



ASX

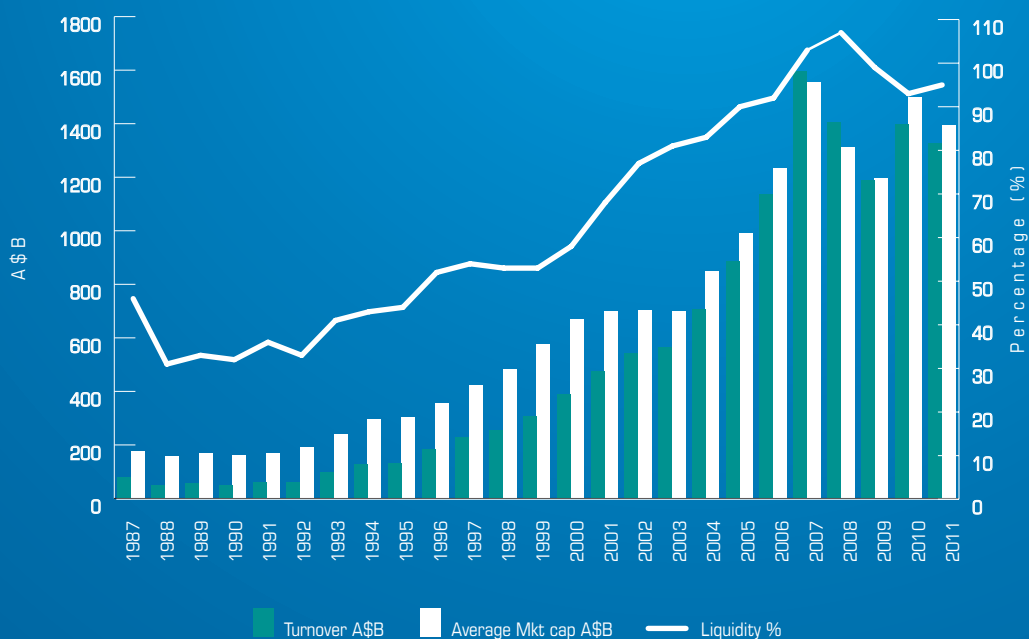
AUSTRALIAN SECURITIES EXCHANGE

Australian Cash Equity Market

December 2011

ASX Equity Market Turnover

Average Total Market Capitalisation and Liquidity (1987 to 2011 Calendar Year)



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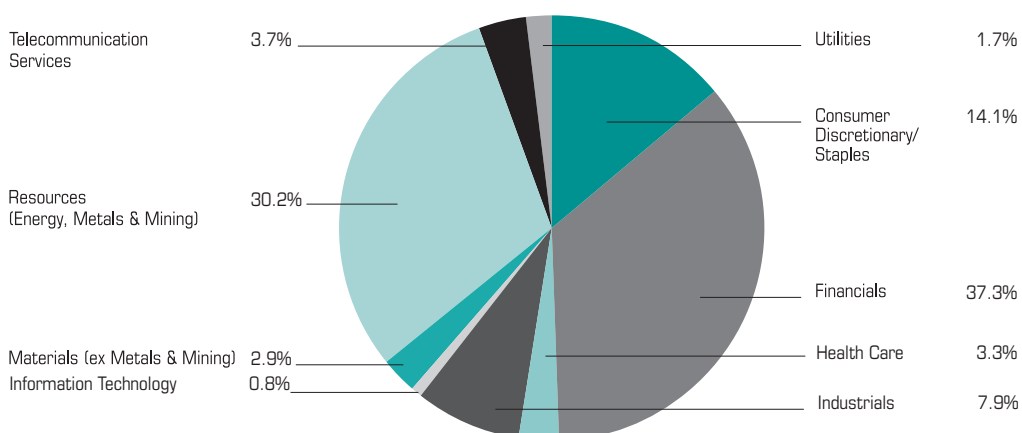
For these products the market is operated by ASX Limited ABN 98 008 624 691

Market Overview

With a total market capitalisation of approximately A\$1.3 trillion (December 2011), the ASX equity market is currently ranked sixth largest in the world in terms of free float market capitalisation.

