



ASX 24 NOTICE NO. 012/12

Date of Issue: 23 January 2012
Effective Date: 27 February 2012

Introduction of ASX 3 Month Overnight Index Swap Futures

Market participants are advised that ASX will launch 3 Month Overnight Index Swap Futures (3 Month OIS Futures) at 8.30am on Monday 27 February 2012. The first contract month available for trade will be the June 2012 expiry month. The contract allows users to hedge against fluctuations in the official cash rate, better manage their cash exposures and take advantage of outright and spread trading opportunities.

3 Month OIS Futures are approved for trading by the following regulators:

- Australian Securities and Investment Commission (ASIC);
- 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).

Key contract features

- Notional face value of AUD1,000,000;
- Quarterly contracts listed up to 12 months ahead;
- Cash Settled against the 3 month overnight index swap rate on the Last Trading Day. The cash settlement price is calculated from quotes obtained from fifteen banks active in the OIS market. Further details on the cash settlement calculation process is available from the ASX website www.asx.com.au/3monthois;
- Expiry is at 12pm the Thursday following the first Friday of the expiry month, that is, the 3 Month OIS Futures will expire on the same day as the ASX 90 Day Bank Bill Futures;
- 1:1 spread market against 90 Day Bank Bill Futures available on ASX Trade24; and
- Minimum price increment of 0.005 basis points. A 0.01 basis point move is equal to AUD24.66.

Contract specifications and ASX 24 Operating Rules are attached.

Appointment of Official Market Makers

ASX has two Official Market Makers providing two way quotes in all months listed. Information on the minimum volume and bid offer spreads are available from the ASX website www.asx.com.au/3monthois

Exchange Fee

The trading and mandatory settlement fee is AUD 0.90 (plus GST) per contract.

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Commodity and Data Vendor Codes

The ASX Trade24 commodity code for the 3 Month OIS Futures is 'OI'.

The following data vendor codes have been provided:

	3 Month OIS Futures
Bloomberg	TSImy <COMDTY>
CQG	OI
IRESS Market Technology	OImy
Reuters	Full: 0#YOI: Night: 0#1YOI: Day: 0#2YOI:

Data vendor codes for other vendor system will be published on the ASX website 3 Month OIS Futures page www.asx.com.au/3monthois once these codes have been provided.

Initial Margins, Intra and Inter-commodity Offsets

The initial margin rate for all contract months is A\$285. The inter-commodity concession against the 90 Day Bank Bill Futures contract (IR) is 65% (1:1 ratio).

Further Information

Please direct any product related queries on the 3 Month OIS futures to Kristye van de Geer, Manager Interest Rate Markets Ph: 9227 0130 or Kristye.vandegeer@asx.com.au

Queries on market access and system support for the contract can be directed to Market Access on +61 2 9227 0372 at market.access@asx.com.au

Ken Chapman
General Manager, Futures and Options

ASX Limited
20 Bridge Street
Sydney NSW 2000
Australia



3 Month Overnight Index Swap (OIS) Futures

Contract Unit:	Amount payable on a notional sum of AUD 1,000,000 at the 3 month Overnight Index Swap rate
Contract Months:	March, June, September, December up to 12 months ahead
Commodity Code:	OI
Listing Date:	February 2012
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 \$24.66
Last Trading Day:	Trading shall cease at 12.00pm on the Thursday following the first Friday of the expiry month
Settlement Day:	The business day after the Last Trading Day
Trading Hours:	5.08pm – 7.00am and 8.28am – 4.30pm ¹ (For period from second Sunday in March to first Sunday in November) 5.08pm – 7.30am and 8.28am – 4.30pm ¹ (For period from first Sunday in November to second Sunday in March)
Settlement Price:	Cash Settlement Price is 100 minus the Cash Settlement Yield. The Cash Settlement Yield shall be rounded to the nearest 0.001%. The arithmetic mean of quotes, taken at 9.45am and 10.15am on the last day of trading by 10 dealers, randomly selected, at which they would receive / pay the 3 month Overnight Index Swap, excluding the two highest and two lowest paying quotations and the two highest and two lowest receiving quotations. All bought and sold contracts in existence as at the close of trading in the contract month shall be settled by the Clearing House at the cash settlement price. ¹

Last Modified: 29/3/2011

¹ Trading hours: Australian Eastern Standard Time / Australian Eastern Daylight Time.

