



# MARKET ANNOUNCEMENT

26 June 2007

## ASX Cash Market Pricing Update

In April 2007, ASX Limited (ASX) provided an update on Cash Market fees<sup>1</sup>. In that announcement, ASX detailed a new cash market rebate scheme to commence 1 July 2007: the Large Participant Rebate (LPR) scheme. The LPR will more equitably share the benefits from increased market activity through a gain-share process biased in favour of participants (75:25) above a revenue growth qualification threshold. This announcement contains specific details of LPR-related thresholds. ASX has also clarified that the clearing fee for crossed trades will be capped.

As well as accommodating recent robust trading activity from an operational perspective, ASX has been successful in achieving its merger-related expense saving targets faster than expected. Consequently, ASX will provide an additional increase in cash market rebates for SVIP<sup>2</sup> qualifying participants in the current financial year of \$8.5 million. This will increase total FY07 cash market rebates from approximately \$16 million to over \$24 million, and broadly reverses the lowering of cash market rebates that occurred prior to the ASX/SFE merger that was primarily attributable to the capped nature of the SVIP rebate scheme. In effect, this pays rebates to participants as if a 75:25 gain-share in favour of participants had operated since 1 January 2007 mirroring the implementation at that date of a 75:25 top rate gain share arrangement for the SFE derivative market.

### LPR Revenue Uplift Ratio

The total Cash Market revenue uplift threshold for FY08 is 12.5%. However transitional arrangements will ensure the same rebate is paid, in FY08 as in FY07, if revenue growth is between zero and 12.5%. This is the percentage increase in ASX's pre-rebate total cash market revenue at which total FY08 rebates will match total FY07 rebates.

One-off transitional arrangements will apply in FY07 for the implementation of the LPR. These arrangements ensure that in FY08 participants qualifying for an LPR allocation will receive at least the same overall financial benefit (through the LPR scheme and other fee reductions) as received in total rebates in FY07, provided ASX cash market revenues reach FY07 levels.

FY07 rebates for purposes of both the uplift percentage and transitional rebate guarantee include the \$8.5 million additional rebate announced above.

### LPR Participant Thresholds

<sup>1</sup> Please see 17 April 2007 ASX Cash Market Fee Update market announcement.

<sup>2</sup> Supplementary Volume Incentive Plan

The individual participant LPR qualification threshold for FY08 is \$5.0 million. This is the amount of cash market fees a participant pays to ASX for the 12 months to 30 June 2008 to qualify for an allocation from the LPR pool.

### **Final LPR Thresholds**

Final details for the FY08 LPR scheme will be advised in August 2007. Final details will include:

- Total pre-rebate cash market revenue from where the LPR pool starts to accrue;
- Total FY07 rebates paid forming the basis for FY08 transitional arrangements.

### **LPR Scheme Allocations**

Following the announcement of 2007/8 Fees and Charges, after which ASX received a number of queries from participants, ASX wishes to clarify the basis of allocations from the LPR pool.

Allocations from the LPR pool will be a pro-rata of total cash market fees paid by a Participant Group. The definition of Participant Group fees for this calculation is total cash market revenue (trading, clearing and settlement revenue) derived by ASX from all of an organisation's 50% or more owned trading and clearing participants.

### **Crossed Trade Clearing Fee**

Following further customer consultation, ASX is clarifying that a cap of \$5 per side will exist on the 0.05 basis point crossed trade clearing fee to be introduced from 1 July 2007. This change is consistent with ASX's value proposition for clearing crossed trades and recognises the confirmation and registration services that ASX provides.

The capping of the crossed trade clearing fee follows the previously announced reductions to the trade fee for off-market (i.e. special) crossings from 0.280 to 0.075 basis points per side of trade value capped at \$75; and the reduction of the trade fee for on market crossings from 0.280 to 0.150 bps per side of trade value capped at \$75. These changes represent a substantial reduction in the costs of executing large transactions. When calculated in conjunction with the LPR, these fee reductions are even more substantial.

### **GST Impact**

All ASX prices, rebate estimates and rebate hurdles are quoted exclusive of GST.

### **For further information:**

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