

AUSTRACLEAR INSIGHT



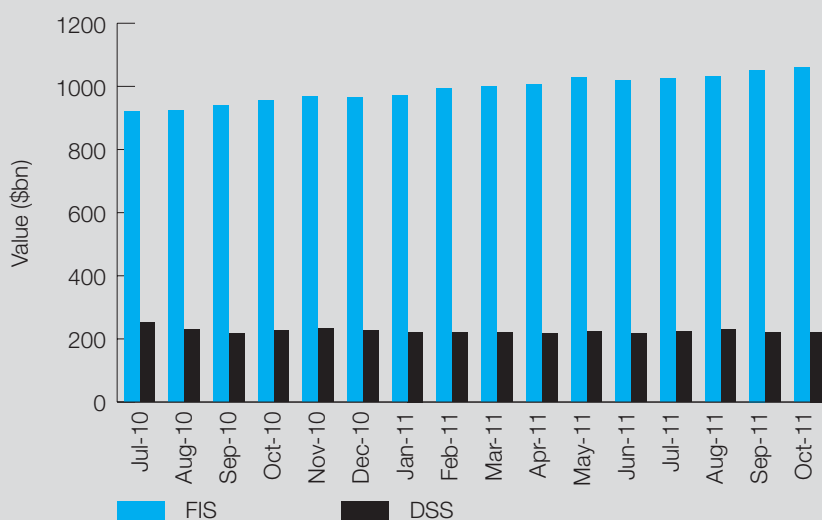
Quarterly Newsletter, November 2011 – Issue 8

Austraclear System Enhancement (Release 3) Project Update

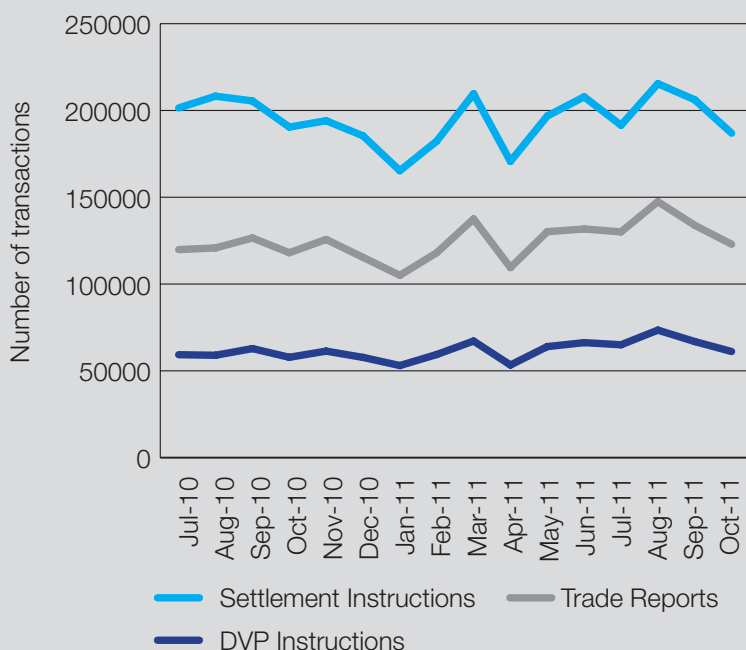
The Austraclear System Enhancement (Release 3) Project went live on Monday 10th of October 2011 which delivered substantial system usability improvements, straight-through-processing enhancements and reporting capabilities to Austraclear Participants.

Post-implementation issues in relation to system connectivity have been experienced by some system users. ASX Austraclear has identified and resolved these issues with the aid of the system developer. More information can be found in Austraclear Notice 193/11 (http://www.sfe.com.au/content/notices/2011/notice2011_193.pdf).

Value of total amount lodged – Fixed Income (FIS) & Discount Securities (DSS)



Total process volumes for Austraclear



ASX Austraclear will be conducting a post-implementation review (PIR) of the project via the Austraclear System User Group. Austraclear Participants are also encouraged to provide direct feedback to Allan McGregor at Allan.McGregor@asx.com.au or (02) 9227 0814 or Ash Moosa at Ash.Moosa@asx.com.au on (02) 9227 0539.

ASX Austraclear would like to thank all those Austraclear Participants who provided their valuable expertise and input during the scoping and delivery phase of the project and for their participation in the Industry Wide Testing (IWT) phase of the project.

