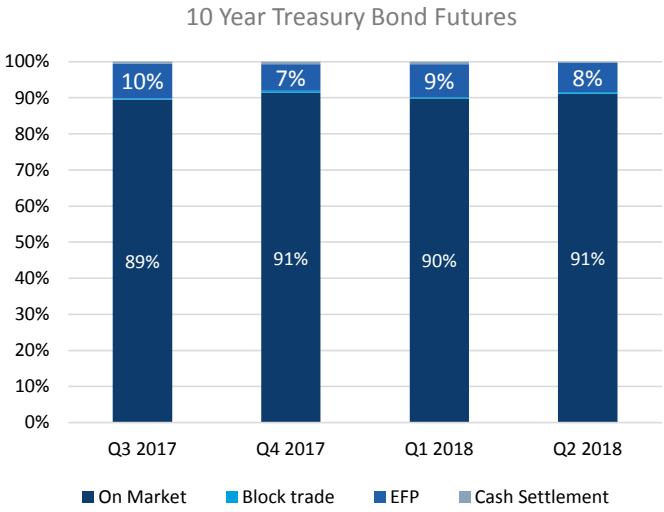
ASX is intending to list the AUD 20 Year Government Bond Futures contract, subject to regulatory approval. The contract will have an increased face value of $65,000 under a new contract code, LT. All other specifications for the contract remain the same as the existing AUD 20 Year Government Bond Future (Commodity Code XX). The change to the face value will enable ASX to list the 10 year – 20 year bond spread with a 1:1 ratio. The 1:1 ratio inter-commodity spread allows for implied in and implied out pricing, providing greater opportunities for the development of on screen order book liquidity. See ASX Market Notice here for more details.

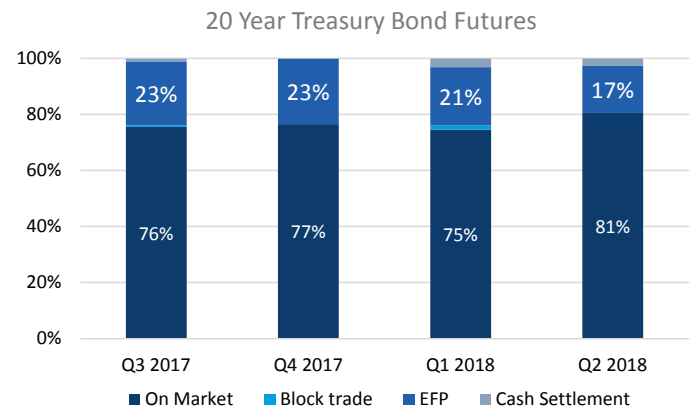
Volume by trade types - ASX Interest Rate Futures

