



Media Alert

26 September 2018

ASX OTC Client Clearing Launched by J.P. Morgan

ASX and J.P. Morgan today announce that J.P. Morgan is the first ASX OTC Clearing participant to launch an agency clearing service for Australian and New Zealand dollar denominated OTC derivatives, having successfully cleared a trade for one of its clients.

ASX operates a fully developed OTC Clearing service, providing global standard API connectivity, 24-hour clearing, AUD and NZD product coverage, and a fully automated cross-margining facility.

Today confirms the first cleared *client* transaction. ASX's *dealer to dealer* service has been in operation since 2013, clearing \$6.3 trillion in notional value last financial year.

Helen Lofthouse, Executive General Manager Derivatives and OTC Markets at ASX, said: "J.P. Morgan's access to ASX's OTC Client Clearing service demonstrates its [JPM's] commitment to providing the best solutions for its clients. It also shows ASX's determination to develop services valued by the market, which includes local clearing that's open throughout the Australian and New Zealand time zone."

Please see the attached announcement for further information.

News release

J.P. MORGAN LAUNCHES OTC CLIENT CLEARING FOR AUD AND NZD USING ASX CLEARING SERVICE

Sydney, September 26, 2018 – J.P. Morgan and the Australian Securities Exchange (ASX) today announced that J.P. Morgan is the first ASX Over the Counter (OTC) Clearing participant to launch an agency clearing service for Australian (AUD) and New Zealand (NZD) dollar denominated OTC derivatives, having successfully cleared a trade for one of its underlying clients.

J.P. Morgan's launch underscores its commitment to clearing and the OTC derivatives market, and capitalises on ASX's technology investment in the area.

"This investment underlines our commitment to the Australian and New Zealand marketplace, and the Asian marketplace in general," said David Martin, Head of Asia Clearing at J.P. Morgan. "We are pleased that we are able to offer our local and global clients greater choice and improved operational efficiency in the ever-evolving OTC derivatives clearing market.

"Clients need a clearing broker whose business model continues to evolve and a product offering that continues to expand.

"Globally, we are focused on broadening the portfolio of products that we can clear for our clients, and expanding the list of clearing houses that we can support.

J.P. Morgan's approach also allows our clients to use the depth of our local Markets franchise and our ability to make markets at the ASX," he said.

ASX operates the largest listed interest rate derivatives market in Asia (with annual notional turnover of \$53 trillion) and has a fully developed OTC Clearing service, which provides global standard API connectivity, 24-hour clearing, AUD and NZD product coverage, and a fully automated cross-margining facility. ASX has attracted meaningful market share to its dealer to dealer OTC clearing service, which has been in operation since 2013, clearing \$6.3 trillion in notional value last financial year.

Helen Lofthouse, Executive General Manager Derivatives and OTC Markets at ASX, said, "ASX operates at the heart of the Australian and New Zealand financial markets and has invested in capital efficient OTC Clearing infrastructure as a key part of its broader Rates ecosystem.

"J.P. Morgan's access to ASX's OTC Client Clearing service demonstrates its commitment to providing the best solutions for its clients. It also shows ASX's determination to develop services valued by the market, which includes local clearing that's open throughout the Australian and New Zealand time zone."

Among the many advantages of the J.P. Morgan clearing solution is that Australian-domiciled clients will benefit from being able to keep all of their AUD and NZD

cleared derivative trades in one clearing house, operating within a single legal construct and leveraging local infrastructure.

“Our investment in product development responds to the needs of our domestic institutional investor clients that can benefit from a local solution,” said David Stinson, Futures & Options and OTC Clearing at J.P. Morgan.

“J.P. Morgan’s solution offers greater efficiency that will also help clients with their risk management strategies.

“Clients that are trading AUD and NZD overnight index swaps and interest rate swaps will be able to take maximum advantage of a local clearing provider open through the Australian business day, realising both the operational and risk benefits of seeing their positions updated and refreshed in a local time zone, in local currency.

“In addition, we understand that clients need solutions to optimise the performance of their cleared portfolios, minimising the amount of margin they have out to the street.

“By supporting the cross-margining facility that ASX offers across its cleared interest rate derivatives, we are extending this benefit to buy-side clients and allowing them to access funding and margin efficiencies,” Mr Stinson said.

Allan McGregor, Senior Manager Derivatives and OTC Markets at ASX said, “ASX’s automated cross-margining facility is already used by banks, including J.P. Morgan, to generate margin savings through the combined risk management of highly correlated ASX futures and OTC products.

“This facility is now accessible to buy-side firms and hedge funds, which is particularly important given the global and domestic roadmap towards mandatory bilateral margining rules for non-centrally cleared OTC derivatives,” he said.

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About J.P. Morgan

JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of US\$2.6 trillion and operations worldwide. The Firm is a leader in investment banking, financial services for consumers and small businesses, commercial banking, financial transaction processing, and asset management. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of customers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands. Information about JPMorgan Chase & Co. is available at www.jpmorganchase.com.

About ASX

ASX operates at the heart of the Australian and New Zealand financial markets, and is one of the top 10 securities exchanges in the world. Its integrated listings, trading, clearing and settlement businesses provide customers with efficient access to, and

exchange of, capital, management of risk, and provision of data and other solutions. ASX operates across multiple asset classes including equities, fixed income, commodities and energy. ASX has a history as an early and successful adopter of new technology, and continues to embrace innovative solutions to make business easier for its customers, create value for shareholders, and contribute to the quality and growth of the Australian economy.

Media Contacts:

Andrew Donohoe
J.P. Morgan
andrew.m.donohoe@jpmorgan.com
Mobile: 0410 579 695

Matthew Gibbs
GM, Media & Communications, ASX
Matthew.Gibbs@asx.com.au
Tel: +61 2 9227 0218
Mobile: 0411 121 219