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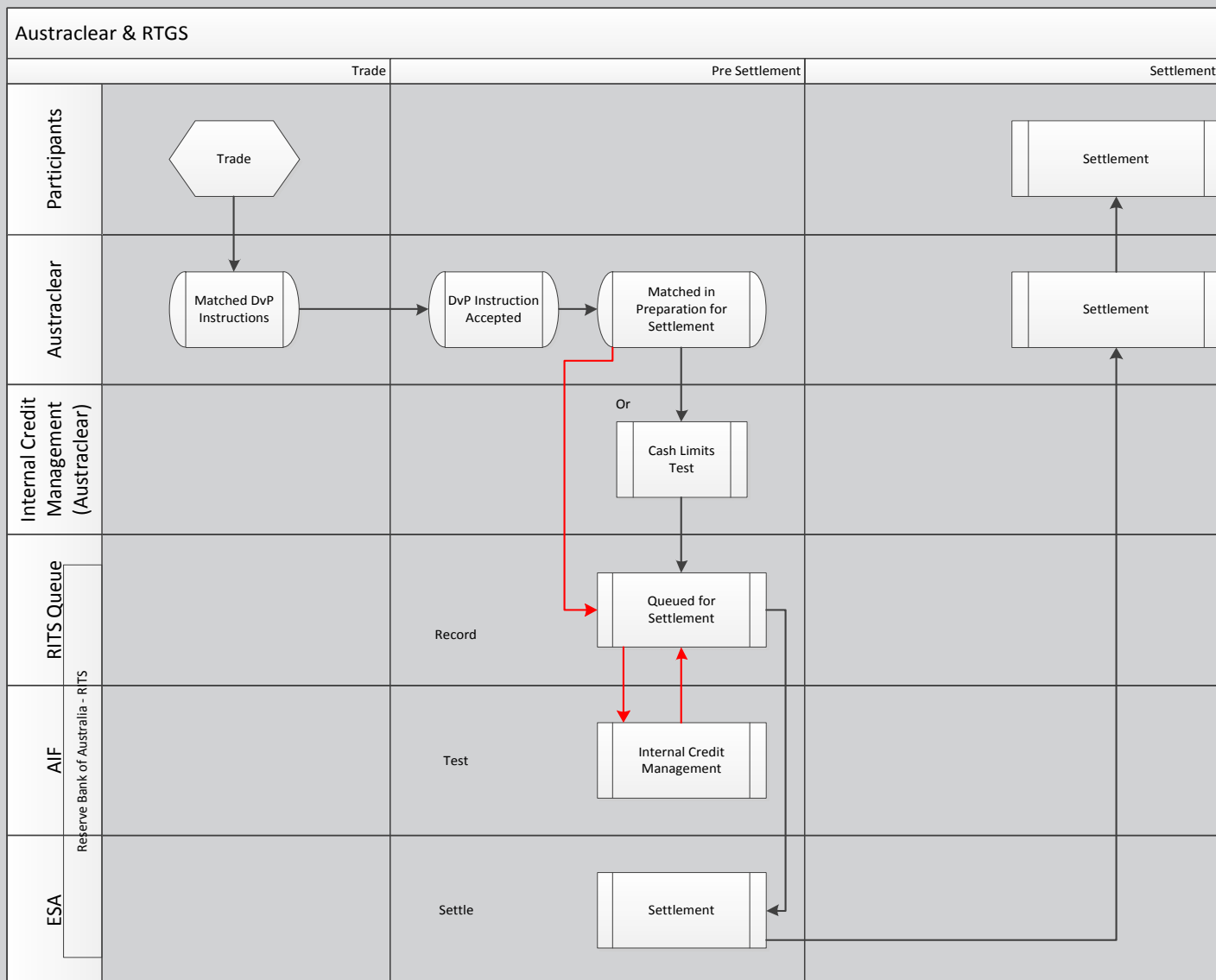
Austraclear & RTGS

