



ASX

AUSTRALIAN SECURITIES EXCHANGE

# 3 and 10 Year New Zealand Government Stock Futures and Options

## Interest Rate Markets Fact Sheet

The 3 and 10 Year New Zealand Government Stock Futures are the benchmark interest rate derivatives products for investors trading and hedging medium to long term New Zealand Dollar fixed interest securities and OTC products.

Australian Securities Exchange's (ASX) 3 and 10 Year New Zealand Government Stock 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* – The 3 and 10 Year New Zealand Government Stock Futures are cash settled against the average price of series of New Zealand Government Stock.
- *Variable Tick Value* – The 3 and 10 Year New Zealand Government Stock Futures are traded on the basis of their yield with the futures price quoted as 100 minus the yield to maturity expressed in per cent per annum. 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 3 Year and 10 Year New Zealand Government Stock Futures are available. These options expire in the same calendar month as the underlying futures contract.

### Trading ASX Bond Futures and Options

- Trading in 3 and 10 Year New Zealand Government Stock Futures and Options is conducted 'On market' via the electronic platform SYCOM® and 'Off market' through the Block Trade Facility and '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 Year and 10 Year New Zealand Government Stock Futures contracts and New Zealand 90 Day Bank Bill Futures contract.

### 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.

# Interest Rate Markets Fact Sheet

## Contract specification for 3 Year New Zealand Government Stock Futures and Options

CONTRACT	3 YEAR NEW ZEALAND GOVERNMENT STOCK FUTURES	OPTIONS ON 3 YEAR NEW ZEALAND GOVERNMENT STOCK FUTURES
Commodity Code	TY	TY
Option Style	–	American
Contract Unit	New Zealand Government Stock with a face value of NZ\$100,000, a coupon rate of 8% per annum and a term to maturity of three years.	1 unit of futures contract for a specified contract month.
Contract Months	March/June/September/December up to two quarter months ahead.	Put and Call options available on futures contracts up to two quarter months ahead.
Minimum Price Movement	0.01 percent per annum	0.01 percent per annum
Exercise Prices	–	Set at intervals of 0.10 per cent per annum yield.
Contract Expiry <sup>1</sup>	The first Wednesday after the ninth day of the relevant Settlement Month. Trading will cease at 12 noon.	As for 3 Year New Zealand Government Stock Futures.
Settlement Method <sup>1</sup>	Cash settlement with the parties making payment to or receiving from SFE Clearing (whichever is applicable) the amount of the difference between the Contract Value and the Mandatory Settlement Value by no later than 2.00pm on the Mandatory Settlement Day. The Mandatory Settlement Price is determined using linear interpolation or linear extrapolation as the case may require of the arithmetic mean of the mid-rate yields using quotes obtained from 6 dealers on the last day of trading, taken at 9am, 9.30am and 10am, of two New Zealand Government Stock securities as determined by the Exchange.	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 <sup>1</sup>	5.40pm – 7.00am and 8.00am – 4.30pm	As for 3 Year New Zealand Government Stock Futures.
Settlement Day	The business day following the last permitted day of trading.	–

<sup>1</sup> Unless otherwise indicated, all times are New Zealand times. For full contract specifications refer to [www.asx.com.au](http://www.asx.com.au)

## Contract specification for 10 Year New Zealand Government Stock Futures and Options

CONTRACT	10 YEAR NEW ZEALAND GOVERNMENT STOCK FUTURES	OPTIONS ON 10 YEAR NEW ZEALAND GOVERNMENT STOCK FUTURES
Commodity Code	TN	TN
Option Style	–	American
Contract Unit	New Zealand Government Stock with a face value of NZ\$100,000, a coupon rate of 8% per annum and a term to maturity of ten years.	1 unit of futures contract for a specified contract month.
Contract Months	March/June/September/December up to two quarter months ahead.	Put and Call options available on futures contracts up to two quarter months ahead.
Minimum Price Movement	0.01 percent per annum	0.01 percent per annum
Exercise Prices	–	Set at intervals of 0.10 per cent per annum yield.
Contract Expiry <sup>1</sup>	The first Wednesday after the ninth day of the relevant Settlement Month. Trading will cease at 12 noon.	As for 10 Year New Zealand Government Stock Futures.
Settlement Method <sup>1</sup>	Cash settlement with the parties making payment to or receiving from SFE Clearing (whichever is applicable) the amount of the difference between the Contract Value and the Mandatory Settlement Value by no later than 2.00pm on the Mandatory Settlement Day. The Mandatory Settlement Price is determined using linear interpolation or linear extrapolation as the case may require of the arithmetic mean of the mid-rate yields using quotes obtained from 6 dealers on the last day of trading, taken at 9am, 9.30am and 10am, of two New Zealand Government Stock securities as determined by the Exchange.	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 <sup>1</sup>	5.40pm – 7.00am and 8.00am – 4.30pm	As for 10 Year New Zealand Government Stock Futures.
Settlement Day	The business day following the last permitted day of trading.	–

<sup>1</sup> Unless otherwise indicated, all times are New Zealand times. For full contract specifications refer to [www.asx.com.au](http://www.asx.com.au)

### 3 and 10 Year New Zealand Government Stock Data Vendor Access Codes\*

	3 YEAR GOVT STOCK FUTURES	3 YEAR GOVT STOCK OPTIONS	10 YEAR GOVT STOCK FUTURES	10 YEAR GOVT STOCK OPTIONS
SFE Code	TY	TY	TN	TN
Bloomberg	ZYmy	ZYmy	ZTmy	ZTmy
COG	NTY	-	NTN	-
Interactive Data	TY	TY	TN	TN
IRESS	TYmy	TYmyXssss	TNmy	TNmyXssss
Moneyline Telerate Codes	NZ@TN	NZ@TY	NZ@BB	NZ@TN
Moneyline Telerate Pages	6215	38155	6207	38156
Reuters	0#NGV:	0#NGVmy+	0#NGB:	0#NGBmy+
Interactive Comstock	2nTYmy	2nTY_my_ssss 2nTY/my/ssss	2nTNmy 2n	2nTN_my_ssss 2nTY/my/ssss
Telekurs	3,TYm,342	3,TYmstrike,342 3,TYmpstrike,342	3,TNym,342	3,TNymstrike,342 3,TNypstrike,342
Thomson Financial	TY	TY	TN	TN

\* Data vendor codes are current as at January 2007. A current list of codes is available at [www.asx.com.au](http://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](http://www.asx.com.au)

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