AFMA

19 March 2026

Mr Gregory Pill
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By email: greg.pill@asx.com.au

Dear Mr Pill

Consultation Paper on Equity Futures

AFMA welcomes ASX's consultation on proposals related to equity futures products. We support efforts to update the settings and practices around these products to keep them relevant and competitive.

Please find our comments to the questions raised in the consultation in the attached.

Please do not hesitate to contact me if you have any questions.

Yours sincerely

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Q1. Is your organisation supportive of a change to the minimum block trade threshold for SPI 200 Futures from 200 contracts to 150 contracts?

AFMA supports this proposal.

AFMA supports a reduction in the minimum block trade threshold for SPI 200 Futures from 200 to 150 contracts. Given the significant increase in the notional value of the SPI contract over time and the observed decline in block trading alongside reduced on-screen order book depth, a lower threshold would better align the definition of a "large trade" with current market conditions. We note it is logical to calibrate the minimum size such that the notional value remains relatively consistent and does not push out participants who block trade consistent notional values.

We view this as a step in the right direction and note that, subject to appropriate safeguards and monitoring of market transparency, further decrease of block thresholds may be worth considering over time as market structure and trading behaviour continue to evolve.

One member has noted their support for the threshold to be further reduced to 50 lots, since XJO LEPs—a comparable product on the ASX Options Market—have a block size equivalent to 5 SPI futures contracts.

Some members have noted their support of the block sizes continuing to be based on number of futures. Members also noted that the declining share of blocks as a total of the overall volume may indicate that there may be other factors besides minimum size to consider.

Members also suggest that this proposal be considered in tandem with Proposal 2.

Q2.a. Is your organisation supportive of a change to the tick size value of the SPI contract from $25 per point to $10 per point?

AFMA is concerned about the potential for material increases to clearing and other per-contract transaction costs that are not addressed by adjustments to exchange fees alone.

Beyond this common concern there were a range of views on the optimal pricing of the contract. Some participants opposed any size change or held that change should be limited to no lower than $20. Grounds for this were concerns around liquidity, depth and volatility particularly during roll periods.

Members supportive of the change were of the view that alignment the SPI Futures tick size with the XJO Option would achieve efficiencies, ease of managing exposures and believe that a smaller tick size may attract new participants. Updating the contract multiplier should be feasible if market Participants receive adequate notice and time to adapt to a new contract multiplier and minimize disruptions.

Alternatively, the ASX could reinvigorate the existing mini version of the flagship contract to address demand for smaller contracts.

Q2.b. ***[[If your answer was 'Supportive' or 'Conditionally supportive' to Question 2.a]*** **Is your organisation supportive of a change to the tick size value of the rest of the Equity Futures contracts (Sector and Total Return Futures) from $25 per point to $10 per point if the SPI contract was changed?**

The members who were supportive or conditionally supportive of the change to $10 per point also support consistency across all other equity futures contracts.

Q3. Is your organisation supportive of a potential change to delink the SPI roll calendar spread market from the outright market, so that spread orders are matched and priced separately from outright orders?

The consensus view was not supportive of this change, although one respondent suggested the case could be re-aassessed after the impact of the proposed Block size reduction and/or tick size reduction is fully understood.

Member concerns included the increasing thinness of outright market, with existing reliance on implied prices, particularly during closing periods. With implied liquidity also critical for ease of trading and the execution of size during roll periods.

There were concerns delinking could reduce available liquidity and increase volatility, leading to greater slippage on client orders. There was a view that separating the markets could materially reduce implied liquidity, fragment trading interest, and increase execution risk and cost, particularly in less liquid or stressed conditions. On this basis, these members did not support the proposed change.

They also agreed with ASX that the benefits of delinking observed in bond futures are not expected in the SPI contract, suggesting it is unclear how de-linking the roll ticker would enhance equity liquidity.

Q4.a. Is your organisation supportive of moving the trading hours of Equity Futures with a night session to a fixed domestic (AEST/AEDT) closing time year-round, rather than adjusting the close in line with US Daylight Saving Time?

The consensus view supported this proposal as it provides consistency and eliminates manual changes in systems which always have associated risks.

Supportive members suggest the gap between the night session close at 7:00 a.m. and the day session open at 9:50 a.m. during winter months is too long, leaving participants overly exposed to market-moving news without the ability to efficiently manage risk.

The member that prefers to keep the current arrangements sites:

- risks for our US team, as the closing time would shift relative to US clocks.
- End of Day (EoD) batches are tied to DST for settlement prices and Span files, which are necessary for producing timely client statements.

- If ASX's rule-based overnight clearing deadlines were not also extended, Market Participants would face increased pressure during allocation and clearing processes. Since ASX has historically enforced these deadlines strictly, this proposal would heighten regulatory risk for Market Participants.

