



## MEDIA RELEASE

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### ASX to Use Markit's Dividend Forecasts for Equity Options Pricing

The ASX Group (ASX) announces it will use Markit's dividend forecasts in its equity options pricing model.

David Stocken, Senior Manager, Institutional Sales at the ASX said: "Dividend forecasts are one of the components used to price options. The use of Markit dividends in the ASX equity option pricing model is expected to further enhance the accuracy and integrity of the settlement prices generated by the ASX."

ASX will use the Markit dividend estimates to calculate the theoretical implied volatility for individual option series in the ASX ETO market. By subscribing to a professional consensus dividend estimation service, dividends used in the ASX equity options pricing model will be more aligned with professional market expectations.

Niall Cameron, Executive Vice President at Markit said: "We are delighted that the ASX has decided to adopt Markit's dividend forecasts as an input into their settlement pricing model. Accurate dividends and ex-dividend dates are a key component of derivatives calculations, the lack of which can result in significant mis-pricing."

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