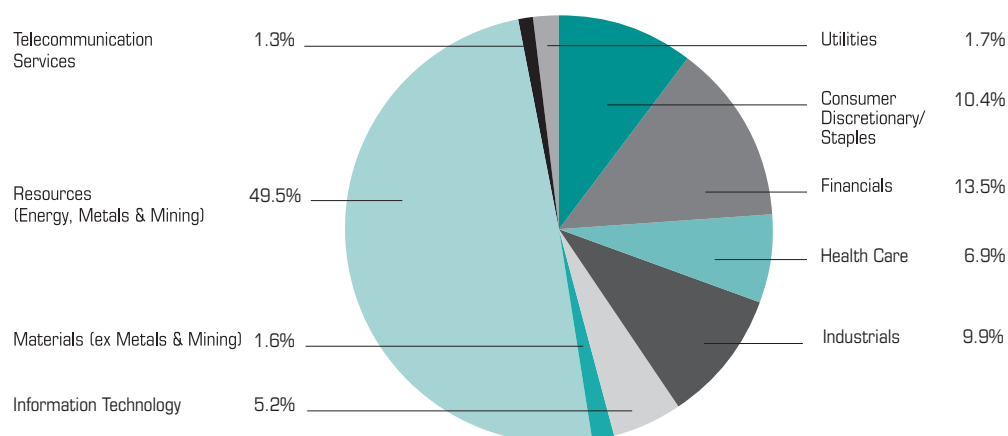
The following charts provide an overview of the Australian Cash Equity Market.

