



MEDIA RELEASE

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ASIC finds that ASX is properly supervising the market

ASX Limited (ASX) welcomes the release today of the annual assessment of its supervisory performance by the Australian Securities and Investments Commission (ASIC).

ASIC finds that ASX has adequate arrangements for supervising the market, including arrangements for:

- Handling conflicts between its commercial interests and the need to ensure that the market operates in a fair, orderly and transparent manner;
- Monitoring the conduct of participants in the market; and
- Enforcing compliance with its listing and market rules.

ASIC also found that ASX's cash market clearing and settlement subsidiaries, Australian Clearing House (ACH) and ASX Settlement and Transfer Corporation (ASTC), similarly continue to have adequate arrangements for supervising their respective clearing and settlement facilities.

ASIC describes the formation of ASX Markets Supervision (ASXMS), the separate subsidiary company set up by ASX on 1 July 2006 to manage all day-to-day supervisory decision-making, as "a positive development". It notes that the ASX merger with SFE Corporation occurred "without any significant disruption to ASX or SFE's markets."

Eric Mayne, Chief Supervision Officer of ASXMS, said: "The positive ASIC assessment is recognition of the commitment of ASX to market integrity. It was achieved during a period of intense corporate and market turnover activity, and while ASX and SFE were bedding down their merger. It gives confidence to all market users that ASX operates markets that are fair, orderly and transparent.

"ASX believes strongly that preserving confidence in the integrity of its markets is not only a licence obligation but a commercial imperative too, and in the best interests of Australia's attractiveness to global capital.

"ASX and ASIC have a close and cooperative supervisory relationship, and work in tandem to ensure market integrity. The recommendations ASIC has made are constructive suggestions as to where it believes ASX can improve its supervisory performance even further. Each will be given full consideration."

In each of ASIC's five annual assessments the regulator has found that ASX, ACH and ASTC have met their statutory obligations to have adequate arrangements to supervise the market (ASX) and clearing and settlement facilities (ACH and ASTC) they operate.

ASIC's annual assessment report of ASX is available from: www.asic.gov.au

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