

## **Explanatory Notes – Securities Lending Reporting**

The following provides information relating to the headers on each report.

### **Daily Market Report of Outstanding Borrowed Positions, by Security**

**ASX Code** is a unique code used by the Australian Securities Exchange (ASX) to identify listed companies.

**Company Name** is the complete name of a listed company, as reported to the ASX.

**Product/Class** is the class of security on issue. Securities are in the same class only if the same rights and obligations attach to them. Examples: FPO = Fully Paid Ordinary; FORUS = Foreign Ownership Restricted (United States of America); CDI = CHESSE Depository Interest.

**ISIN (International Securities Identification Number)** is a unique international code which identifies a securities issue.

**Reported Gross Outstanding Borrowed Stock (volume)** is the outstanding borrowed position in a given security, summed across reporting participants. For each reporting participant, this is the number of securities in the company that the reporting participant or any of its (non-participant) related bodies corporate have borrowed under a securities lending arrangement and not yet returned. Securities borrowed from a (non-participant) related body corporate, or included in the outstanding settled borrowed position of another reporting participant, are excluded from a reporting participant's submission. This volume includes *all* reported borrowings, some of which will support reporting participants' onward lending activity.

**Reported Gross Outstanding Borrowed Stock (value)** is the Reported Gross Outstanding Borrowed Position (volume) multiplied by the closing price of the security as at the report date.

**Reported Net Outstanding Borrowed Stock (volume)** is the net outstanding borrowed position in a given security, summed across reporting participants. For each reporting participant, this is the number of securities in the company that the reporting participant or any of its (non-participant) related bodies corporate have borrowed under a securities lending arrangement and not yet been returned, less any securities in the company that the reporting participant has loaned under a securities lending arrangement. Where the number of securities in the company on loan exceeds the number borrowed, the net borrowed position is zero. That is, a participant's Net Outstanding Borrowed Position is  $\text{Max}(\text{Reported Borrowed} - \text{Reported Loaned}, 0)$ . Securities borrowed from a (non-participant) related body corporate, or included in the outstanding settled borrowed position of another reporting participant, are excluded from a reporting participant's submission. Since this volume excludes

borrowing that supports reporting participants' onward lending activity, it provides a more relevant indicator of the net demand for securities borrowing in the market.

**Worked example**

*This example shows how the aggregate outstanding borrowed and net borrowed figures are calculated from participants' reported borrowed and loaned positions. The aggregate outstanding borrowed total is simply the sum of individual participants' reported borrowed positions. The net outstanding borrowed figure for each participant is that participant's reported outstanding borrowed position less its reported outstanding loaned positions, subject to a minimum net borrowed position of zero (i.e., a participant's Net Outstanding Borrowed Position is  $\text{Max}[\text{Reported Borrowed} - \text{Reported Loaned}, 0]$ ). The aggregate net outstanding borrowed position is simply the sum of net borrowed positions across participants.*

| <b>Participant</b>         | <b>Reported Borrowed</b> | <b>Reported Loaned</b> | <b>Total Gross Borrowed</b> | <b>Total Net Borrowed</b> |
|----------------------------|--------------------------|------------------------|-----------------------------|---------------------------|
| <u>Security A</u>          |                          |                        |                             |                           |
| Participant 1              | 100                      | 0                      | 100                         | 100                       |
| Participant 2              | 50                       | 100                    | 50                          | 0                         |
| Participant 3              | 0                        | 50                     | 0                           | 0                         |
| <b>Published aggregate</b> |                          |                        | <b>150</b>                  | <b>100</b>                |
| <u>Security B</u>          |                          |                        |                             |                           |
| Participant 1              | 100                      | 100                    | 100                         | 0                         |
| Participant 2              | 50                       | 100                    | 50                          | 0                         |
| Participant 3              | 0                        | 50                     | 0                           | 0                         |
| <b>Published aggregate</b> |                          |                        | <b>150</b>                  | <b>0</b>                  |

**Reported Net Outstanding Borrowed Stock (value)** is the Reported Net Outstanding Borrowed Position (volume) multiplied by the closing price of the security as at the report date.

**Daily Turnover (value)** is the value of all trades executed on the ASX market the previous Business Day to the report date.

