



ASX

AUSTRALIAN SECURITIES EXCHANGE

ASX One Session Options on 3 and 10 Year Treasury Bond Futures

Interest Rate Markets Fact Sheet

One Session Options are European style options that are valid for one trading session only, expiring prior to the start of the next trading session.

The Overnight One Session Options (Australian night) were launched in 1993 and in 2002 the Intra-day One Session Options were launched for the day session (Australian day).

One Session 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)

Benefits

One Session Options on 3 Year and 10 Year Treasury Bonds are cost effective and flexible tools for market users. Specifically they can be used for:

- *Managing short-term exposure:* protecting interest rate positions against short-term price movements
- *Hedging positions from event risk:* such as that associated with official cash rate announcements or economic data releases
- *Outright trading:* profiting from anticipating short term price movements (or the lack of) in the interest rate market
- *Strategy trading:* used for options strategies such as straddles and strangles
- *Putting the equivalent of a stop loss order in place:* by providing a firm exit price in the event of a market decline (rise) if a trader has a bought (sold) position in the market.

Features

- Overnight Options trading begins at the start of the night session (5.10pm) and ceases at the end of the night session. At the start of the next night session new Overnight Option contracts are listed.
- Intra-day Options trading begins at the start of the day session (8.30am) and ceases prior to the close of the day session, at 4.10pm. At the start of the next day session new Intra-day Option contracts are listed.
- Overnight and Intra-day Options are available on the 3 Year and 10 Year Treasury Bond Futures spot quarter month contracts.
- Exercise prices are set at intervals of 0.01 per cent per annum. The Option premium is quoted in yield per cent per annum in multiples of 0.005 per cent.
- All in-the-money One Session Options are automatically exercised at expiry. Exercise of the options results in the holder receiving a futures position at the options strike price. All at-the-money and out-of-the-money One Session Options expire worthless.
- No initial margin is required for One Session Options. However, normal margin requirements will apply if an option is exercised, resulting in a futures position.

Benefits of Exchange Traded Markets

Trading on SFE 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.

Interest Rate Markets Fact Sheet

Contract Specifications for One Session Options on 3 and 10 Year Treasury Bond Futures and Options

CONTRACT	ONE SESSION OPTIONS ON 3 YEAR TREASURY BOND FUTURES	ONE SESSION OPTIONS ON 10 YEAR TREASURY BOND FUTURES
Commodity Code	Intra-day Options YD Overnight Options YO	Intra-day Options XD Overnight Options XO
Option Style	European	European
Contract Unit	One unit of 3 Year Treasury Bond Futures contract for a specified contract month on Sydney Futures Exchange.	One unit of 10 Year Treasury Bond Futures contract for a specified contract month on Sydney Futures Exchange.
Contract Months	Put and call options available on futures contracts for the nearest quarter month ahead.	As for One Session Options on 3 Year Treasury Bond Futures contract.
Minimum Price Movement	Quoted in yield per cent per annum in multiples of 0.005 per cent.	As for One Session Options on 3 Year Treasury Bond Futures contract.
Exercise Prices	Set at intervals of 0.01 per cent per annum yield.	As for One Session Options on 3 Year Treasury Bond Futures.
Contract Expiry	<i>Intra-day Options</i> At 4.10pm in the SYCOM® session in which the contract was listed for trading. <i>Overnight Options</i> At the cessation of each SYCOM® session.	As for One Session Options on 3 Year Treasury Bond Futures contract.
Last Day of Trading	<i>Intra-day Options</i> The business day prior to the last day of trading in the underlying futures contract. On the last day of trading of the underlying futures contract put and call options will be listed on the next quarter month. <i>Overnight Options</i> The business day prior to the last day of trading in the underlying futures contract.	As for One Session Options on 3 Year Treasury Bond Futures contract.
Settlement Method	All options, which are in-the-money, are automatically exercised. Exercise of an option results in the holder receiving a futures position at the options strike price. Where the underlying settlement price is to four decimal places and rounded to the nearest multiple of 0.005 per cent. When rounding, if the third and fourth decimal places are two and five or seven and five respectively, the weighted average of trade prices is rounded up to the next highest multiple of 0.005 per cent. Where the underlying futures contract minimum price increment is set to 0.01 per cent, the settlement price is calculated to 3 decimal places and rounded 2 decimal places; if the third decimal place is 5 the weighted average shall be rounded to the next highest second decimal place <i>Intra-day Options</i> The settlement price is the weighted average of trade prices executed in the underlying futures contract between 4.15pm and 4.25pm. (Excludes any Exchange for Physical, Custom Market and intra and inter-commodity spread trades) <i>Overnight Options</i> The settlement price is the weighted average contract of trade prices executed in the underlying contract between 8.30am and 8.40am on the business day immediately following the SYCOM® session. (Excludes any Exchange for Physical, Custom Market, intra and inter-commodity spread trades and any trades that occur during the Leveling Phase)	All options, which are in-the-money, are automatically exercised. Exercise of an option results in the holder receiving a futures position at the options strike price. Calculation of the settlement price is to four decimal places and rounded to the nearest multiple of 0.005 per cent. When rounding, if the third and fourth decimal places are two and five or seven and five respectively, the weighted average of trade prices is rounded up to the next highest multiple of 0.005 per cent. <i>Intra-day Options</i> As for Intra-day Options on 3 Year Treasury Bond Futures contract. <i>Overnight Options</i> The settlement price is the weighted average contract of trade prices executed in the underlying contract between 8.32am and 8.42am on the business day immediately following the SYCOM® session. (Excludes any Exchange for Physical, Custom Market, intra and inter-commodity spread trades and any trades that occur during the Leveling Phase)