Market Capitalisation by Industry: December 2011

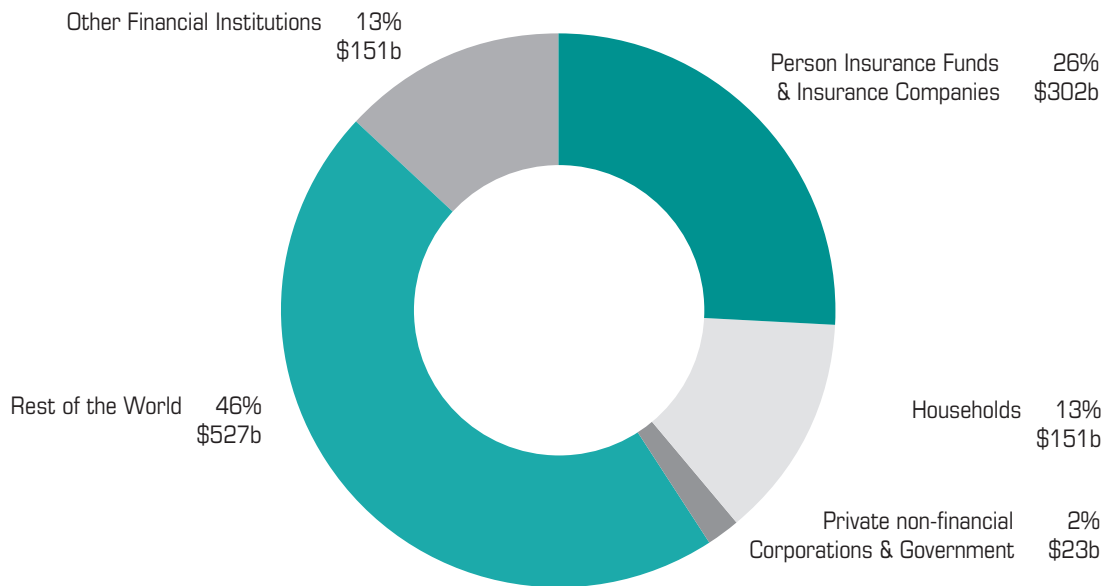


Listed Companies by Industry: December 2011

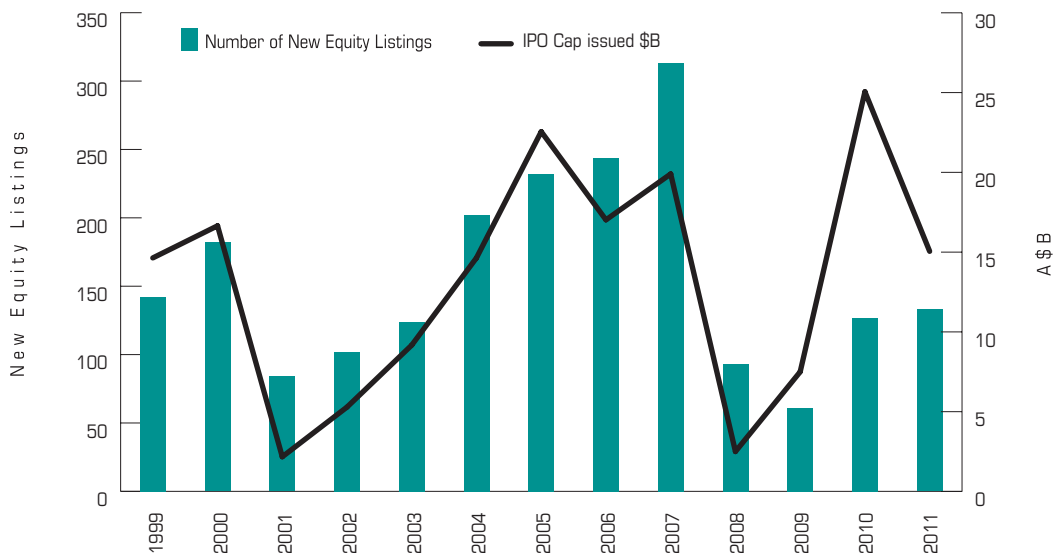
There are 2,247 listed entities on ASX



Ownership of ASX Lited Equity (A\$1,155bn)



Australian IPOs 1999 to 2011



The value of new listings was \$15.5 billion in 2011. With the exception of corporate restructures and de-mergers primary market activity was concentrated in the small to mid cap mineral and energy exploration sectors. The number of new listings was 133 in 2011.

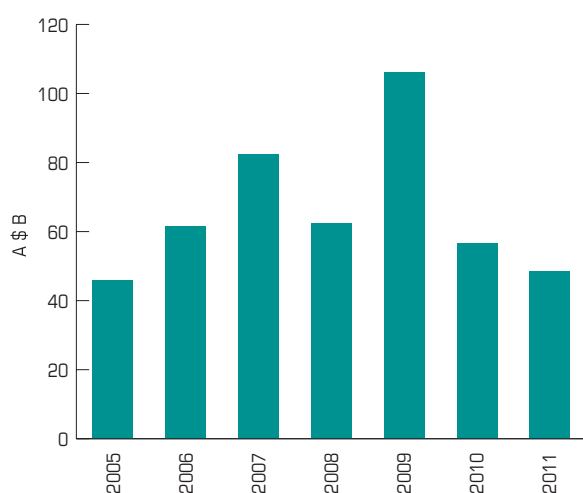
Capital Raising

ASX is consistently among the global leaders in capital raising. The total capital raised was \$48.6 billion in 2011.

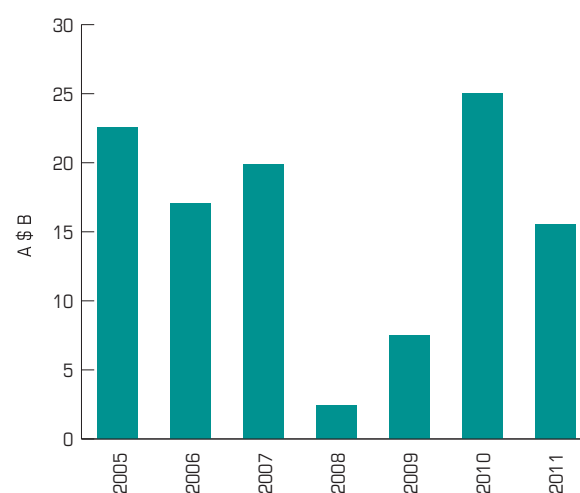
ASX Capital Raising

	2011 (\$B)	2010 (\$B)
Primary Raisings		
IPOs	15.5	25.0
Secondary Raisings		
Rights Issues	7.5	8.6
Placements & SPPs	13.1	12.6
DRPs	10.1	7.4
Calls	0.1	0.4
Options	0.3	0.2
Staff share plans	1.9	2.3
Total Raisings	48.6	56.5
Other Capital Changes		
Share Repurchases	-13.0	-16.0