**Reported Net Outstanding Borrowed Position (value) as a percentage of Daily Turnover (value).** This is included as an indicator of typical trading conditions in the market for a given security. Comparison of Reported Net Outstanding Borrowed Position (value) with Daily Turnover (value) may give an indication of the depth of

the market in which to access securities to meet settlement obligations should borrowed stock be recalled.

**Reported Stock Committed to Lending Arrangements Previous Quarter (value)** is the number of securities committed to lending arrangements as at the preceding quarter-end, multiplied by the closing price as at last Business Day of that quarter and summed across all reporting participants. For each reporting participant, the number of securities committed to lending arrangements is defined as the number of securities that are either on loan or available for loan to other parties (whether or not subject to any conditions) under securities lending arrangements, as at the end of the previous quarter. The reported value excludes securities that are either: included in the participant's securities borrowed position; included in another party's Reported Stock Committed to Lending Arrangements; or held by a participant or a (non-participant) related body corporate for the purpose of trading by the entity on its own behalf.

**Reported Net Outstanding Borrowed Position (value) as a percentage of Reported Stock Committed to Lending Arrangements Previous Quarter (value).** This is included as an indicator of conditions in the lending market for each security. Comparison of Reported Net Outstanding Borrowed Position (value) with Reported Stock Committed to Lending Arrangements Previous Quarter (value) provides a measure of utilisation and hence some indication of the availability of securities for lending, perhaps to meet a potential failed settlement. Since the Reported Stock Committed to Lending Arrangements Previous Quarter (value) is a snapshot at a point in time, it will become a less precise indicator over time.

**Market Capitalisation (value)** is the total number of securities on issue multiplied by their market price as at the previous Business Day to the report date. This can be applied to work out the market value of a company.

**Reported Net Outstanding Borrowed Position (value) as a percentage of Market Capitalisation (value).** This is also included as an indicator of conditions in the lending market for each security. It provides a gauge of how much of the securities on issue have been borrowed by reporting participants, though caution should be exercised in interpretation, since only a proportion of the securities on issue will be available for lending at any point in time.

## **Daily Market Report of Outstanding Loaned Positions, by Security**

**ASX Code** is a unique code used by the Australian Securities Exchange (ASX) to identify listed companies.

**Company Name** is the complete name of a listed company, as reported ASX.

**Product/Class** is the class of security on issue. Securities are in the same class only if the same rights and obligations attach to them. Examples: FPO = Fully Paid Ordinary;

FORUS = Foreign Ownership Restricted (United States of America); CDI = CHESSE Depository Interest.

**ISIN (International Securities Identification Number)** is a unique international code which identifies a securities issue.

**Reported Gross Outstanding Loaned Stock (volume)** is the outstanding loan position in a given security, summed across reporting participants. For each reporting participant, this is the number of securities in the company that the reporting participant or any of its (non-participant) related bodies corporate have loaned under a securities lending arrangement and not yet had returned. Securities loaned to a (non-participant) related body corporate, or included in the outstanding settled loaned position of another reporting participant, are excluded from a reporting participant's submission. This volume includes *all* reported loans, some of which would have been facilitated by a participant's borrowing activity.

**Reported Gross Outstanding Borrowed Stock (value)** is the Reported Gross Outstanding Loaned Position (volume) multiplied by the closing price of the security as at the report date.

**Reported Net Outstanding Loaned Stock (volume)** is the net outstanding loan position in a given security, summed across reporting participants. For each reporting participant, this is the number of securities in the company that the reporting participant or any of its (non-participant) related bodies corporate have loaned under a securities lending arrangement and not yet had returned, less any securities in the company that the reporting participant has borrowed under a securities lending arrangement. Where the number of securities in the company borrowed exceeds the number loaned, the net loan position is zero. That is, a participant's Net Outstanding Loaned Position is  $\text{Max}(\text{Reported Loaned} - \text{Reported Borrowed}, 0)$ . Securities loaned to a (non-participant) related body corporate, or included in the outstanding settled loaned position of another reporting participant, are excluded from a reporting participant's submission. Since this volume excludes loans supported by reporting participants' borrowing activity, it provides a more relevant indicator of the net demand for securities loans in the market.

