



MEDIA RELEASE

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ASX participants support implementation of OTC clearing solution for Australian market

ASX has received approval from the required majority of its 14 futures clearing participants for the rule amendments to implement a new OTC Derivatives Clearing Service for the Australian market.

ASX will now proceed to seek formal regulatory clearance for the service. ASX expects to have its OTC Derivatives Clearing Service operationally ready next month, subject to receiving regulatory approval.

The ASX OTC Derivatives Clearing Service will allow for the central clearing of standardised Australian dollar denominated interest rate swaps. The notional value of transactions in this market was almost A\$18 trillion last financial year.

ASX has been working with seven local and international banks on the development of the OTC Derivatives Clearing Service. These banks constituted the initial foundation customers that supported ASX in the design of the service. Given the level of interest in the service, ASX will re-open the foundation customer program until 21 June 2013.

ASX's OTC Derivatives Clearing Service will provide the basis for the delivery of a client clearing service, which is scheduled for the end of 2013. ASX is working with nine major Australian asset managers and state government treasuries, representing over A\$750 billion in assets, on the design of a client clearing solution.

ASX's client clearing service will provide important new risk management controls to Australian investors and asset managers, giving them the choice to protect their individual positions and collateral in the event of a participant default. It will also give Australian investors access to a domestic solution where collateral is kept onshore and subject to Australian laws and regulations.

The ASX investments are designed to give Australian investors access to world-class financial market infrastructure, and will allow Australia to deliver on its G20 commitments.

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