



MARKET ANNOUNCEMENT

JOINT NEWS RELEASE

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New ASX-SGX governance arrangements and commitments to strengthen the merger proposal

- Equal number of Australian and Singaporean directors
- Commitments to maintain operations, assets and key staff in Australia
- Commitments to invest in, develop and introduce new products and services in Australia and Singapore

ASX Limited (ASX) and Singapore Exchange Limited (SGX) have agreed to make changes to the governance arrangements of, and provide further commitments in connection with, their merger proposal, which will strengthen the development of the financial services sectors and the national interests of both Australia and Singapore.

This follows engagement by both parties with a wide range of stakeholders since the merger proposal was announced on 25 October 2010.

David Gonski AC, Chairman of ASX, said: "Recent developments in global exchange mergers affirm the judgement of the ASX Board that ASX must participate in regional and global consolidation.

"The changes and commitments announced today, combined with existing regulatory protections, strengthen our belief that the ASX-SGX merger proposal is in the best interests of shareholders and in the national interest of Australia."

Chew Choon Seng, Chairman of SGX, said: "These commitments demonstrate SGX's belief in the merits and benefits of the merger, address concerns that have been expressed, and provide further clarity as to how the merged entity will operate in the future to create growth and deliver value for shareholders and all stakeholders."

Key changes and commitments include:

Governance

1. There will be five Australian and five Singaporean citizens appointed to a 13 member Board of ASX-SGX Limited (ASX-SGX), which is reduced by two from the 25 October 2010 announcement. The Board will also include three international directors (initially, this will be those currently on the SGX Board, one of whom is the ASX-SGX Managing Director and CEO designate, Magnus Böcker). Subject to shareholder approval, the ASX-SGX Board will maintain these arrangements for five years.
2. ASX and all of its licensed subsidiaries, as well as ASX Compliance, will maintain Boards with a majority of Australian citizen directors and an Australian citizen as Chair.
3. Chew Choon Seng, current Chairman of SGX, will be Chairman of the combined group. David Gonski, current Chairman of ASX, will be the combined group's Deputy Chairman, as well as Chair of the ASX-SGX Integration Committee that will oversee a successful integration, with a focus on building centres of excellence in both Australia and Singapore.

4. ASX-SGX Limited will maintain a listing on both ASX and SGX exchanges, as previously announced.

Existing Australian operations

5. All physical assets required for the operation of ASX Group businesses, including listing, trade execution, clearing and settlement, and all dedicated data and data recovery centres will continue to be developed and located in Australia, and owned and operated by Australian incorporated entities.
6. Senior management, including the Australian business CEO role (designated as current ASX Deputy CEO, Peter Hiom), will continue to be based in Australia, accessible to customers and other stakeholders locally.
7. Companies and products listed and quoted on ASX exchanges will continue to be listed and quoted on these exchanges.
8. Clearing and settlement of trades conducted on any ASX operated licensed Australian market will occur in Australia.

Fees and capital investment in Australia

9. Fee structures in Australia will be responsive to the Australian commercial environment and will continue to be competitive. These fees will be set independently of, and without reference to, the fees charged by ASX-SGX Group for products and services in Singapore or any other jurisdiction in which the Group may operate.
10. To create and deliver growth in Australia, capital expenditure in Australia will be at least 5% of Australian operating revenue (excluding interest income) per annum with a minimum expenditure of A\$30 million in the first five years, in keeping with investment levels of recent years.

Future developments

11. ASX will continue to meet the needs of the Australian market for a comprehensive range of listing, trade execution, clearing, settlement and market information products and services for Australia's primary, secondary and derivative markets.
12. ASX-SGX will work closely with regulators in both jurisdictions and, subject to regulatory approval, introduce a range of initiatives as soon as possible, leveraging the strengths of both ASX and SGX, including:
 - **An Australian dollar interest rate swaps clearing facility for over-the-counter financial products** - this will support the growth of Australia's capital markets by strengthening links with global OTC markets and reduce systemic risks and costs to market users;
 - **A passport listings service** - initially available for the top 200 stocks, this will enable streamlined admission arrangements for SGX issuers to join ASX (and vice versa) to expand their Australian and Asian investor base and improve their access to capital;
 - **Mutual offset arrangements** – to enable holders of ASX and SGX derivatives positions to consolidate their exposures and reduce their costs;
 - **Cross product listing and cross access arrangements** - to enable ASX and SGX participants to gain access to the full suite of products offered by the ASX-SGX Group. This will improve distribution, liquidity and widen the breadth of product offering for ASX participants; and
 - **Wholesale and retail fixed income platforms** – to enable companies to improve access to, and reduce the cost of, debt capital and to provide alternative debt investment instruments for investors on a transparent and contemporary platform.

13. ASX-SGX Group is committed, consistent with regulatory requirements, to invest in Australia in the:
- **Number of companies** admitted to the official list of Australian licensed financial markets in the ASX Group;
 - **Breadth of products** and services quoted on ASX; and
 - **Network of ASX participants** facilitating access to ASX Group markets.
14. Centres of excellence will be based both in Australia and Singapore to drive product innovation, leverage relationships with intermediaries and liquidity providers, and to develop new international products and services that will be distributed to the Asia-Pacific marketplace.
15. Expansion will continue of the interest rate, equity, energy and environmental derivative product suite to meet the needs of market users for a wide range of trading and risk management instruments, with expertise and resources leveraged from both ASX and SGX.

No change to existing protections of Australia's national interest

16. Existing Australian regulatory oversight by Australian regulatory bodies, as well as Australian approval requirements for changes in the ownership of ASX-SGX, will continue following the merger of ASX and SGX.
17. The Australian operations will continue to be licensed under the Corporations Act and remain subject to oversight and annual assessment by the Australian Securities and Investments Commission (ASIC) and the Reserve Bank of Australia (RBA).
18. Changes to all ASX Operating Rules, including Listing Rules, will continue to be scrutinised by ASIC and be subject to Ministerial disallowance before becoming effective.
19. Changes to the capital structure of ASX clearing houses will continue to be regulated by the RBA.
20. Any proposed acquisition of a merged ASX-SGX will require approval under Australian law, including the approval processes of the Foreign Investment Review Board (FIRB), Treasurer and Corporations Act.
21. The ASX Corporate Governance Council will be maintained. The Chair of the Council will conduct a review as to how to work with regional counterparties to develop and harmonise corporate governance practices across the region.

Robert Elstone, Managing Director and CEO of ASX, said: "The recent merger announcements from LSE/TMX and Deutsche Borse/NYSE Euronext underscore the dynamic forces that are driving developments across the world's major licensed exchange market operators.

"The ASX-SGX merger will create the pre-eminent international exchange group in Asia-Pacific with long-term benefits for investors, listed companies and the shareholders of both ASX and SGX."

Magnus Böcker, Chief Executive Officer of SGX, said: "The combination of ASX and SGX, which creates and capitalises on the growth opportunities in Asia-Pacific, is compelling for shareholders and exchange users in both markets. We look forward to completing the merger and delivering the benefits for all stakeholders."

Merger process update

The Merger Implementation Agreement entered into on 25 October 2010 will be amended to reflect these changes and commitments.

SGX is now proceeding to finalise and lodge its formal application with the Australian FIRB. As approval processes are cleared, ASX and SGX will make market announcements and update shareholders on the process and schedule for shareholder meetings and implementation.

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