



MEDIA RELEASE

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ASX offers to invest in Yieldbroker

ASX and Yieldbroker today announced that ASX has made a binding proposal to Yieldbroker's shareholders to acquire a 49% shareholding in Yieldbroker for a total of \$65 million. This would make ASX a significant investor alongside ANZ, CBA, Citi, Deutsche Bank, J.P. Morgan, Macquarie, NAB, RBC, RBS, Toronto Dominion, UBS and Westpac.

If completed, ASX's stake will be non-controlling and Yieldbroker will remain independently managed.

Yieldbroker is an Australian financial services success story. It specialises in operating licensed electronic markets for trading over 800 Australian and New Zealand debt securities and interest rate derivatives, including Australian government and semi-government bonds, treasury notes, corporate bonds, floating rate notes, New Zealand government bonds, interest rate swaps, overnight index swaps, forward rate agreements and bank bills. Yieldbroker's reputation for creating orderly, efficient and transparent trading markets has earned it the trust of the world's most respected financial organisations: more than 100 banks and financial institutions globally are connected to Yieldbroker's markets, trading an average of \$130 billion each month.

Yieldbroker also operates the auction platform for debt securities issued by the Australian and New Zealand governments and several Australian state governments. It has received 'no-action' relief from the US Commodity Futures Trading Commission (CFTC), allowing it to provide direct access to US persons to transact interest rate swaps on its market.

Mr Elmer Funke Kupper, ASX Managing Director and CEO, said: "Yieldbroker is a leader in electronic trading in the Australian over-the-counter (OTC) debt and interest rate derivatives markets, and ASX's proposed investment would complement our exchange-traded derivatives, OTC clearing and collateral management services. ASX sees an opportunity for ASX and Yieldbroker to work together to deliver the next generation of Australia's financial market trading infrastructure. ASX can also provide support for Yieldbroker's growth ambitions in domestic and international markets.

"Exchange-traded and OTC derivatives markets are experiencing considerable change globally. This proposed investment provides another way that ASX can improve liquidity and develop infrastructure to provide efficiencies to our customers, who access both OTC and exchange-traded products.

"ASX is a leader in operating exchange-traded financial markets, including derivatives. In the 2014 financial year, notional turnover in the Australian dollar interest rate futures market was \$42 trillion, ranking it the largest in Asia and among the top five globally. The investment in Yieldbroker is consistent with ASX's long-term commitment to grow the A\$ and NZ\$ derivative markets."

Mr Richard Swift, Yieldbroker CEO, said: "ASX's offer to become Yieldbroker's 13th industry shareholder is a strong endorsement of the Yieldbroker business model, a model that is focused on close and continuous engagement with our customers and agile technological innovation and development.

"Our skilled team of achievement-driven professionals has enabled Yieldbroker to become the gateway to Australia's debt and interest rate OTC derivatives markets in just 15 years since the business was founded. We look forward to partnering with ASX to accelerate the company's growth and to capitalise on opportunities for additional products.

Under the terms of the proposed investment, Yieldbroker will remain an independent business focused on providing transparent, liquid and competitive markets to banks, corporates and governments."

Yieldbroker's independent Chairman Mr Richard Korhammer, said: "Markets infrastructure has evolved rapidly in recent years and Yieldbroker has been at the forefront of this innovation. This investment from ASX, along with the continued support of our existing bank shareholders, will help to ensure Yieldbroker remains agile enough to continually offer new and relevant products to our customers both locally and overseas."

The transaction is supported by both companies' boards, and is subject to satisfactory acceptances from Yieldbroker shareholders and completion of ASX's final due diligence, which is expected in coming months. The investment would be funded from ASX's existing cash resources and be broadly EPS neutral in the first full-year.

Contacts:

Media – Yieldbroker

Anthony Tregoning
Financial & Corporate Relations
Tel: +61 2 8264 1000
Mobile: 0411 852 448
a.tregoning@fcr.com.au

Media – ASX

Matthew Gibbs
General Manager, Media and Communications
Tel: +61 2 9227 0218
Mobile: 0411 121219
matthew.gibbs@asx.com.au

Investor Relations/Analysts – ASX

Stephen Hammon
General Manager, Finance
Tel: +61 2 9227 0260
Mobile: 0488 212755
stephen.hammon@asx.com.au

Notes to editor:

Yieldbroker

Founded in 1999 by leading banks in local debt markets, Yieldbroker holds an Australian Markets Licence and is regulated by the Australian Securities and Investments Commission (ASIC). Today, more than 100 major financial institutions access over 800 debt securities and OTC interest rate derivatives on our exchange, trading approximately \$130 billion each month.

www.yieldbroker.com

ASX

ASX is one of the world's leading financial market exchanges, offering a full suite of services, including listings, trading, clearing and settlement, across a comprehensive range of asset classes. As the first major financial market open every day, ASX is a world leader in raising capital, consistently ranking among the top five exchanges globally.

www.asx.com.au