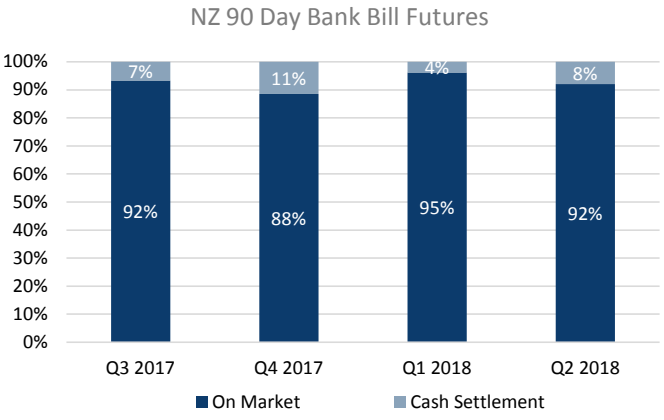




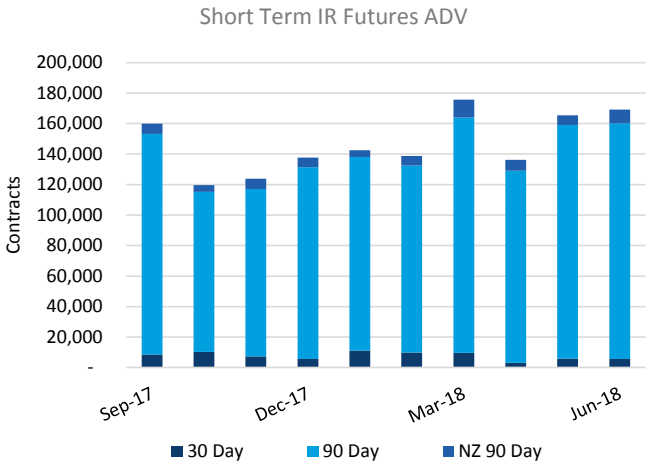


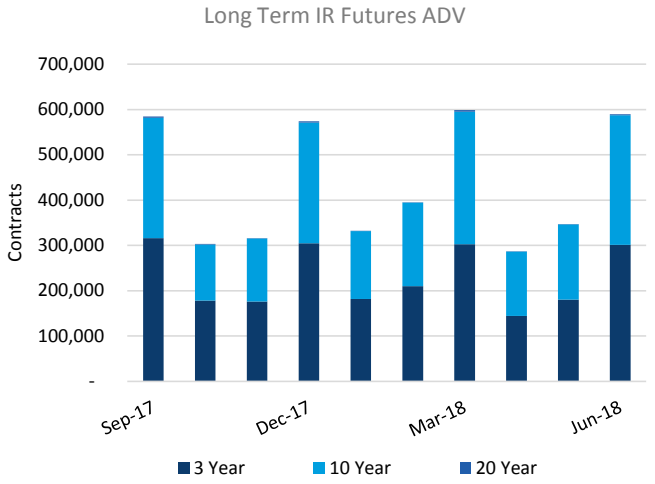


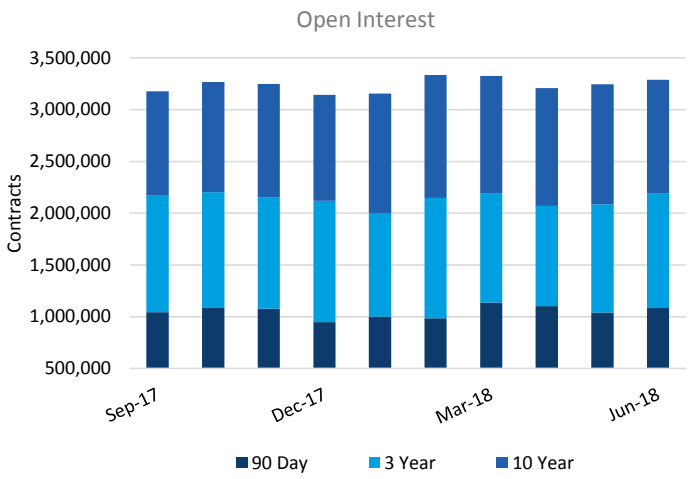


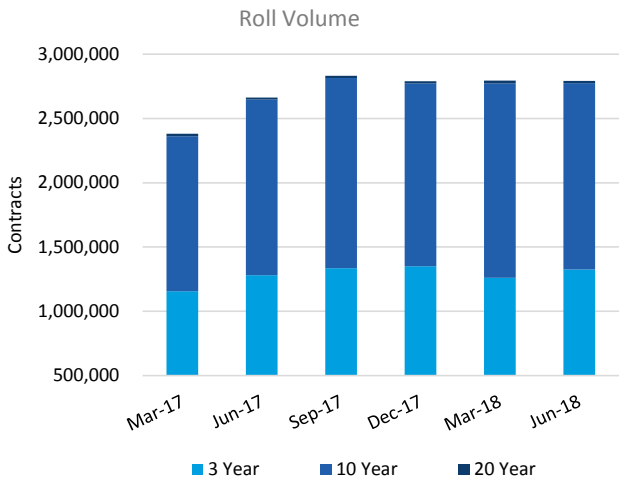


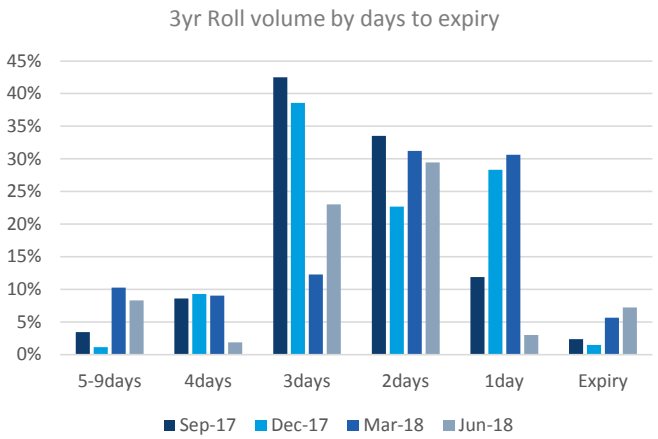
Interest Rate Derivatives Volume

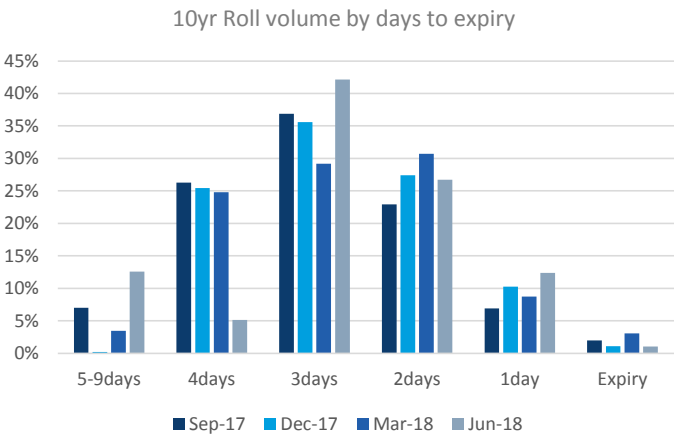












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