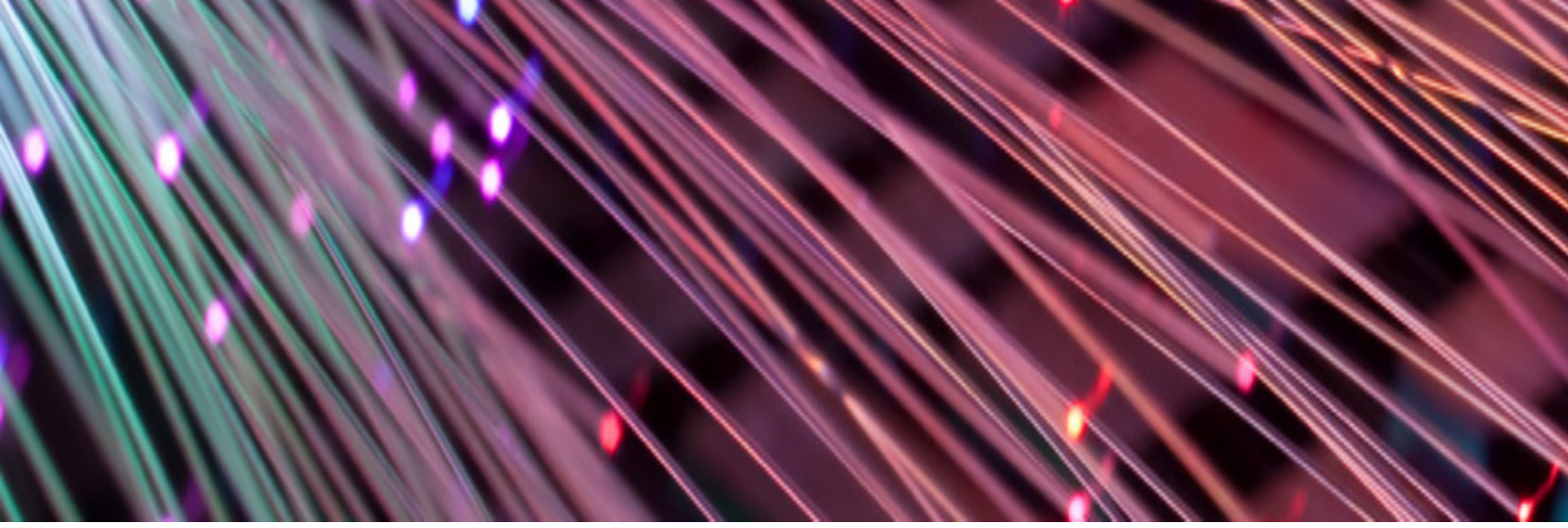
Austraclear is an approved feeder system to the Reserve Bank of Australia's (RBA) Information Transfer System (RITS).

RITS is Australia's high-value payments system used by banks and other approved institutions to settle their high value payment obligations on a real time gross settlement (RTGS) basis and low value payments on a batch settlement basis (which can include netting). Settlement is achieved

by simultaneously debiting and crediting of the Exchange Settlement Accounts (ESA) of banks and other approved institutions held at the RBA.

RITS is the means by which ESA accounts are accessed. Payments can be entered into RITS directly or via external feeder systems.





In Austraclear, all securities delivery versus payment (DvP) settlement instructions are settled under the Bank of International Settlements DvP model 1 standard. That is, all settlement instructions are settled line by line (gross) resulting in a simultaneous gross movement of stock and cash.

Settlement under this model is irrevocable under the Payment Systems and Netting Act 1998 which ensures that payments cannot be unwound if a participant were to fail after having made payments earlier in the day.

In order to facilitate Austraclear DvP settlements across ESA accounts it is a mandatory requirement that all Austraclear Participants have a cash record (a link to a nominated bank account) established within the system that is sponsored by a Participating Bank (a bank that provides banking services related to the Austraclear System) which is a holder of an ESA account with the RBA.

In order to progress DvP trades in Austraclear to settlement, Participants must register Standard Settlement Instructions (SSI's) in the Austraclear system. SSI's registered in the system include details of the Participant's cash records (i.e. their bank account details). Austraclear does not keep records on bank account balances.

The Austraclear system allows banks to control exposures to their Austraclear customers in two ways.

1. Through the Austraclear System, banks are able to impose a cash limit or debit cap on each Cash Record they act as Cash Provider for i.e. Austraclear Participant accounts that they sponsor (the Cash Limit is the amount that the particular Cash Record can go into debit). This is referred to in the Austraclear system as Internal Credit Management, or
2. Through the RITS automated information facility (AIF) banks have the ability to make real time decisions about their Austraclear customer's transactions.

If you have any questions please contact Ash Moosa at Ash.Moosa@asx.com.au on (02) 9227 0539 or Allan McGregor at Allan.McGregor@asx.com.au or on (02) 9227 0814.

Austraclear STP Capabilities Update

SWIFT Messaging

SWIFT provides a global network for the transmission of standardised messages which facilitate transaction processing and reconciliation for cash and many types of securities. Austraclear provides its participants with the ability to efficiently interact with the Austraclear System utilising internationally standardised messaging sent and received over the SWIFT network.

Austraclear currently supports a range of SWIFT messages including some of those messages introduced under the ISO 15022 standard (e.g. MT54X series of messages).