Q4.b. ***[If your answer was 'Supportive' or 'Conditionally supportive' to Question 4.a]*** **Is your organisation supportive of setting the fixed domestic closing time for the Equity Futures night session at 8:00am AEST/AEDT year-round?**

Most members supported the 8:00 am proposal with one respondent preferring 9:00 am.

Q5. Is your organisation supportive of rule changes to allow Block Trades in all contracts for all Equity Futures contracts?

AFMA strongly recommends this change for all contract months for all Equity Futures contracts. This would provide greater flexibility for participants seeking to establish or manage longer-dated outright positions and improve execution efficiency for large risk transfers.

While outside the scope of this consultation we note the existing prohibition on using the Block Trade Facility to execute Roll Business, as set out in section 3.4.2 of the ASIC Market Integrity Rules (Futures Market) should remain in place.

Q6. Is your organisation supportive of Equity Futures contracts moving from being charged on a per contract basis to a basis point value/percentage of notional basis?

The majority of respondees did not support this proposal. Reasons included:

- It would introduce significant operational complexity for back-office teams, complicating manual processes related to accruals, reconciliation, existing brokerage and post-trade billing processes.
- Costs associated with changing system and fee structures;
- Risks to trading volumes;
- May risk a movement to OTC contracts.

While such an approach may be conceptually aligned with cash equities and is used in emerging markets China, India, Korea –of the Asia-Pacific region, these members put more value on consistency with major international markets such as CME, SGX, Euronext, Eurex, TFX as well as TOCOM, MDEX, TFEX, TAIFEX, and HSI (the table in page 12 appears in error in relation to HSI – it is a flat HK$10.54 per side) which continue to operate on a flat per-contract fee basis. If major global exchanges were to move main contracts then some members would be open to reconsidering the proposal.

The ASX has long been an established listed derivatives venue, with its current pricing practices thoroughly integrated into business operations, processes, and system configurations. Changing the Exchange Fees convention would necessitate a repricing effort among execution and clearing brokers to align with the new cost structure. This change would affect end users—such as buy-side investors, managers, and administrators—as well as various other financial intermediaries.

Such a proposal would also have major implications for the entire brokerage value chain, including areas like give-up documentation and brokerage systems such as Atlantis.

Members supportive of the change noted they would expect that if the change was made fees would remain equivalent despite a change in calculation methodology. The operational impacts of such a change would require a suitable transitional period to consider and make system changes.

Q7. Is your organisation supportive of the Anomalous Order Threshold (AOT) for less liquid Contracts to move from 1% to 2%?

AFMA supports this change. Increasing the threshold reduces the likelihood that normal market volatility is treated as anomalous and limits the unintended triggering of the one-lot block trade exception.

AFMA seeks clarification on whether ASX can explore initiatives aimed at improving liquidity in illiquid contracts and, where such contracts fail to meet a defined threshold, consider their delisting. We also seek to understand how these initiatives might interact with existing price collars, whether they align with pre-trade controls under ASIC Market Integrity Rules, and confirmation ASIC has been consulted regarding the proposed changes to the Anomalous Order Threshold for less liquid contracts.

Members suggest ASX also consider changing the Extreme Trade Range (ETR) threshold for the same illiquid contracts.

Q8. Does your organisation have any other feedback or proposals relating to ASX Equity Futures market structure that ASX should consider? Please provide details and reasoning for your response.

ASX should consider consolidating the XJO Options under the same CCP and membership as the SPI Futures. This allows for consistency and potentially more members to offer the contracts, in addition to efficient risk management with cross margining between the XJOs and the SPI Futures, listed on the ASX24. This has been raised as feedback by members previously in working groups with the ASX.

AFMA recommends that ASX consider introducing a Trade at Settlement (TAS) contract for SPI Futures.

Additionally, we recommend that ASX review the current methodology used to calculate the daily settlement price (DSP) for the SPI futures contract.

The existing approach—taking the mid-point of the prevailing bid and offer and rounding up—may lead to greater price impact, particularly as ETF growth drives increased interest in SPI and larger orders increasingly target the Futures DSP.

Consideration could be given to global best practices, including the volume-weighted average price (VWAP) of all transactions executed during the final minute of trading, provided that more than a minimum number of trades occur within that period.

We also recommend ASX evaluate the delisting of contracts with no trading activity. For example, the S&P/ASX200 Ex 100 Total Return Index Futures currently shows zero open interest.

The ASX should also consider:

- reinvigorating the mini version of the flagship SPI contract to meet the demand for smaller contracts;
- offering Direct debit functionality for Overnight/USD margins or roll this into top day session; and
- automation of the Position transfer process from forms base to a more efficient process.

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