



MARKET NOTICE

Market Notice No: 2020/01

Date: 20 November 2020

Subject: **Changes to Interest Rate Swap Conventions**

The New Zealand Financial Markets Association (NZFMA) and its Rates Committee have recently reviewed the conventions relating to Interest Rate Swaps (IRS). As a result of this review the following updates have been made:

Section 3.4 Standard Transactions Size (market parcel) – The tables for Interest Rate Swaps, Overnight Indexed Swaps, NZD/USD Basis swaps and Single Currency Basis Swaps have been consolidated into one table. Three new tenors have been added for maturities less than one year, along with the market parcels. Minimum market parcels sizes do not restrict trading in smaller volumes, however smaller volumes should be specified before trading.

Section 3.8 Basis – Information has been added related to Bills/OIS basis swaps (BOBs). The conventions were previously silent on detail relating to BOBs.

There have been some other minor changes to the document to provide more detail and ensure consistency. These changes do not impact any of the current IRS conventions.

If you have any concerns or questions regarding the convention changes please contact John Groom, Director Operations and Compliance via email - john.groom@nzfma.org.