

OTC Clearing

ASX's OTC Clearing service is the natural home of AUD OTC liquidity. Delivered as a key part of ASX's Interest Rate franchise, alongside ASX's existing Futures offering, the service is tailor made to meet the risk management needs of the Australian market, whilst adhering to the highest global risk and regulatory standards.

Australian focus

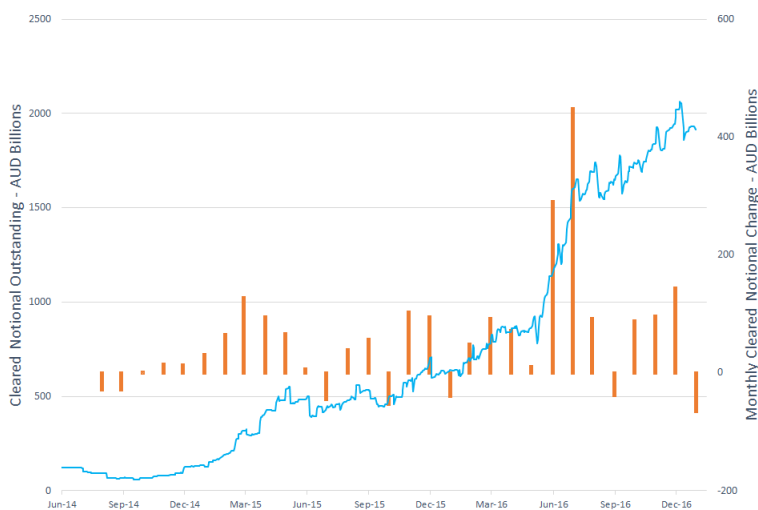
The Australian market will always be most important to ASX; with over 500 staff based in Sydney dedicated to business, technology, operations and risk management.

This local focus means ASX naturally has the deepest understanding of Australian regulation, onshore default management, collateral custody and bankruptcy treatment, as well as the deepest connections into the local market to take effective and efficient action

The natural home of A\$ OTC liquidity

With eight active clearing members, ASX's OTC Clearing service has cleared trillions in notional value of AUD interest rate swaps. Notional outstanding continues to grow and is an important indicator of the markets growing confidence in the pool of liquidity that ASX cleared swaps represent.

Notional Outstanding



Platform efficiency

ASX OTC Clearing is focussed on delivering market-aligned best practice, including:

1. 24 Hour Clearing between Monday 12.01am and 7.00am Saturday AEST.
2. Cross-product margin offsets between interest rate futures and OTC derivatives delivers significant initial margin reductions
3. Industry approved margining model based on a historical Value at Risk (VaR) methodology
4. Market standard connectivity via the MarkitSERV OTC Trade Affirmation platform
5. Distribution via OTC trading platforms
6. Large range of acceptable collateral with access to centralised Collateral Management through ASX Collateral¹
7. Austraclear connectivity

Skin in the game

ASX contributes A\$450m (70% of the total fixed capital contributions) to ASX (Clear) Futures' integrated default fund providing protection to users of ASX's OTC and Futures products.

This significant contribution illustrates ASX's commitment to providing improved capital, collateral and operational efficiencies and reduced systemic risk to its customers. Furthermore, the integrated default fund enables cross-product margin offsets to be provided to users of ASX's Futures and OTC products.

¹For more information on ASX Collateral, go to asx.com.au/asx-collateral



Enhanced customer protection

The ASX Client Protection Model supports the Client Clearing Service and creates a higher level of customer protection in two key areas:

1. **Account Segregation** – The Model introduces the Individual Client Account (ICA) alongside the Client Omnibus (or traditional 'pooled') account, offering customers a choice of clearing accounts. The ICA's structure segregates an individual customer's gross positions and associated collateral value from those of the Client Omnibus account. The ICA structure can also identify customers' specific collateral and protect excess collateral.
2. **Account Portability** – The Model affords further protection to those customers who opt for an ICA account, by giving them the opportunity to transfer ('port') their positions to a named alternate clearer, if their current clearer defaults. If porting cannot occur, and ASX are required to terminate the contracts in the ICA, any remaining collateral value will be returned directly to the customer.

Broad AUD product offering

ASX's domestic focus means our OTC Clearing service can support a broad suite of AUD products including:

- **AUD Interest Rate Swaps**
 - BBSW 1m vs. Fixed (10yrs)
 - BBSW 6m, 3m vs. Fixed (30yrs)
- **AUD Overnight Index Swaps (3yrs)**
- **AUD Single Currency Basis Swaps**
 - BBSW 1m vs. BBSW 3m (10yrs)
 - BBSW 3m vs. BBSW 6m (30yrs)
- **AUD BOB Swaps**
 - BBSW 1m vs. AONIA (10 years)
 - BBSW 3m vs. AONIA (10 years)
 - BBSW 6m vs. AONIA (10 years)

ASX is continuing to work towards introducing additional AUD products and NZD Interest Rate Swaps in the future.

Further information

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03/17