The current list of supported SWIFT messages is available on the ASX Austraclear website: http://www.asx.com.au/professionals/straight_through_processing.htm

Host-to-Host Lite (proprietary format)

Austraclear also provides a proprietary format for "semi-automated" transaction processing. The format of Host-to-Host Lite files are structured in a similar format to messages sent over the SWIFT network, however it is a file-based protocol that enables Austraclear Participants to include many transactions in a single file and upload this to the Austraclear System.

This file transfer mechanism is unidirectional from the Austraclear Participant to the Austraclear System and requires the Participant to monitor transactional activity in the system to verify the outcome of instructions, (therefore being "semi-automated") however this option provides a cost effective solution for Austraclear Participants that do not have connectivity to the SWIFT Network.

Prospective enhancements

Austraclear's objective is to enhance the straight-through-processing capabilities of the system over time to provide Participants with greater operational efficiencies. Based

upon Participant feedback, Austraclear is considering the implementation of the following message types delivered over the SWIFT network:

MT548 - Settlement Status and Processing Advice

This message would be sent by Austraclear to Participants who have requested the message and is used to advise an update to the status of a settlement instruction previously sent by the Participant to the Austraclear System, for example this could be an update that the transaction is now in a "Matched" status.

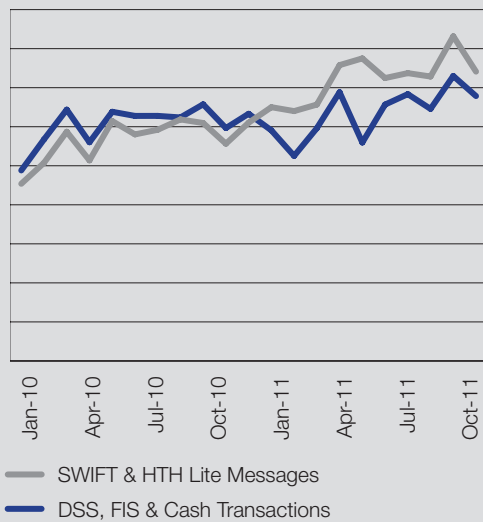
The MT548 message would provide significant STP benefits to Participants who could utilise this message for either internal monitoring purposes or as a tool to advise their end clients of changes in transaction status throughout the business day.

MT536 - Statement of Transactions

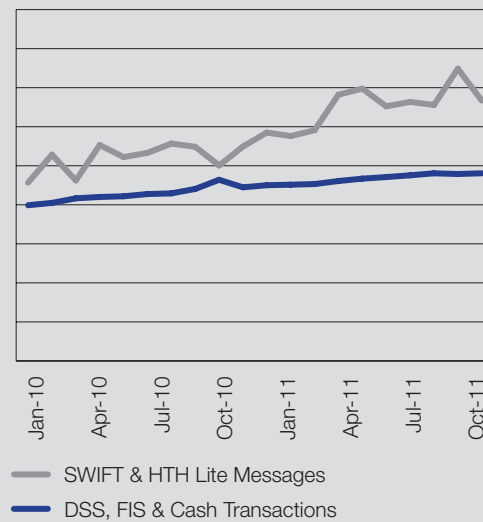
The MT536 message would be used by Austraclear Participants to reconcile security movements in their underlying safekeeping accounts held within the Austraclear System.

As shown in the graphs below, the ASX has witnessed significant growth in the usage of Austraclear's straight-through-processing functionality over the past 18 months compared to the growth in Austraclear transactions and Austraclear fixed income security (FIS) holdings during the same period. To find out more about how Austraclear's straight-through-processing capabilities can improve your business efficiency please contact Allan McGregor at Allan.McGregor@asx.com.au or on (02) 9227 0814.

STP Messaging (SWIFT & Host to Host Lite) Growth vs DSS, FIS & Cash Transaction Growth



STP Messaging (SWIFT & Host to Host Lite) growth vs FIS Holding Growth



Austraclear Coupon payments, series setup & registry information: cad@asx.com.au or (02) 8298 8476

Austraclear Issuing Payment Agent (i.e.; Issuer Representative ACSL21 or ACLR22) information: ipa@asx.com.au or (02) 8298 8479

Austraclear System General Enquiries: exigo@asx.com.au or Austraclear System Help Desk on 1300 362 257

Austraclear Commercial Paper, connection and participant information: exigo@asx.com.au or Austraclear System Help Desk on 1300 362 257 or (02) 8278 8474

Austraclear Admission & Participation: participants@asx.com.au or contact Clearing & Settlement Services, Business Development:

Ash Moosa ash.moosa@asx.com.au or (02) 9 227 0539 or Allan McGregor allan.mcgregor@asx.com.au or (02) 9227 0814

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