



## **MEDIA RELEASE**

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### **ASX to List New Environmental Futures and Options Contracts**

The Australian Securities Exchange (ASX), operator of electricity and natural gas futures and options markets in Australia and New Zealand, has received regulatory clearance for futures and options contracts on Renewable Energy Certificates (REC). These contracts will be listed on Tuesday, 24 November 2009.

The introduction of ASX REC futures and options will support the Australian Government's Renewable Energy Target (RET) scheme, which is designed to ensure that 20% of Australia's electricity comes from renewable sources by 2020.

ASX has also received regulatory clearance for Certified Emission Reduction (CER) futures and options contracts, and these contracts will be listed in the first quarter 2010. ASX's CER futures and options contracts have been designed to service the specific requirements of prospective compliance entities in Australia and New Zealand, as well as investors and developers involved in Clean Development Mechanism projects.

Subject to the passage of the proposed Carbon Pollution Reduction Scheme legislation in Australia, ASX also intends (after regulatory clearance) to list futures and options on Australian Emission Units (AEU).

The introduction of REC, CER and AEU futures and options at ASX will enable market participants to manage their market risks and make informed investment decisions about climate change and related Government policies. The listing of these products will help firms in Australia and New Zealand to facilitate carbon trading, finance and investment, as well as to provide related risk and legal advisory services.

Given the penetration and liquidity of ASX's existing electricity futures markets in Australia and New Zealand, organisations accounting for over 50% of greenhouse gas emissions in both countries are already users of ASX market infrastructure.

ASX will enable market users to leverage existing financial market infrastructure developed for energy products servicing Australia and New Zealand. Users will also gain operational and capital efficiencies by clearing those products at a single clearing house, SFE Clearing Corporation, ASX's futures central counterparty clearing subsidiary. Flexible operating rules will also enable the clearing of over-the-counter (OTC) derivative transactions via block trading facilities.

This new range of products will complement existing ASX energy and environmental markets and products which inform investment decisions and assist in the transition to a less carbon intensive economy. For example, there are currently over 80 ASX-listed clean technology companies with a combined market capitalisation in excess of \$10.5 billion.

To assist with preparations for the listing of its new futures contracts, ASX will convene a lunch-time briefing for its Participants and interested parties in its Sydney auditorium on Monday, 19 October 2009. ASX will also convene briefings in Wellington, Singapore, Hong Kong, Tokyo, London, New York and Chicago.

## Background

The Australian Securities Exchange (ASX) operates the only futures exchange and clearing house servicing financial, commodity and energy markets in Australia and New Zealand. As a vertically integrated, multi-asset exchange group, ASX provides:

1. Companies impacted by climate change and related Government policies with access to capital;
2. Investors with opportunities to invest in an established renewable/clean technology sector; and
3. Forward price discovery and risk transfer for Australia's carbon intensive sectors through an established futures market and clearing house.

Key features and benefits of ASX's forthcoming REC, CER and AEU futures and options contracts include:

- A transparent forward price curve that can be referenced for investment, trading and risk management purposes;
- Flexible trading mechanisms that enable market participants to bi-laterally arrange transactions off-market;
- Simplified contractual arrangements that preclude the need to negotiate agreements with new counterparties in the OTC market;
- The effective mitigation of counterparty credit exposure, and margin offsets with related energy and environmental product futures contracts, through a well established futures clearing house;
- Hedge cover for new entrants (renewable energy/ clean technology companies);
- New opportunities for financial market participants to provide risk management services; and
- Seamless integration with existing financial institutions and brokers that already service the broader global energy and environmental markets.

For further information about ASX's Energy and Environmental products please visit [www.asx.com.au/energy](http://www.asx.com.au/energy) or contact:

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