



21 August 2022

Kristye van de Geer
Senior Manager, Rates
ASX Limited

By email: Futures@asx.com.au

Dear Kristye

3 Year Bond Futures Minimum Price Increment

The Australian Financial Markets Association (AFMA) writes in relation to the recently announced intention to change the minimum price increment for 3 year Bond Futures.

AFMA recognises and respects that ASX will from time to time make adjustments to its contracts for the betterment of the market. AFMA supports ASX's intent in relation to the change.

AFMA notes, however, that the sudden and unexpected nature of the change has caused concern within the market.

Market participants suggest that for critical adjustments in relation to key products a consultation process, even if succinct, would assist firms' engagement with the market and ASX. Members may have suggestions of complementary measures or tweaks to the scope of the change that may be of assistance.

We welcome the opportunity to discuss the matter at the upcoming call but note that as the core decision has already been made this reduces the utility of these discussions.

Members also request more transparency on the metrics that were used to measure market liquidity mentioned in the letter, to better inform discussion.

We trust these comments are of assistance and look forward to continuing to work closely with ASX to grow and improve the derivative markets.

Yours sincerely

Damian Jeffree
Senior Director of Policy