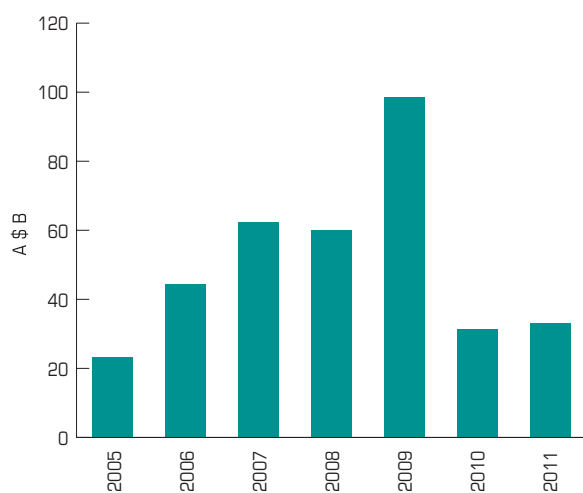
Total Capital Raising



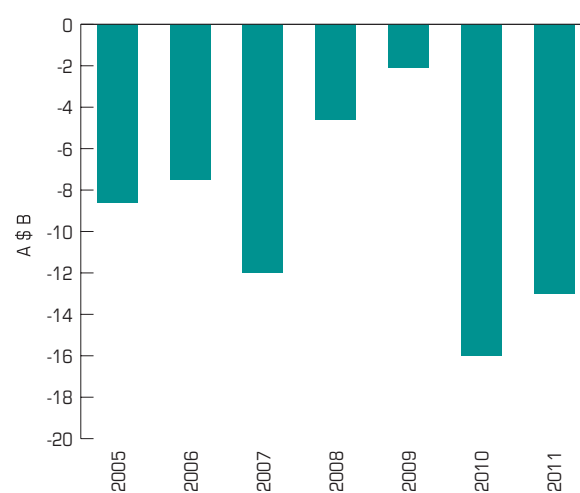
Primary Capital Raising



Secondary Capital Raising



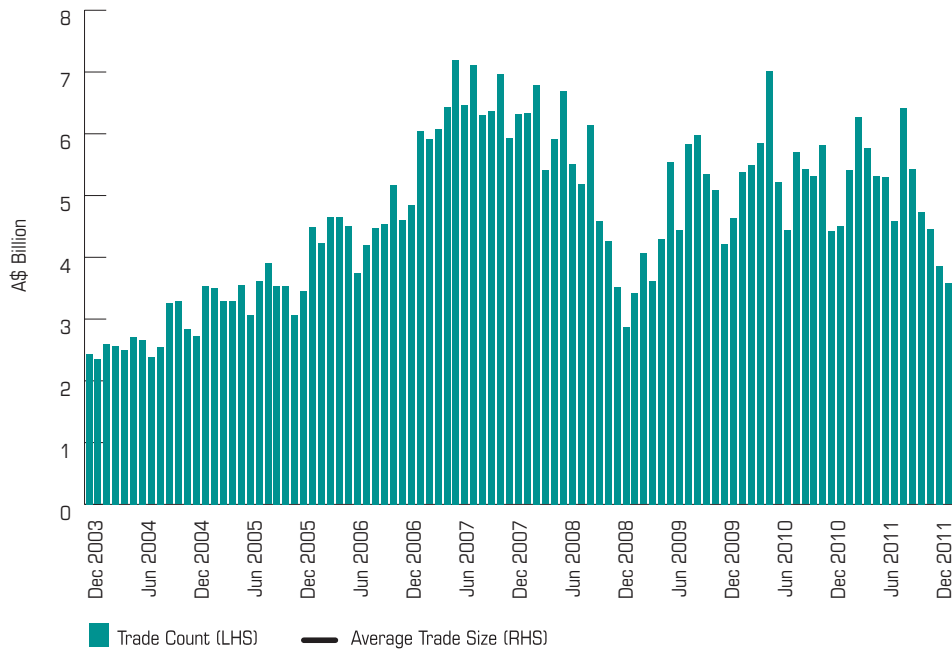
Share Buybacks



Source: ASX.

