



MARKET NOTICE

Market Notice: 8-2015

Date: 14 December 2015

Subject: Overnight Index Swap (OIS) settlement - clarification

Further to Market Notice 6-2015 sent on 4 December 2015 (reproduced below), for the purposes of clarity, the new convention of T+2 relates only to the **settlement date** of the payment of cash under the swap after maturity. The start date for the calculation of the cash flows is unaffected.

The AFMA Swaps Committee approved a change in settlement for Overnight Index Swaps from T+1 to T+2 at their most recent meeting on 10 November 2015. This change was subsequently ratified by the Market Governance Committee on 25th November 2015.

To avoid any confusion, this change is entirely unrelated to the T+2 convention for Australian dollar denominated fixed income securities which is due to change on 7 March 2016.

To enable market participants to operationally prepare for the change, the Swaps Committee agreed to have an effective date of the convention change of 1st January 2016. To ensure clarity, this change means that the standard settlement convention for all Overnight Index Swaps transacted up to and including 31 December 2015 will remain T+1 until then.

AFMA understands that LCH Swapclear will be offering clearing of AUD Overnight Index Swaps on a T+2 basis on 7 December 2015. As with all market conventions, members can choose to agree bilaterally a settlement date which is different to the convention at any time. Contact details for further information:

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About AFMA

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AFMA represents over 130 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.

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