

# BROKER (INTERBANK) TRADE CONVENTIONS



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## 1. Interest Rate Swaps (NZD)

Start date:	Spot (2 business days following the transaction date)
Maturity date:	As agreed
Fixed rate payment frequency:	Semi annual
Floating rate payment frequency:	Quarterly
Business days for payments:	New Zealand
Business days for fixings:	New Zealand
Rate set lag for fixing:	Zero
Business day convention:	Modified following

## 2. Overnight Index Swaps (OIS)

Start date:	As agreed
Maturity date:	As agreed
Fixed rate payment frequency:	Bullet for less than 1y / Annually for 1y+
Floating rate payment frequency:	Bullet for less than 1y / Annually for 1y+
Payment Lag:	2 Days
Business days for payments:	New Zealand
Business days for fixings:	New Zealand
Business day convention:	Modified following

## 3. Forward Rate Agreements (FRA's)

Start date:	As agreed
Maturity date:	As agreed
Fixed rate payment frequency:	As agreed
Floating rate payment frequency:	Quarterly
Standard Market Parcel:	100 Mio
Business days for payments:	New Zealand
Business days for fixings:	New Zealand
Rate set lag for fixing:	Zero
Bus day convention:	Modified following



## 4. Cross-Currency Floating vs Floating (Basis) Swaps (NZD vs USD)

Start Date: Spot  
Maturity Date: As agreed

### NZD Side:

Floating rate payment frequency: Quarterly  
Business days for payments: New Zealand, New York, London  
Business days for fixings: New Zealand  
Rate set lag for fixings: Zero  
Business day convention: Modified following

### USD Side:

Floating rate payment frequency: Quarterly  
Business days for payments: New Zealand, New York, London  
Business days for fixings: London  
Rate set lag for fixings: 2 business days  
Business day convention: Modified following.

### Principal Adjustments:

The USD principal shall reset on each payment date (excluding the start and maturity dates) as follows:

Page for resets: WM Reuters NZD Fix (TR page NZDFIX/BB page NZFM7)  
Business days for reset fixing: New Zealand, New York, London.  
Rate set lag for fixing: 2 business days

### Principal Exchange:

There shall be a full exchange of principal at both the start and maturity date of the swap (although note that the exchange on Maturity shall be adjusted as per the "Principal adjustments" above).

## 5. Right to Break Clauses

For any deals with a maturity date which exceeds the start date by more than five years, right to break clauses shall apply after five years and then annually thereafter.

The right to break shall be on the annual anniversary of the deal date (not the start date). The last right to break shall be on the annual anniversary of the start date which is approximately a year prior to the maturity date. i.e. there shall be no right to break on the annual anniversary of the deal date which occurs immediately prior to the maturity date of the swap (as this is clearly unnecessary).



For example, in the case of a 10-year swap transacted on 1 August 2007 with a start date of 3 August 2007 the right to break dates would be:

- 1 August 2012
- 1 August 2013
- 1 August 2014
- 1 August 2015
- 1 August 2016

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