



## MARKET NOTICE

**Market Notice: 2020\_03**

**Date: 17 April 2020**

**Subject: Market Convention Amendments and Clarifications**

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Market participants are advised of the following amendments made to AFMA's Market Conventions, effective 17 April 2020.

### **1. Repo Conventions**

A non-material amendment to Section 3.10 *Maturity Conventions* has been made to clarify the time by which advice is required to be given to the counterparty of intent to terminate an at-call open **specific collateral** repo, i.e.:

#### **Section 3.10 Maturity Conventions**

*At call/open specific collateral repos are automatically rolled at 9:30am on the business day preceding maturity. Market standard is to notify the counterparty of the intent to terminate an at-call / open specific collateral repo not later than 9:30am AEST/AEDT on the business day preceding the date of settlement of the termination.*

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### **2. Repo Market Practice - Spread Trades**

Consequent to the recent emergence of a material difference between the RBA Interbank Overnight Cash Rate (IBOC, and as alternatively named AONIA) and the RBA Cash Rate Target, some confusion may exist as to which of the two rates the transaction is referencing.

Market participants who engage in cash rate spread trades are advised to confirm with their counterparty the basis that the transaction is referencing; i.e. either the RBA Interbank Overnight Cash Rate or RBA Cash Rate Target.

Similarly, brokers and the counterparties to the spread trades intermediated by the brokers are to confirm the basis.

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Queries in relation to these amendments should be directed to Murray Regan, Director – Markets and Rates [mregan@afma.com.au](mailto:mregan@afma.com.au)

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### 3. Environmental Product Conventions

The following section regarding reporting of transactions has been added to the Broker conventions section (3.12) of the Environmental Product Conventions.

#### ***Reporting of Transactions***

*In order to improve market transparency and efficiency, Brokers should report trades to their client base (without disclosing the names of counterparties). Trades should be reported in a timely manner and sequentially.*

*Brokers should take care to avoid reporting trades in a way that is likely to deceive or confuse the recipient of the information.*

*Dealers should not discourage Brokers from reporting trades.*

Queries in relation to this amendment should be directed to Mike Chadwick, Head of Education and Director – Markets [mchadwick@afma.com.au](mailto:mchadwick@afma.com.au)

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#### **About AFMA**

The Australian Financial Markets Association (AFMA) is the leading industry association promoting efficiency, integrity and professionalism in Australia's financial markets and provides leadership in advancing the interests of all market participants. These markets are an integral feature of the economy and perform the vital function of facilitating the efficient use of capital and management of risk. Market participants perform a range of important roles within these markets, including financial intermediation and market making. AFMA represents over 120 members, including Australian and international banks, leading brokers, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers.