



MEDIA RELEASE

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ASX welcomes Government's commitment to develop a retail bond market

The ASX Group (ASX) welcomes today's announcement by the Treasurer Wayne Swan of the Government's commitment to work with industry to develop a deep and liquid retail corporate bond market in Australia.

ASX is particularly encouraged that the Government recognises the important role that retail access to exchange-traded Commonwealth Government Securities (CGS) can play in underpinning the establishment of a vibrant corporate bond market.

ASX has been exploring how retail investors can best access the CGS market for several years, and has been in regular dialogue with Treasury and the Australian Office of Financial Management (AOFM).

ASX believes that quoting CGS on exchange and allowing retail investors to buy and sell CGS in the transparent, cost-effective and secure way they already trade shares will:

- improve Australia's economic competitiveness by generating the critical investor and asset class base on which the corporate bond market can be built;
- diversify and reduce volatility in Australia's savings pool by allowing retail investors to broaden their investments beyond equities and into a fixed income asset class; and
- reduce Australia's reliance on offshore funding and exposure to movements in foreign exchange rates by mobilising greater domestic savings for investment in local infrastructure and corporate expansion.

ASX's proposal involves the quoting of CGS on ASX (and on any other venue that has links to the existing clearing and settlement services of CHES), allowing for CGS to be bought and sold in the same manner as other ASX-quoted securities.

ASX looks forward to presenting to Treasury its proposal for developing the retail CGS market.

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