

MARKET ANNOUNCEMENT

Application for access to the Trade Acceptance Service ("TAS")

The National Stock Exchange of Australia (NSX) has applied to ASX Ltd (ASX) for access to the Trade Acceptance Service (TAS) for clearing and settlement of trades executed on the NSX cash equity market.

In 2011, in response to the emergence of a new entrant in the trading of ASX listed securities, ASX developed the Trade Acceptance Service to allow access to the monopoly clearing and settlement services provided by ASX to the broader Australian equity market.

The Trade Acceptance Service allows trades executed on the trading platforms of non-ASX affiliated Approved Market Operators (AMOs) to be cleared and settled by ASX on the same basis as trades executed on ASX's cash equity market.

This is significant as it enables transactions effected through non-ASX AMOs to be accepted for clearing and settlement **in an identical fashion to trades executed on other cash equity markets in Australia**. This delivers a standardisation of post trade processes for market participants, irrespective of which market the trade was executed on.

Three significant changes to the NSX market model would occur as a result of gaining access to the Trade Acceptance Service:

1. **A straight through digital process** would be adopted for the management of post trade actions for participants, thereby removing present limitations of the manual DVP process currently required for NSX trades;
2. **An alignment of post trade processes and messages** between NSX, ASX and Chi-X, thereby reducing costs and increasing efficiencies for participants; and
3. **The introduction of clearing** to the NSX transaction flow, whereby ASX Clear will accept the counterparty risk for trades executed on the market, replacing the existing bi-lateral structure.

The impact of these changes is expected to include:

- The entrance of new participants, including electronic retail brokers whose systems rely on Straight Through Processing (STP) capabilities, bringing with them an extensive increase in market coverage by NSX;
- Increase in the volume and size of transactions on the market; and
- Expansion of distribution models within existing NSX participants, where the demand for NSX trading has historically been constrained because of the existing manual processes and separation from expected market practice.

Managing Director and CEO Ann Bowering said: "I am incredibly excited about what the reality of accessing the Trade Acceptance Service would mean for the competitiveness of the NSX market model, and the enhancements in service we could offer our customers as a result.

This is a major project for which we are well prepared. Our team looks forward to working closely with ASX in the coming months as we all work towards what will be a material enhancement not only for the NSX, but for the whole Australian market."

Enquiries

Ann Bowering
Managing Director and CEO
ann.bowering@nsx.com.au
+61 2 8378 6400

16 July 2018

ASX Market
Announcements
Office
ASX Limited

20 Bridge Street
SYDNEY NSW 2000