# ASX New Zealand 90 Day Bank Bill Futures and Options

Interest Rate Markets Fact Sheet

ASX AUSTRALIAN SECURITIES EXCHANGE

ASX's New Zealand 90 Day Bank Bill Futures and Options are the leading short term interest rate derivatives products in the New Zealand market. As New Zealand's most actively traded derivatives product the New Zealand 90 Day Bank Bill Futures contract is used by market participants and commentators as the key indicator for New Zealand interest rates.

New Zealand 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)

## Features

- Cash Settled – New Zealand 90 Day Bank Bill Futures are cash settled against the three month Forward Rate Agreement (FRA) rate.
- Variable Tick Value – New Zealand 90 Day Bank Bill Futures are priced on an actual/365 basis. Due to this convention the dollar value of the minimum price movement, or tick value, does not remain constant but rather changes in accordance with movements in the underlying interest rate.

## Quarterly Options

- Quarterly options on New Zealand 90 Day Bank Bill Futures are available, with four months listed at any one time. These options expire in the same calendar month as the underlying futures contract.

## Trading New Zealand 90 Day Bank Bill Futures and Options

- Trading in New Zealand 90 Day Bank Bill Futures and Options is conducted 'On market' via SFE's electronic platform SYCOM® and 'Off market' through 'Exchange for Physicals' transactions.
- Spread trading functionality is available for yield curve and calendar spreads.
- Attractive spread concessions are available on calendar spreads as well as inter commodity spreads for offsetting positions held in the 3 and 10 Year New Zealand Government Stock Futures contracts.
- Pre-negotiated Business Rules are applicable to quarterly and serial New Zealand 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 the trading platform Sycom®.

## 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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## Summary Contract Specification for New Zealand 90 Day Bank Bill Futures and Options

| CONTRACT | NZ 90 DAY BANK BILL FUTURES | NZ 90 DAY BANK BILL OPTIONS |
|---|---|---|
| Commodity Code | BB | BB |
| Option Style | – | American |
| Contract Unit | NZD1,000,000 face value 90 day bank accepted bill of exchange complying with the Bills of Exchange Act 1908 or a transferable or negotiable security issued by a bank with a term to maturity of 90 days. | One unit of futures contract for a specified contract month. |
| Contract Months | March/June/September/December up to twelve quarter months or three years ahead. | Put and Call options available on futures contracts up to four quarter months ahead. |
| Minimum Price | 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 0.01 per cent equals approximately NZ$24. varying with the level of interest rates. | Quoted in yield per cent per annum in multiples of 0.01 per cent |
| Exercise Prices | – | Set at intervals of 0.10 per cent per annum yield. |
| Contract Expiry[1] | The first Wednesday after the ninth day of the relevant Settlement Month. Trading will cease at 12 noon. | As for New Zealand 90 Day Bank Bill Futures contract. |
| Settlement Method[1] | The Cash Settlement Price is determined as the three month FRA settlement rate as published at approximately 10.45am on the Final Trading Day by Reuters New Zealand Limited. The FRA settlement rate will be rounded to two decimal places and deducted from 100. Where the third decimal place is five the average will be rounded to the next highest second Decimal place. | 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. |
| Trading Hours[1] | 5.10pm – 7.00am and 8.30am – 4.30pm | As for the New Zealand 90 Day Bank Bill Futures contract. |
| Settlement Day | The business day following the last permitted day of trading. | – |

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

## New Zealand 90 Day Bank Bill Futures and Options Data Vendor Access Codes*

| | FUTURES | OPTIONS |
|---|---|---|
| SFE Code | BB | BB |
| Bloomberg | ZBmy | ZBmy |
| CQG | NBB | – |
| Interactive Data | BBmy | BBmytypestrike |
| Interactive Data RTS | 2nBBmy | 2nBB\my\ssss; 2nBB_my_ssss |
| FutureSource/esignal | NZBB | – |
| IRESS Market Technology | BBmy | BBmyXssss |
| Reuters | 0#NBB: | Day:0#2NBBmy+ Night:0#1NBBmy+ |
| Telekurs | 3,BBym,342 | 3,BBymcstrike,342; 3,BBympstrike,342 |
| Thomson Reuters | BB/YYM | BB/YYM/Strike |

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



ASX
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For this contract the market is operated by Sydney Futures Exchange Limited ACN 000 943 377