



MEDIA RELEASE

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First trade cleared by ASX OTC Derivatives Clearing Service

ASX's OTC Derivatives Clearing Service cleared its first Australian dollar interest rate swap trade today – an over-the-counter transaction between Commonwealth Bank of Australia and Deutsche Bank - marking an important milestone in ensuring Australia has world-class financial market infrastructure.

ASX's OTC Derivatives Clearing Service became available on 1 July 2013. It provides central counterparty clearing for standardised OTC-traded Australian dollar interest rate derivatives, a market with an annual turnover of around \$15 trillion according to the most recent figures (FY12). The availability of the service aligns with Australia's G20 commitments on central counterparty clearing of interest rate swaps.

David Farr, Chief Operating Officer Global Markets of Commonwealth Bank of Australia, said: "The successful launch of ASX's OTC Clearing Service represents an important step in the delivery of key financial markets infrastructure for Australian OTC market participants. ASX's engaging and collaborative approach in developing its OTC service has ensured that key domestic market requirements have been met, alongside delivering international best practice in OTC Clearing."

Peter Connor, Co-Head of Markets Prime Finance, Asia Pacific, of Deutsche Bank, said: "We have long supported a domestic OTC service as a way to ensure that the Australian OTC markets continue to function in an orderly way. Over the past two years we've worked hard to bring this vital risk-management infrastructure to life in a way that benefits international institutions, local participants and end-users."

Peter Hiom, Deputy CEO of ASX, said: "ASX is very grateful for the support we are receiving from our clients. We recognise the significant work all our foundation customers are undertaking to ready themselves for the ASX OTC Derivatives Clearing Service, and we look forward to admitting all of them as participants over the coming months."

"We believe the investments ASX is making in post-trade services, such as OTC derivatives clearing, are critical for the ongoing competitiveness and relevance of Australia's financial markets. Having these services based in Australia is important for Australian asset managers who are seeking to retain their collateral onshore and access the capital efficiency of clearing OTC and exchange-traded derivatives together."

ASX is working with nine foundation customers to develop the dealer-to-dealer aspect of the clearing service - ANZ, CBA, Citi, Deutsche Bank, JP Morgan, Macquarie Bank, NAB, UBS and Westpac. Each has signed a non-binding commitment to help develop and become users of the service once they finalise their own operational readiness before 1 January 2014. It will provide the basis for the delivery of a client clearing service, scheduled for commercial launch by Q2 2014.

The ASX OTC Derivatives Clearing Service will provide significant risk and operational benefits to ASX customers, including giving Australian investors access to a domestic solution where collateral is kept onshore and subject to Australian laws and regulations.

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