



MEDIA RELEASE

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Launch of ASX Equity FlexClear™

ASX today announced the launch of ASX Equity FlexClear™, a service allowing institutional investors to centrally clear over-the-counter (OTC) equity options transactions at ASX.

The launch of ASX Equity FlexClear™ expands the clearing services available to Australian market participants and complements the existing exchange-traded options (ETOs) market provided by ASX. By giving investors greater choice and flexibility, ASX Equity FlexClear™ helps reduce the regulatory costs of OTC transactions and improves capital efficiency by providing margin offsets between OTC portfolios and ASX equity derivative contracts.

ASX Equity FlexClear™ offers the 'best of both worlds' by combining features from both the OTC and exchange-traded options markets. The benefits for investors include:

- **Choice and flexibility** – customers can set their own maturity date, exercise style and strike price for an option trade. This includes OTC transactions with the same characteristics as ASX exchange-traded derivatives.
- **Anonymity** - the parties to a trade have complete market anonymity.
- **Reduced counterparty risk** - ASX's clearing house becomes the buyer to every seller, and the seller to every buyer.
- **Improved valuation quality** – settlement prices and corporate action adjustments are managed in the same way as for ASX ETOs.
- **Liquidity** – OTC trades will benefit from the substantial liquidity within the ASX ETO market, with average daily volume of nearly 500,000 contracts traded and a total notional value traded in excess of \$600 billion in FY15.

Mr Peter Hiom, ASX's Deputy CEO, said: "ASX Equity FlexClear™ will bring the substantial operational, netting and collateral efficiencies to the Australian OTC equity derivatives market. This is the latest addition to ASX's range of world-class exchange-traded and OTC clearing services. We remain absolutely focused on providing the services our clients demand in Australia and for the Australian financial market."

Clearing participants ABN Amro, Bell Potter, Credit Suisse, Macquarie and Pershing are supporting ASX Equity FlexClear™ from the launch day. Bank of America Merrill Lynch, Goldman Sachs, Deutsche Bank, Morgan Stanley and UBS have indicated they will be offering the service in coming months.

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