



ASX

AUSTRALIAN SECURITIES EXCHANGE

30 Day Interbank Cash Rate Options

Interest Rate Markets Fact Sheet

ASX's 30 Day Interbank Cash Rate Options contract provides users with a cost effective tool for managing short term interest rate risk and shifts in the cash rate yield curve. The options contracts can also be used for portfolio enhancement and offers a low cost means to create trading strategies around cash rate expectations.

Risk Management and Trading Opportunities

30 Day Interbank Cash Rate Options provides users with a number of risk management and trading opportunities, including:

- a cost effective means to create trading strategies around cash rate expectations and to manage shifts in the overnight cash rate yield curve.
- Interest Rate Swap dealers can use 30 Day Interbank Cash Rate Options to manage the cash stub risk within swap books.
- Bond dealers can use 30 Day Interbank Cash Rate Options to manage short term cash rate risk created by financing bond inventories.
- Proprietary traders can use 30 Day Interbank Cash Rate Options to trade outright volatility or create volatility spread trades between the 30 Day Interbank Cash Rate Options and other exchange traded options or OTC interest rate options.
- Balance Sheet Managers can reduce short term borrowing costs by writing call options.
- Balance Sheet Managers can also buy 30 Day Interbank Cash Rate Options in conjunction with portfolio issuance to limit outright exposure to short term interest rates, reducing interest rate exposure to the spread between the Interbank Overnight Cash Rate and the Bank Bill Swap Rate (BBSW).

- Issuers, subject to their view on volatility, have the opportunity to write options to take premium income, thereby reducing overall borrowing costs.
- Fund Managers can use 30 Day Interbank Cash Rate Options to enhance portfolio returns by writing options against portfolio holdings.

Features

- Strike price intervals set at 0.125 per cent (12.5 basis points).
- Premium quoted to 0.005 per cent.
- Fixed tick of AUD24.66 per 0.01 per cent.
- American Style.
- Deliverable into the underlying futures, with all in-the-money options automatically exercised at expiry.
- Available for trade monthly, out to four contract months.

Benefits of Exchange Traded Markets

Trading on the Exchange 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

Trading Mechanisms

'On-market' trading is conducted via the electronic platform SYCOM®. In addition the following Pre-negotiation trade facilitation mechanism is available.

Pre-Negotiation

Pre-negotiation allows participants to withhold orders and pre-negotiate (according to specific pre-negotiation rules) before bringing business to the market for execution on the SYCOM® platform. 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 30 Day Interbank Cash Rate Options and any custom market 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.

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

CONTRACT SPECIFICATIONS FOR 30 DAY INTERBANK CASH RATE OPTIONS

Commodity Code	IB
Option Style	American
Contract Unit	One unit of futures contract for a specified contract month on the Sydney Futures Exchange
Contract Months	Monthly up to 4 months ahead
Minimum Price Movement	Quoted in yield per cent per annum in multiples of 0.005 per cent. A one basis point move of 0.01 per cent is equal to AUD24.66.
Exercise Prices	Set at intervals of 0.125 per cent per annum. New option exercise prices created automatically as the underlying futures contract price moves.
Contract Expiry¹	Trading shall cease at 12.30pm on the business day prior to the Last Trading Day in the underlying futures Contract.
Settlement Method¹	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 or abandoned.
Trading Hours¹	5.14pm to 7.00am and 8.34am to 4.30pm (during US daylight saving time) 5.14pm to 7.30am and 8.34am to 4.30pm (during US non daylight saving time)

¹ Unless otherwise indicated, all times are Sydney times. US daylight savings begins second Sunday in March and ends first Sunday in November. For full contract specifications refer to www.asx.com.au

30 Day Interbank Cash Rate Futures and Options Data Vendor Access Codes*

	IB FUTURES	IB OPTIONS	IB STRIP	RBA OVERNIGHT CASH RATE
SFE Code	IB	IB	IS	–
Bloomberg	IBA <CMDTY>	IBA <CMDTY> OMON	INA <CMDTY>	RBA16; RBACOR <INDEX>
Bourse Data	IB	IB	–	–
CGG	IBCR	IBCR	–	–
Interactive Data	IBmy	–	–	–
Interactive Data / Comstock	17mlBmy	–	17mlSmy	–
FutureSource/eSignal	Day: AIB full: ASB	– –	AIS	–
IRESS Market technology	IBmy	IB mycsssss IB mypsssss	ISmy	CASH
Moneyline Telerate Codes	AU@IB+	–	Day: au@IS night: au@SIN full: au@ISC	–
Moneyline Telerate pages	20087	–	–	–
Reuters	full: 0#YIB: Day: 0#2YIB: Night: 0#1YIB:	– Day: 0#2YIBmy+ Night: 0#1YIBmy+	full: 0#YIS- Day: 0#2YIS- Night: 0#1YIS-	RBA36 AUCASH=RBA –
Telekurs	3,IBym,359	IBYMCSTRIKE, 359 IBYMPSTRIKE, 359	–	–
Thomson Financial	IB/YYM	–	IS/YYM	–

* Data vendor codes are current as at September 2008. A current list of codes is available at www.asx.com.au

Disclaimer: This is not intended to be financial product advice. To the extent permitted by law, ASX Limited ABN 98 008 624 691 and its related bodies corporate excludes all liability for any loss or damage arising in any way including by way of negligence. This document is not a substitute for the Operating Rules of the relevant ASX entity and in the case of any inconsistency, the Operating Rules prevail.

© Copyright 2008 ASX Limited ABN 98 008 624 691. All rights reserved 2008.

Domestic Information Line: 131 279
interestrates@asx.com.au

International Information Line: +61 2 9338 0000
www.asx.com.au



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