Contract Specifications for One Session Options on Australian 3 and 10 Year Treasury Bond Futures and Options *continued*

CONTRACT	ONE SESSION OPTIONS ON 3 YEAR TREASURY BOND FUTURES	ONE SESSION OPTIONS ON 10 YEAR TREASURY BOND FUTURES
Trading Hours ¹	<p><i>Intra-day Options</i> 8.30am to 4.10pm</p> <p><i>Overnight Options</i> 5.10pm to 7.00am (for period from second Sunday in March to first Sunday in November)</p> <p>5.10pm to 7.30am (for period from first Sunday in November to second Sunday in March)</p>	<p><i>Intra-day Options</i> 8.32am to 4.10pm</p> <p><i>Overnight Options</i> 5.12pm to 7.00am (for period from second Sunday in March to first Sunday in November)</p> <p>5.12pm to 7.30am (for period from first Sunday in November to second Sunday in March)</p>

¹ Unless otherwise indicated, all times are Australian Eastern Standard Time / Australian Eastern Daylight time. For full contract specifications refer to www.asx.com.au

One Session Options Data Vendor Access Codes *

	3 YEAR BOND OVERNIGHT OPTIONS	3 YEAR BOND INTRA DAY OPTIONS	10 YEAR BOND OVERNIGHT OPTIONS	10 YEAR BOND INTRA DAY OPTIONS
SFE Code	YO	YD	XO	XD
Bloomberg	OKA<CMDTY>	YYA<CMDTY>	SOA <CMDTY>	XDA <CMDTY>
Bourse Data	YO	YD	XO	XD
Interactive Data	YDmytypestrike	YDmytypestrike	XOmytypestrike	XDmytypestrike
Interactive Data RTS	17mYOmy	17mYDmy	17mXOmy	17mXDmy
Reuters	O#YYOmy+	O#YYDmy+	O#YXOmy+	O#YXDmy+
Telekurs	3,YOymcstrike,359	3,YOympstrike,359	3,YDymcstrike,359	3,YDympstrike,359
Thomson Reuters	YO/YYM/Strike	YD/YYM/Strike	XO/YYM/Strike	XD/YYM/Strike

* Data vendor codes are current as at October 2009. A current list of codes is available at www.asx.com.au

About ASX

As one of the world's top-10 listed exchange groups, measured by its market capitalisation, the ASX Group was created through the merger of the Australian Stock Exchange and the Sydney Futures Exchange. The ASX Group operates under the brand Australian Securities Exchange.

The Australian Securities Exchange spans the markets for corporate control, capital formation and price discovery and functions as an operator, supervisor, central counterparty clearer and payments system facilitator.

The diverse domestic and international customer base of the Australian Securities Exchange includes issuers of a variety of listed securities, corporates, investment banks, trading banks, fund managers, hedge funds, commodity trading advisers and proprietary and retail traders.

More information on ASX can be found on our website www.asx.com.au

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For these contracts the market is operated by Sydney Futures Exchange Limited ACN 000 943 377