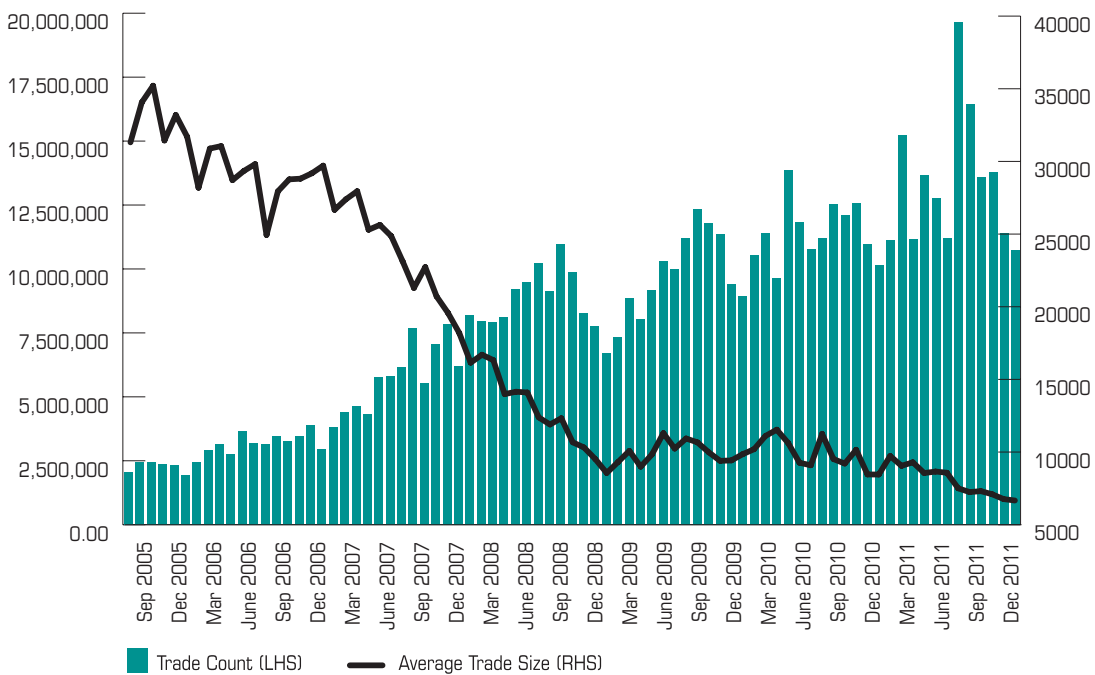
Trading on ASX

Average Daily Value Total



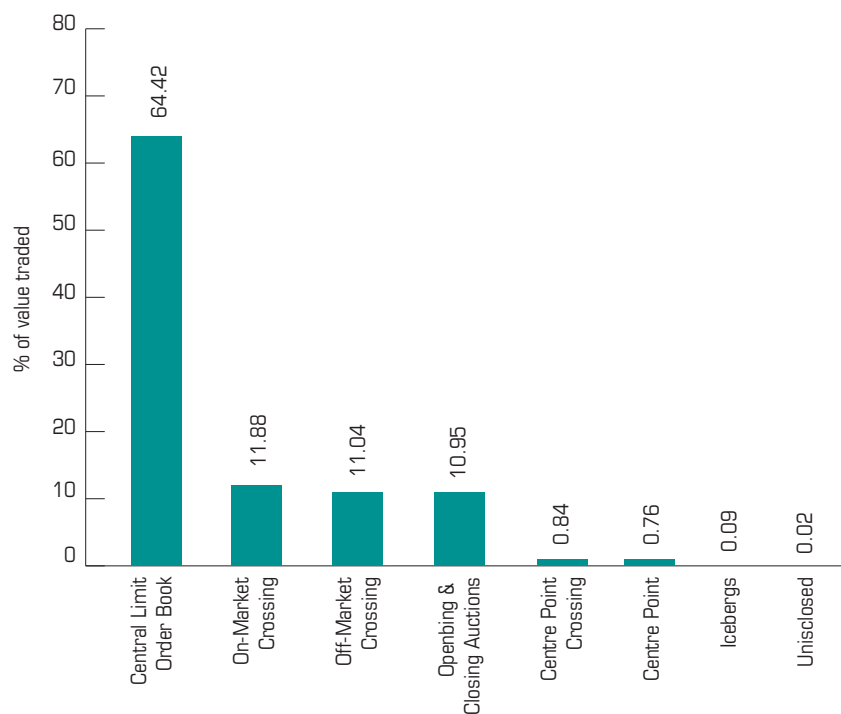
Note: Total of Equities, Interest Rate Markets and Warrants

