

ASXCC Investment Policy

ASX Clearing Corporation (ASXCC), a wholly-owned subsidiary within the ASX Group, manages the investment of cash financial resources for both ASX central counterparties (CCPs), ASX Clear and ASX Clear (Futures). The ASX CCPs assume the credit, market and liquidity risk of investing these funds. The cash financial resources of the ASX CCPs comprise CCP capital together with cash margins and default fund contributions received from clearing participants that are held on the balance sheets of the ASX CCPs.

The principal objective of the investment mandate is to ensure that the investment portfolio is made up of highly liquid financial instruments with a high credit quality and low levels of market risk. The primary driver of ASXCC's investment policy is the need to ensure timely and certain access to funds at all times, including in the event of a clearing participant default.

Investments are restricted to Australian Commonwealth and State Government Securities, either directly or via reverse repurchase, and also limited investments in highly liquid, short term investments with counterparties of high credit standing. The credit quality of investment counterparties takes into account both short and long term publically available credit ratings - eligible counterparties are required to meet minimum external (i.e. Standard & Poor's) short-term credit rating requirements. Counterparty limits are then assigned to each counterparty.

Approved investment products currently comprise:

- Australian Commonwealth Government Securities
- Australian State Government Securities
- Bank Bills, Negotiable Certificates of Deposits (NCDs) and Senior Debt Securities
- Bank fixed term deposits and overnight cash accounts
- Reverse Repurchases in Australian Commonwealth and State Government Securities

All AUD securities are required to be on the RBA's eligible securities list for re-purchase purposes.

Exposures within the investment portfolio are managed using several different limits. These include limits on portfolio average maturity, maximum investment tenor, concentration limits, maximum exposure to a single investment counterparty and market risk limits including VAR (value-at-risk) and PVBP (present value of a basis point) measures. The policy also specifies a minimum level of cash and cash equivalent holdings.

Adherence to investment limits is monitored on a daily basis by the ASX CCPs' risk management division.