



MEDIA RELEASE

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ASX Markets Supervision: new structure to operate from 1 July

The Australian Stock Exchange is set to launch the new market supervision arrangements announced in December last year, to strengthen market integrity and bring greater transparency and accountability to its supervisory operations.

From 1 July 2006, all ASX's supervisory operations will be conducted by a subsidiary company: ASX Markets Supervision Pty Ltd. ASX Markets Supervision will operate under its own Charter and in line with its own principles-based approach to supervisory operations.

The members of the ASX Markets Supervision board, appointed on a 12-month rolling basis, are:

- Maurice Newman, chairman, who is also chairman of ASX Limited;
- Michael Sharpe, an ASX Limited director and chair of its Audit and Risk Committee;
- Jillian Segal, an ASX Limited director; and
- Tom Parry, an independent external director.

Another independent external director will also be appointed to the board. ASX is finalising this appointment and an announcement is expected shortly.

Under the new structure, ASX supervisory operations will be conducted by existing Market Supervision staff reporting to the Chief Supervision Officer (CSO). The CSO position has been filled by Eric Mayne, currently ASX's Group Executive, Market Supervision. As previously announced, the CSO will report to the Board of the subsidiary company on operational supervisory matters.

The new subsidiary company will be responsible for monitoring the conduct of market users and their compliance with ASX's Operating Rules, enforcing the Operating Rules, and ensuring that sufficient resources are allocated to it to perform its supervisory functions. It will also have primary responsibility for monitoring the handling of conflicts between the commercial and supervisory interests of ASX.

These new arrangements enable ASX to reinforce the confidence of listed entities and investors, continue to address the perception of conflicts between ASX's commercial and supervisory operations, and minimise the costs of compliance for market users.

ASX Limited remains the licensed operator of its markets, as required under corporations law, and continues to be subject to the conditions of those licences.

In addition, the existing oversights of ASX supervision provided by the Australian Securities and Investments Commission (ASIC) and ASX Supervisory Review (ASXSR) will continue.

Mr Mayne said: "ASX regards its supervisory role as a core commercial responsibility and not only a legal obligation imposed by its statutory licence. The creation of ASX Markets Supervision, underpinned by our strong track record in carrying out supervisory activities, marks a new chapter in our evolution as a listed exchange.

"ASX's markets are highly regarded internationally for their integrity and transparency. To continue to compete effectively with exchanges around the world, we need to demonstrate that our markets are highly efficient and transparent, and fully able to justify the confidence placed in them by companies and investors. Our new supervisory structure helps ASX achieve this," he said.

Attached to this release are the Charter of ASX Markets Supervision, directors' biographies and organisational structure.

ASX announced the decision to create a new supervisory company on 15 December 2005. The original media release is available at: www.asx.com.au/media.

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