Trade Count vs Average Trade Size

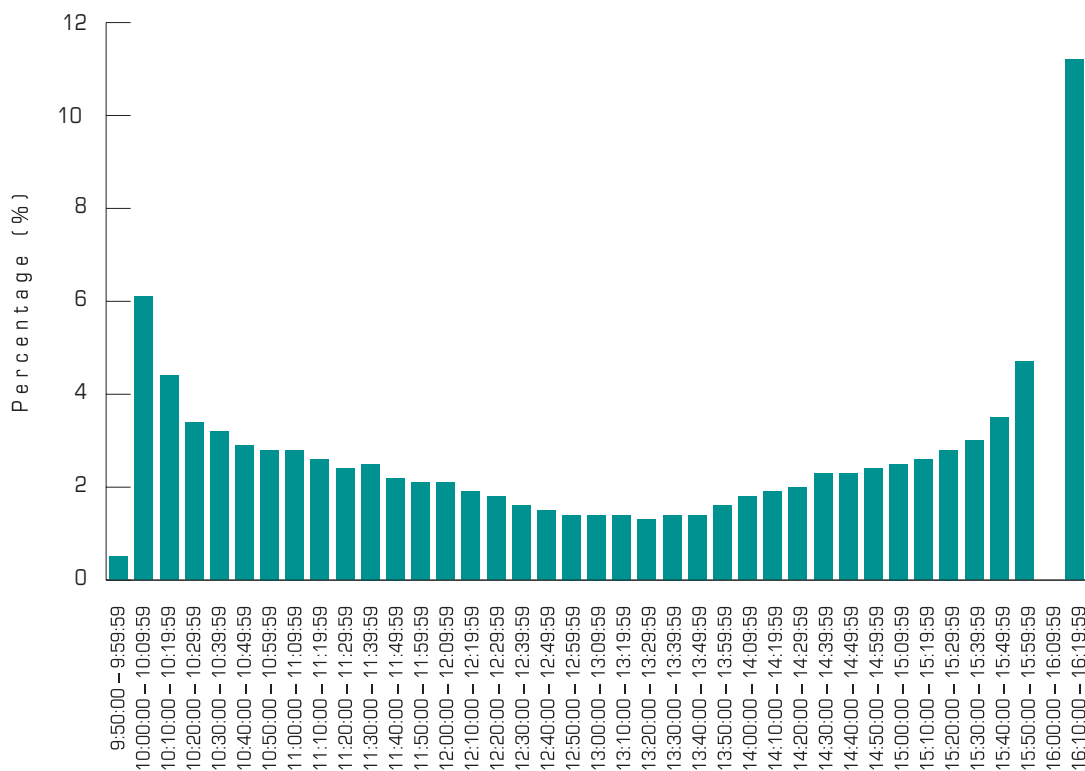


Note: Total of Equities, Interest Rate Markets and Warrants

ASX Equity Trade Execution - 2011



Value of ASX trades matched in CLOB by trade time: 2011



Trading on ASX

ASX Trade

In November 2010, ASX launched its next generation trading system, ASX Trade, providing the fastest integrated equities and derivatives trading platform in the world. ASX Trade is powered by NASDAQ OMX's Genium INET platform. Latency is now 100 times faster than it was two years ago, having been improved from 30 milliseconds in 2008 to 300 microseconds today. The improved latency has been coupled with increased capacity, rising from 20,000 orders per second to 100,000 orders per second now.

ASX Best

ASX Best is a new generation trading application for a multi-market environment supporting smart order routing and additional functionality. ASX Best will be co-located in ASX's new data centre - the ASX Australian Liquidity Centre (ALC) - thereby providing low latency access to ASX TradeMatch, PureMatch and VolumeMatch. ASX Best will be venue-neutral, offering low latency network connection to Chi-X and any other subsequent lit venue to support best execution. ASX Best is powered by Fidessa.

ASX Net

ASX Net is a fully managed, low latency and high capacity network solution that provides domestic connectivity to all ASX products including trading, clearing, settlement and market data. ASX Net is an Ethernet network provided over point-to-point fibre, delivers Sydney CBD distributed network access latency of approximately 200 microseconds.

