



Media Release

4 March 2016

T+2 SETTLEMENT BEGINS IN AUSTRALIA ON MONDAY 7 MARCH 2016

Share market trades conducted from next Monday 7 March 2016 in Australia will settle one business day earlier – two days after the trading day, known as T+2.

Reducing the settlement period from the current T+3 cycle creates capital and margin savings for industry, and a faster settlement of transactions for investors, meaning they receive their cash or securities sooner. It also lowers systemic risk for the market as a whole by reducing counterparty risk for individual investors, participants and the clearing house. The move to T+2 keeps Australia aligned with global best practice.

The adoption of T+2 settlement is the culmination of an extensive two-year consultation and testing program led by ASX and strongly supported by Australia's securities industry. There was 100% attestation of T+2 readiness from the more than 100 directly relevant market participants, including brokers, clearers, system vendors and market operators. There was also endorsement from the Business Committee, comprising industry representatives under ASX's Code of Practice for the clearing and settlement of cash equities in Australia.

T+2 settlement already operates in a number of major markets, including Europe and Hong Kong. The United States and Canada have proposed moving to T+2 in September 2017.

The NZX has confirmed that New Zealand will also transition to a T+2 settlement cycle for all trades executed on its cash markets on Monday 7 March, ensuring trans-Tasman alignment.

In addition, the Australian Financial Markets Association (AFMA) will move to T+2 settlement for Australian fixed income products on 7 March 2016, creating consistency between the cash and debt markets.

Peter Hiom, Deputy CEO of ASX, said: "The move to T+2 settlement is an important milestone in improving the efficiency and competitiveness of the Australian market, and delivers genuine benefits for participants and investors. The initiative has required the close collaboration of many of our customers across the equity and fixed income markets, both in Australia and New Zealand. We thank them for their support, hard work and determination."

"T+2 gives Australia a significant competitive advantage at a time when global investors are yearning for confidence, transparency and certainty," said **Andrew Green, CEO of the Stockbrokers Association of Australia**. "The ASX and stockbrokers are to be commended for the seamless transition, a transition that has only been possible because of the thousands of hours of effort invested by both the ASX and back office staff at stockbroking firms across Australia."



Paul Rayson, Managing Director, CommSec, said: "Due to early planning and excellent coordination across the industry, we are well prepared for the change to T+2. That planning will be put to the ultimate test next week and we are ready to help our clients through this important change."

"The move to T+2 is positive and puts Australia in line with a number of other global markets," said **Mark Wootton, Chair of the Custody Operations Working Group, Australian Custodial Services Association (ACSA)**. "The ASX and ACSA have worked closely together to ensure all avenues have been explored to enable a seamless transition to T+2."

Further enquiries:

Media

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