Attachment A – ASX 24 Operating Rules

2.35.1 3 Month Overnight Index Swap Futures Contract

Item	Heading	Individual Contract Specifications
1.1	Contract Unit	The amount payable on a notional sum of \$1,000,000 at the 3 month Overnight Indexed Swap rate.
1.2	Type of Contract	Cash settled.
2	Contract Value	$CV = \frac{1,000,000 \times r_1 \times 90}{36500}$ <p>where: r_1 = the rate at the time the Contract was entered into.</p> <p>The contract value is to be rounded in the manner determined by the exchange.</p>
3	Settlement Price	<p>For each Settlement Day the Approved Clearing Facility shall declare a Settlement Price, which shall be calculated in accordance with the procedures in Item 5.</p> <p>The Approved Clearing Facility will declare the Settlement Price at such time as it shall determine.</p>
4	Settlement Value	$SV = \frac{1,000,000 \times r_2 \times 90}{36500}$ <p>where:</p> <p>r_2 = the 3 month Overnight Index Swap rate as determined by the Exchange.</p> <p>The cash settlement rate and value are to be rounded in the manner determined by the Exchange.</p>
5	Manner of determining the Settlement Price	<p>The Settlement Price shall be determined having regard to quotations provided by participants in the underlying market, as provided for in Rule [2501] and in accordance with this Item 5.</p> <p>(a) Quotations to be obtained shall be of the yields, as at the quotation times determined by the Exchange, at which the price providers would receive and pay 3 month Overnight Index Swaps.</p> <p>(b) The yield shall be quoted to a multiple determined by the Exchange as at that quotation time on that day at which they would receive 3 month Overnight Index Swaps and pay 3 month Overnight Index Swaps.</p> <p>(c) For each quotation period outlying quotes, as determined by the Exchange, will be discarded.</p>

		<p>(d) The arithmetic mean of the remaining quotations from all quotation times shall be calculated to the number of decimal places determined by the Exchange and rounded in the manner determined by the Exchange.</p> <p>(e) The arithmetic mean so calculated shall be the Settlement Price.</p>
6	Exclusion of liability	<p>Subject to the right of the Exchange under Rule [3100] to direct that Contracts be settled at a price other than that determined in accordance with the Individual Contract Specifications, the Exchange and the Approved Clearing Facility will be entitled to regard the numerical value provided by Australian Financial Markets Association Limited (AFMA), its related bodies corporate or agents as being conclusive evidence of the 3 month Overnight Index Swap rate at the time determined by the Exchange.</p> <p>In the event that any figure used by the Exchange as the 3 month Overnight Index Swap rate is numerically inaccurate, no claim shall lie against the providers of the 3 month Overnight Index Swap rates, the Approved Clearing Facility or the Exchange or their agents.</p>
7	Inability for declaration of Settlement Price	<p>If a situation is developing or has developed which is capable of preventing the declaration of the Settlement Price in accordance with these Individual Contract Specifications, or if a situation within the meaning of Rule [3100] is developing or has developed, then the provisions of that Rule [3100] shall apply and any provision of the Rules which cannot be complied with until the price has been declared shall be complied with as soon as possible after it has been declared.</p>



Procedure 2.35.1 3 Month Overnight Index Swap Futures Contract

Subject	Determinations
Manner of quoting Futures Price	Yield per cent per annum. For quotation purposes the price shall be deducted from 100.00.
Minimum fluctuations for quoting Futures Price	Multiples of 0.005 per cent.
Calculation of Contract Value	The contract value is to be rounded to the nearest cent (0.500 cents being rounded up).
Calculation of Cash Settlement Rate	The Cash Settlement Rate is to be rounded to the nearest 0.001 per cent (0.0005 per cent rounded up).
Time Settlement Price is declared	By 3pm on the Final Trading Day.
Settlement List	<ul style="list-style-type: none"> - ANZ Investment Bank - Bank of America Merrill Lynch - BNP Paribas - Citigroup Limited - Commonwealth Bank - Credit Suisse AG - Deutsche Bank AG - HSBC Bank - J P Morgan Australia - National Australia Bank - RBC Capital Markets - Royal Bank of Scotland - TD Securities - UBS AG - Westpac Institutional Bank
Times for obtaining quotations for purpose of calculating the Settlement Price	9.45am and 10.15am on the Last Trading Day.
Quotes to be discarded	Two highest and two lowest receive quotes and the two highest and two lowest pay quotes.
Trading hours	5.08pm-7.00am & 8.28am-4.30pm (US daylight saving time); 5.08pm-7.30am & 8.28am-4.30pm (US non daylight saving time).
Settlement Months	March, June, September, December up to 12 months ahead.

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Subject	Determinations
Final Trading Day	The Thursday following the first Friday of the expiry month.
Time at which trading ceases on Final Trading Day	12pm.
Settlement Day	The Business Day after the Final Trading Day.
Final time by which Seller's obligations must be satisfied	12.00 noon on the Settlement Day.
Final time by which Buyer's obligations must be satisfied	10.30 am on the Settlement Day.

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