ASX Australian Liquidity Centre (ALC)

The ALC is a purpose built, state-of-the-art data centre that hosts all ASX Liquidity. The ALC provides the fastest possible access to market data and trade execution for all ASX markets. The ALC is open to any customer needing data centre services and is vendor neutral. Participants, Clients, Service and System providers will have access to the facilities enabling more seamless connectivity between users.

Execution Costs Across Major Regional Exchanges

MARKET	MARKET IMPACT (BP)	COST OF DELAY (BP)	IMPLEMENTATION SHORTFALL (BP)	AVERAGE AGENCY COMMISSION (BP)
Australia	24	-12	12	14
Hong Kong	30	0	29	13
Japan	41	-17	24	12
Korea	25	-2	34	20
Singapore	30	9	27	16
Taiwan	44	-14	30	19

Source: The Trade Q3 2011

ASX compares favourably with other regional exchanges in terms of implicit execution costs, with the lowest overall market impact and implementation shortfall measures in Asia-Pacific.

Top 10 Stocks

STOCK	ASX CODE	S&P/ASX 200 INDEX WEIGHT†	MARKET CAP (\$BN)	AVERAGE DAILY VALUE‡	AVERAGE # OF TRADES / DAY‡	AVERAGE TRADE SIZE‡
BHP Billiton	BHP	11.17	\$120.4	\$561,806,338	18,095	\$31,048
Rio Tinto	RIO	2.83	\$30.1	\$253,679,959	14,437	\$17,571
Commonwealth Bank	CBA	7.46	\$80.1	\$249,580,768	13,598	\$18,355
Westpac	WBC	6.03	\$64.6	\$209,120,519	12,147	\$17,216
ANZ	ANZ	5.63	\$57.4	\$203,785,560	12,262	\$16,620
National Australia Bank	NAB	5.00	\$53.4	\$190,853,196	12,062	\$15,823
Telstra	TLS	3.87	\$41.4	\$158,455,771	5,465	\$28,993
Newcrest Mining	NCM	2.51	\$25.8	\$149,356,332	11,634	\$12,838
Woodside Petroleum	WPL	2.20	\$27.6	\$126,030,918	10,784	\$11,687
Wesfarmers	WES	3.23	\$30.5	\$97,058,593	9,646	\$10,062

Source: IRESS † at Feb 2012 ‡ Jan 11 – Dec 11

ASX Market Micro-structure

ASX operates multiple order-driven markets for equity securities. Orders in TradeMatch are matched continuously in price time priority with single price auctions facilitating the opening and closing sessions. TradeMatch also offers crossing, trade registration and large order execution facilities. PureMatch is a new order book offering continuous trading in a subset of ASX listed securities. VolumeMatch® is a trade execution facility that enables end-users to search for liquidity and execute large orders anonymously.

Trading Hours

GMT + 10:00 (Eastern Standard Time)

The market goes through a number of phases on any trading day. The particular market phase determines the type of action that may be taken for an order on ASX Trade, which in turn affects how trading is conducted.

Time	TradeMatch	PureMatch	VolumeMatch
7:00am	Pre_Open	Close	Wait_VMB
10:00am	Open	Open	Open_VMB
10:30am			
3:35pm			
4:00pm	Pre_CSPA	Adjust	Adjust
4:10pm	CSPA		
4:12pm	Adjust		

Opening and Closing Auctions

The opening and closing price for a security is determined by a four step approach involving the use of conditional decision rules. The same auction is used for opening and closing trading, IPOs and resuming trading after halts or suspensions. The four steps work as follows:

- Using all orders in the order book, the system determines the cumulative buy and sell quantities for each side of the book and then calculate the maximum executable volume (MEV) at each price level
- The system establishes the minimum surplus i.e. the price level where unfilled volume is at a minimum
- The system determines whether the majority of market pressure is on the buying or the selling side
- The system determines the latest reference price, usually the last price in trading for the previous day and if needed a comparison between the reference price and the auction price.

Morning Auction

The morning auction is split into groups to allow traders time to effectively manage their orders during the opening of trade. The opening rotation is split into five groups as follows:

- Group 1 10:00:00 am +/- 15 secs A-B e.g. ANZ, BHP
- Group 2 10:02:15 am +/- 15 secs C-F e.g. CPU, DJS
- Group 3 10:04:30 am +/- 15 secs G-M e.g. GPT, IPL
- Group 4 10:06:45 am +/- 15 secs N-R e.g. QAN, RIO
- Group 5 10:09:00 am +/- 15 secs S-Z e.g. TLS, WOW

Price Step (Tick Size)

The highly granulated ASX tick sizes offer reduced market impact for dealing by encouraging small market spreads.