#### ***Worked example***

*This example shows how the aggregate outstanding loaned and net loaned figures are calculated from participants' reported loaned and borrowed positions. The aggregate outstanding loaned total is simply the sum of individual participants' reported loaned positions. The net outstanding loaned figure for each participant is that participant's reported outstanding loaned position less its reported outstanding borrowed positions, subject to a minimum net loaned position of zero (i.e., a participant's Net Outstanding Loaned Position is  $\text{Max}[\text{Reported Loaned} - \text{Reported Borrowed}, 0]$ ). The aggregate net outstanding loaned position is simply the sum of net loaned positions across participants.*

| <b>Participant</b>         | <b>Reported<br/>Loaned</b> | <b>Reported<br/>Borrowed</b> | <b>Total<br/>Gross<br/>Loaned</b> | <b>Total Net<br/>Loaned</b> |
|----------------------------|----------------------------|------------------------------|-----------------------------------|-----------------------------|
| <u>Security A</u>          |                            |                              |                                   |                             |
| Participant 1              | <i>100</i>                 | <i>0</i>                     | <i>100</i>                        | <i>100</i>                  |
| Participant 2              | <i>50</i>                  | <i>100</i>                   | <i>50</i>                         | <i>0</i>                    |
| Participant 3              | <i>0</i>                   | <i>50</i>                    | <i>0</i>                          | <i>0</i>                    |
| <b>Published aggregate</b> |                            |                              | <b><i>150</i></b>                 | <b><i>100</i></b>           |
| <u>Security B</u>          |                            |                              |                                   |                             |
| Participant 1              | <i>100</i>                 | <i>100</i>                   | <i>100</i>                        | <i>0</i>                    |
| Participant 2              | <i>50</i>                  | <i>100</i>                   | <i>50</i>                         | <i>0</i>                    |
| Participant 3              | <i>0</i>                   | <i>50</i>                    | <i>0</i>                          | <i>0</i>                    |
| <b>Published aggregate</b> |                            |                              | <b><i>150</i></b>                 | <b><i>0</i></b>             |

**Reported Net Outstanding Loaned Stock (value)** is the Reported Net Outstanding Borrowed Position (volume) multiplied by the closing price of the security as at the report date.

**Daily Turnover (value)** is the value of all trades executed on the ASX market the previous Business Day to the report date.

**Reported Net Outstanding Loaned Position (value) as a percentage of Daily Turnover (value).** This is included as an indicator of typical trading conditions in the market for a given security. Comparison of Reported Net Outstanding Loaned Position (value) with Daily Turnover (value) may give an indication of the depth of the market in which to access securities to meet settlement obligations should borrowed stock be recalled.

**Reported Stock Committed to Lending Arrangements Previous Quarter (value)** is the number of securities committed to lending arrangements as at the preceding quarter-end, multiplied by the closing price as at last Business Day of that quarter and summed across all reporting participants. For each reporting participant, the number of securities committed to lending arrangements is defined as the number of securities that are either on loan or available for loan to other parties (whether or not subject to any conditions) under securities lending arrangements, as at the end of the previous quarter. The reported value excludes securities that are either: included in the participant's securities borrowed position; included in another party's Reported Stock Committed to Lending Arrangements; or held by a participant or a (non-participant) related body corporate for the purpose of trading by the entity on its own behalf.

**Reported Net Outstanding Loaned Position (value) as a percentage of Reported Stock Committed to Lending Arrangements Previous Quarter (value).** This is included as an indicator of conditions in the lending market for each security. Comparison of Reported Net Outstanding Loaned Position (value) with Reported Stock Committed to Lending Arrangements Previous Quarter (value) provides a measure of utilisation and hence some indication of the availability of securities for lending. Since the Reported Stock Committed to Lending Arrangements Previous Quarter (value) is a snapshot at a point in time, it will become a less precise indicator over time.

**Market Capitalisation (value)** is the total number of securities on issue multiplied by their market price as at the previous Business Day to the report date. This can be applied to work out the market value of a company.

**Reported Net Outstanding Loaned Position (value) as a percentage of Market Capitalisation (value).** This is also included as an indicator of conditions in the lending market for each security. It provides a gauge of how much of the securities on issue have been loaned by reporting participants, though caution should be exercised in interpretation, since only a proportion of the securities on issue will be available for lending at any point in time.

