



ASX

AUSTRALIAN SECURITIES EXCHANGE

New Zealand 30 Day Official Cash Rate Futures

Interest Rate Markets Fact Sheet

Australian Securities Exchange's (ASX) New Zealand 30 Day Official Cash Rate Futures contract, based on the Reserve Bank of New Zealand's Target Official Cash Rate (OCR), enables users with New Zealand interest rate exposure to better manage their daily cash exposures and hedge against changes in the New Zealand Official Cash Rate. The New Zealand 30 Day Official Cash Rate Futures also presents outright and spread trading opportunities, as described below.

Features

- Notional face value of NZD 3,000,000.
- Fixed tick value of NZD 24.66.
- Minimum price increments of 0.005%.
- Cash settled against the monthly average of the Reserve Bank of New Zealand Official Target Cash Rate.
- Cash settlement price calculated to 0.001%.
- Available for trade monthly, out to 12 contract months.
- Pre-negotiation and Block Trade facilities available.
- 70% margin concessions on spread trades with 90 Day New Zealand Bank Bill Futures.
- Approved 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)

Trading opportunities

- Hedge against fluctuations in the New Zealand cash rate and better manage daily cash exposures.
- Arbitrage opportunities against related OTC products such as Overnight Index Swaps.
- Intra commodity spread trading between different contract months.
- Inter commodity spread trading opportunities between other interest rate products including the New Zealand 90 Day Bank Bill Futures contract.
- Indicator of market expectations regarding changes to the New Zealand Official Cash Rate.

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.

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Trading Mechanisms

'On market' trading is conducted via the electronic platform SYCOM[®]. In addition, the following Pre-negotiation and 'Off market' trading mechanisms are available.

Pre-Negotiation

Pre-negotiation allows participants to withhold orders and pre-negotiate (according to specific pre-negotiation rules) before bringing business to the Exchange for execution on SYCOM[®]. Pre-negotiation provides participants greater opportunity and flexibility when discussing, arranging and transacting orders. Operating Rules related to pre-negotiated business orders are applicable to the New Zealand 30 Day Official Cash Rate Futures and any custom market spread strategies involving these contracts.

Participants are required to notify the market of intent to trade prior to the entry of orders for execution on SYCOM[®]. The minimum prescribed time between notification and the entry of orders is 10 seconds for outright trading and 30 seconds for any custom market strategies.

The ability to pre-negotiate means that a Full Participant, on receipt of an order from a client, can:

- withhold transmission of the order to solicit counterparties
- disclose details of the order to selected customers
- aggregate client orders in satisfaction or part satisfaction of the originating client order.

Block Trade Facility (BTF)

The Block Trade Facility (BTF) is an off market trading mechanism enabling professional market users to arrange and transact orders of significant size in specified contracts. Such an arrangement minimises price impact and time delays that may occur when transacting orders of a large size in the central market.

The BTF is available for all contract months in New Zealand 30 Day Official Cash Rate Futures and can be used at any time prior to contract expiry. A volume threshold of 50 contracts applies.

The benefits of the BTF include flexible order arrangement, price certainty, extended disclosure period and extended trading hours. Block Trades do not affect open/high/low/close/volume information in the SYCOM[®] market. However, Block Trade volumes are included in all SFE market data reporting. For additional information on the Block Trade facility please visit www.asx.com.au

Exchange for Physical (EFP) Facility

The Exchange for Physical (EFP) Facility is also available for New Zealand 30 Day Official Cash Rate Futures. The EFP is an off market trading mechanism that enables customers to swap futures exposure for an offsetting security position. EFP offers the flexibility and certainty of an over the counter (OTC) market plus the counterparty guarantee of an exchange market.

EFPs are approved on the basis of the notional value of the offsetting cash and futures legs being equal. Customers are afforded the benefits of an off market trading facility, such as pre-trade price and execution certainty. For additional information on the EFP Facility please visit www.asx.com.au

Contract Specifications for New Zealand 30 Day Official Cash Rate Futures

CONTRACT	NEW ZEALAND 30 DAY OFFICIAL CASH RATE FUTURES
Contract Unit	Average monthly RBNZ Official Cash Rate payable on a notional sum of NZD 3,000,000
Contract Months	Monthly up to 12 months ahead
Commodity Code	ZO
Minimum Price Movement	Quoted in yield percent per annum in multiples of 0.005%, for quotation purposes yield is deducted from 100. A one basis point move of 0.01% is equal to NZD24.66
Last Trading Day	Trading shall cease at 4.30pm on the last business day of the expiry month
Settlement Day	second business day after the Last Trading Day
Trading Hours	5.40pm – 7.00am and 8.30am – 4.30pm ¹
Settlement Price	The Cash Settlement Price is equal to 100 minus the cash settlement rate, where the cash settlement rate is the monthly average of the Official Cash Rate for that contract month calculated by taking the sum of the daily Official Cash Rate, as published by the Reserve Bank of New Zealand, divided by the number of days for that month. On weekends and public holidays, when no Official Cash Rate is published the Cash Rate published on the previous business day will be used for settlement price calculation. The cash settlement rate is rounded to the nearest multiple of 0.001. The Cash Settlement Price shall be announced to the market by 12.00pm ¹ on the first business day after the Last Trading Day.
Settlement Method	All bought and sold contracts in existence as at the close of trading in the contract month shall be settled by SFE Clearing at the cash settlement price.

¹ Unless otherwise indicated, all times are New Zealand times. For full contract specifications, refer to the ASX website: www.asx.com.au

Data Vendor Access Codes for New Zealand 30 Day Official Cash Rate Futures*

	FUTURE	RBNZ OVERNIGHT CASH RATE
SFE Code	ZO	–
Bloomberg	KXA <Cmnty>	NZOCRS <Index>
Bourse Data	ZOmyy	–
CQG	HZO	–
FutureSource/e-signal	ZO {month}{year}-SFE	–
IRESS	ZOmy	NZCASH.IR
Reuters	O#NZO:	RBNZ17
Telekurs	ZOym,342	–
Thomson Financial	ZO/F.SY*	–

* Data vendor codes are current as at January 2007. 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 this contract the market is operated by Sydney Futures Exchange Limited ACN 000 943 377