SECURITY TYPE	PRICE RANGE	PRICE STEPS	NUMBER OF EQUITY SECURITIES	NUMBER OF EQUITY SECURITIES (%)
Equities (includes Equities and ETFs except Special Equity Securities)	0.1 cents - 9.9 cents	\$0.001	745	37.5%
	10 cents - 199.5 cents	\$0.005	978	49.2%
	\$2.00 - \$99,999,990	\$0.010	263	13.2%

Main Order Types Offered by ASX

- **Limit (LMT)** – A Limit Order is entered as a defined price, the order will not execute at a worse price.
- **Market-To-Limit (MTL)** – A Market-to-Limit order is a market order that converts to a limit price equal to the current best opposing price.
- **Best-Limit (BST)** – A Best Order is priority queued as a limit order at the current best bid or ask on the same side of the market.
- **Short Sell (SHL)** – Covered Short Selling is permitted under the Corporations Act. There are also special arrangements for Market Makers under certain circumstances.

In conjunction with the order types there are also several validity attributes:

- FoK: Fill or Kill, the order is cancelled if all the quantity cannot be executed immediately
- FaK: Fill and Kill, fill the order now as far as possible then cancel the rest
- Day: Expire at the end of the day
- Exp: Expire at the instrument's expiration date
- Date: Expire after a certain amount of calendar days
- GTC: Good till Cancelled, expire at the maximum allowed time for that particular instrument type

Advanced Order Types

ASX introduced a range of new order types in 2010.

- **Centre Point Order[®]** – an anonymous order that enables execution at the midpoint of the best bid and offer in the ASX Central Limit Order Book (CLOB).
- **Undisclosed Order** – a CLOB order type that is fully disclosed in terms of execution price but undisclosed regarding execution volume.
- **Iceberg Order** – a simple order reloading algorithm in TradeMatch, aimed at enhancing order management and controlling order signalling.
- **Equity Combinations** – reduce execution risk by entering multi-leg strategies at a specified net price.

Crossings

On-Market Crossings

ASX allows Priority Crossings where a Trading Participant acts as buyer and seller in one transaction. The Trading Participant can use the ASX System to achieve time priority at the crossing price if the trade is executed according to ASX Operating Rules.

Centre Point Crossing

Enables an ASX Participant to cross at the midpoint of the best bid and offer in the ASX CLOB.

Off-Market Specials

A Block Special Crossing (BSC) is a crossing transaction that meets certain value conditions and therefore can be conducted off-market and reported back to the market as an off-market trade (requirements are set out in the relevant ASX Operating Rules Procedures). Block Special Crossings can currently be reported at any negotiated price.

Facilitation

Off-Market Specials that meet a further minimum value requirement can have their reporting to the market delayed. One side of these trades must be facilitated as principal by a broker. The minimum consideration for this transaction is between \$2 and \$15 million depending on the category of security.

NBBO Crossings

Crossings at or within the national best bid and offer.

Portfolio Crossings

Portfolio Special Crossings are a type of Block Special Crossing and allow a basket of securities to be traded together off-market if they meet certain minimum value and number of securities requirements. Portfolio Special Crossings enable you to trade an entire portfolio and can potentially have their reporting to the market delayed.

About ASX

ASX is a multi-asset class, vertically integrated exchange group, and one of the world's top-10 listed exchange groups measured by market capitalisation.

ASX's activities span primary and secondary market services, central counterparty risk transfer, and securities settlement for both the equities and fixed income markets. It functions as a market operator, clearing house and payments system facilitator. It monitors and enforces compliance with its operating rules, promotes standards of corporate governance among Australia's listed companies and helps to educate retail investors.

ASX's diverse domestic and international customer base includes issuers of securities and financial products, investment and trading banks, fund managers, hedge funds, commodity trading advisers, brokers and proprietary traders, market data vendors and retail investors.

By providing its systems, processes and services reliably and fairly, ASX generates confidence in the markets that depend on its infrastructure. This is integral to ASX's long-term commercial success.

More information on ASX can be found on our website www.asx.com.au

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