## **Settlement & Securities Lending – Comparison Report**

### **All Transactions**

**No. of Settlements Scheduled** is the number of settlement obligations scheduled to settle at the point of settlement cut-off. Settlement cut-off is 10:30am (Sydney time) on each Business Day.

**Total Scheduled Value (AUD)** is the value of settlement obligations scheduled to settle at the point of settlement cut-off. Settlement cut-off is 10:30am (Sydney time) on each Business Day.

**Total Settled Value (AUD)** is the value of all settlement obligations settled in a daily settlement cycle.

**Novated Settled Value (AUD)** is the value of all settlement obligations settled in a daily settlement cycle which are novated by Australian Clearing House Pty Ltd (ACH). The value represents settlements between Clearing Participants and ACH, with ACH assuming any counterparty risks.

**Total Rescheduled Value (AUD)** is the value of all settlement obligations that failed to settle in a daily settlement cycle. The value is derived through the application of a Standard Settlement Price (SSP) for that security. This application of an SSP may result in a difference noted between *Total Scheduled Value* and *Total Settled Value* that is not attributable to settlement fails. Information relating to Standard Settlement

Price can be obtained through Section 9.9 of the ASTC Participant Procedure Guidelines.

### **Security Lending Transactions**

**No. of Settlements Scheduled** is the number of settlement obligations denoted as relating to securities lending activity scheduled to settle at the point of settlement cut-off. Settlement cut-off is 10:30am (Sydney time) on each Business Day.

**Total Scheduled Value (AUD)** is the value of settlement obligations denoted as relating to securities lending activity scheduled to settle at the point of settlement cut-off. Settlement cut-off is 10:30am (Sydney time) on each Business Day.

**Total Settled Value (AUD)** is the value of all settlement obligations denoted as relating to securities lending activity settled in a daily settlement cycle.

**Total Rescheduled Value (AUD)** is the value of all settlement obligations denoted as relating to securities lending activity that failed to settle in a daily settlement cycle. The value is derived through the application of a Standard Settlement Price (SSP) for that security. This application of an SSP may result in a difference noted between *Total Scheduled Value* and *Total Settled Value*. Information relating to Standard Settlement Price can be obtained through Section 9.9 of the ASTC Participant Procedure Guidelines.

### **Daily Gross Security Lending Transaction Report**

**Security** is a unique code used by the Australian Securities Exchange (ASX) to identify listed companies.

**Class** is the type of security on issue. Securities are in the same class only if the same rights and obligations attach to them. Examples: FPO = Fully Paid Ordinary; FORUS = Foreign Ownership Restricted (United States of America); CDI = CHESS Depository Interest.

**Total Transaction Volume** is the total number of transactions (e.g. transfers, conversions, bilateral settlements, etc) per security effected or settled in the equity settlement system (CHESS). The figure is inclusive of securities lending transactions.

**Securities Lending Transaction Volume** is the total number of transactions (e.g. transfers, conversions, bilateral settlements, etc) per security effected or settled in the equity settlement system (CHESS) that have been denoted (i.e. “tagged”) as securities lending transactions.

**Securities Lending % Volume** is Securities Lending Transaction Volume divided by Total Transaction Volume.

## Monthly & Daily Market Equity Fail Report (Volume)

**Settlement Date:** ASX operates a trade date plus three Business Days (T+3) settlement discipline for equity transactions. The seller therefore has an obligation to deliver sold securities on the third Business Day after a transaction, and the buyer has an obligation to pay for those securities on that same day. The term “Business Day” routinely means a day when banks are open for business in both Melbourne and Sydney.

**No. of Settlements Scheduled** is the number of settlement obligations scheduled to settle at the point of settlement cut-off. Settlement cut-off is 10:30am (Sydney time) on each Business Day.

**Fail % Rate of Initial Fails** is the number of “source” or “point of failure” delivery settlement obligations which failed to settle in a settlement cycle as a percentage of the *No. of Settlements Scheduled*.

**% Settlements Rescheduled to Next Settlement Day** is the number of settlement obligations that failed to settle in a settlement cycle as a consequence of the initial failures. The figure is a percentage of the *No. of Settlement Scheduled* and is inclusive of initial failures.