



Press Release

S&P and ASX launch equity volatility index

Sydney, 21 September, 2010 - Standard & Poor's (S&P) and the Australian Securities Exchange (ASX), a subsidiary of the ASX Group, announce the launch of an Australian equity volatility benchmark - the S&P/ASX 200 VIX (ASX code: XVI) - which will be available commencing Thursday, 23 September 2010.

The S&P/ASX 200 VIX will be an end-of-day index that reflects investor sentiment about the expected volatility in the Australian benchmark equity index, the S&P/ASX 200.

A volatility index at a higher level generally implies a market expectation of large changes in the S&P/ASX 200 over the next 30 days, indicating that investor sentiment is uncertain. Conversely, a lower volatility index value generally implies a market expectation of little change, suggesting greater levels of investor confidence.

The S&P/ASX 200 VIX will reflect expected equity market volatility over the next 30 days by using settlement prices for S&P/ASX 200 put and call options to calculate a weighted average of the implied volatility incorporated into the options. The calculation will use proprietary methodology of the Chicago Board Options Exchange (CBOE).

Richard Murphy, ASX General Manager, Equity Markets, said: "The new volatility index will provide investors, financial media, researchers and economists with a means to gauge the level of volatility anticipated in the Australian equity market over the near-term. More specifically, because the S&P/ASX 200 VIX is a forward looking volatility measure, observers of the index will have insight into the degree of uncertainty among investors and their expectations regarding the magnitude of future movements in the local equity market. It is a valuable complement to the existing suite of S&P/ASX indices."

Guy Maguire, Head of S&P Indices in Australia, said: "The introduction of a volatility index for the Australian equity market is a sign of Australia's standing in the global investment community, and the requirement for a means by which Australian investment conditions and performance can be viewed in a manner that is distinct from other markets."

"We are pleased to extend the use of the CBOE's VIX methodology to the ASX through our partnership with S&P," said CBOE Executive Vice President Richard DuFour. "The VIX methodology has become the recognised standard for measuring implied volatility, and we are confident that its use by ASX will add value for market participants."

The S&P/ASX 200 VIX will initially be available as an end-of-day index from ASX, with back data published on the ASX website at www.asx.com.au/volatilityindex. ASX will consider making the index available in real-time and launching derivative products over the volatility index at a later date.

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Standard & Poor's, a subsidiary of The McGraw-Hill Companies (NYSE:MHP), is the world's foremost provider of independent credit ratings, indices, risk evaluation, investment research and data. With offices in 23 countries and markets, Standard & Poor's is an essential part of the world's financial infrastructure and has played a leading role for 150 years in providing investors with the independent benchmarks they need to feel more confident about their investment and financial decisions. For more information, visit <http://www.standardandpoors.com>

About ASX

ASX Group 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

The VIX® -- CBOE Volatility Index methodology is the property of the Chicago Board Options Exchange ("CBOE"). CBOE has granted Standard & Poor's Financial Services LLC ("S&P"), a license to use such methodology to create the S&P/ASX 200 VIX Index. S&P has granted ASX Ltd a license to use and distribute the S&P/ASX 200 VIX Index, with the permission of CBOE.