

Procedure 3400

For the purposes of Rule [3400] the number the permitted number of Open Positions which may be held by Trading Participants on behalf of any market user is as follows:

	Australian 90 Day Bank Bill Futures Contracts	<u>New Zealand 90 Day Bank Bill Futures Contracts</u>	3-Year Commonwealth Treasury Bond Futures Contracts	5-Year Commonwealth Treasury Bond Futures Contracts	10-Year Commonwealth Treasury Bond Futures Contracts	20-Year Commonwealth Treasury Bond Futures Contracts
Maximum number of spot month net Open Positions to be held at close of trading on T-1 and the remaining life of the contract at a corporate 'group' level	20,000	<u>17,500</u>	37,500	15,000	28,500 <u>40,000</u>	15,000 <u>6,500</u>

These expiry concentration position limits should be considered by market users as hard limits applicable to all market users (with beneficial ownership applied at 'group'¹ level), regardless of the particular type or style of trading activity undertaken. The Market Operator may vary the limits on an exceptional case-by-case basis, with such discretion likely to be exercised on an infrequent and judicious basis only.

Where multiple Trading Participants hold positions on behalf of a single market user, these limits include all holdings by that market user. To this end, Participants are advised to regularly consult with such clients to ensure that they are not to exceed these limits.

These limits have been based upon consideration of a number of factors including:

- The Market Operator's assessment of overall futures market size and a maximum acceptable degree of Open Interest concentration;
- Physical market turnover and liquidity on expiry day (i.e. the size of the cash market); and
- Turnover and liquidity within the repo market.

Participants are referred to Bulletins 47/04 and 76/04 for further detail.

¹ Application of limits at a 'group' level as the default (i.e. consolidating all affiliated corporate entities) is considered to be the most straightforward and reasonable basis. However, genuine disparate holdings by international branches of a global institution, or by proprietary trading and funds management divisions of a bank may be examples where the Market Operator would utilise its discretion to vary limits as required.

In relation to Interest Rate Swap Futures Contracts, a Trading Participant that is not an OTC Clearing Participant or does not have a clearing arrangement with an OTC Clearing Participant must have closed out any Open Positions for a market user that is not an OTC Clearing Participant or does not have a clearing arrangement with an OTC Clearing Participant in Interest Rate Swap Futures Contracts five Trading Days prior to the Final Trading Day of the Contract.

In the event of or in order to prevent an undesirable market situation, the Market Operator may – in order to ensure fair, orderly and transparent markets under Rule [3100](c) – instruct Trading Participants to trade in a particular manner on behalf of their own account or those of other market users, potentially including an instruction to hold no more than a certain number of positions. In such an event, no further notification may occur before the issuance of such an instruction.