

## **ASX launches futures product for trading equity market volatility**

**Sydney, 21 October, 2013** – ASX today commenced trading of S&P/ASX 200 VIX futures, a new exchange-traded product that allows users to trade, hedge and arbitrage anticipated volatility in the Australian equity market.

The new S&P/ASX 200 VIX futures will allow market participants to trade anticipated changes in volatility in a single transaction and in a manner independent of the factors that normally complicate volatility strategies, such as expiring options and price movements in the underlying market.

The S&P/ASX 200 VIX index (A-VIX), Australia's equity market volatility benchmark, will be the underlying index for the new futures contract. S&P/ASX 200 VIX futures will allow users to isolate local equity market volatility and avoid the timing, currency and matching risk incurred when using volatility products based on offshore indices.

ASX Deputy CEO Peter Hiom said: "ASX is committed to providing new products to meet the changing needs of the market. One of those needs is the ability to trade in volatility as an asset class in its own right. S&P/ASX 200 VIX futures will provide users with the opportunity to more easily and efficiently hedge their investment portfolios against volatility, while also providing new trading opportunities."

"The launch of S&P/ASX VIX futures is set to change how investors can measure and trade the financial markets in Australia," says Alex Matturri, CEO of S&P Dow Jones Indices. "Combining the premier global measure of market volatility, the VIX, with the principal Australian equity benchmark, the S&P/ASX 200, will provide Australian investors with an essential means of managing equity market risk in their portfolio."

Dedicated market makers will provide liquidity for the futures contract, which will be listed alongside the current ASX SPI 200<sup>TM</sup> contract to provide additional trading opportunities.

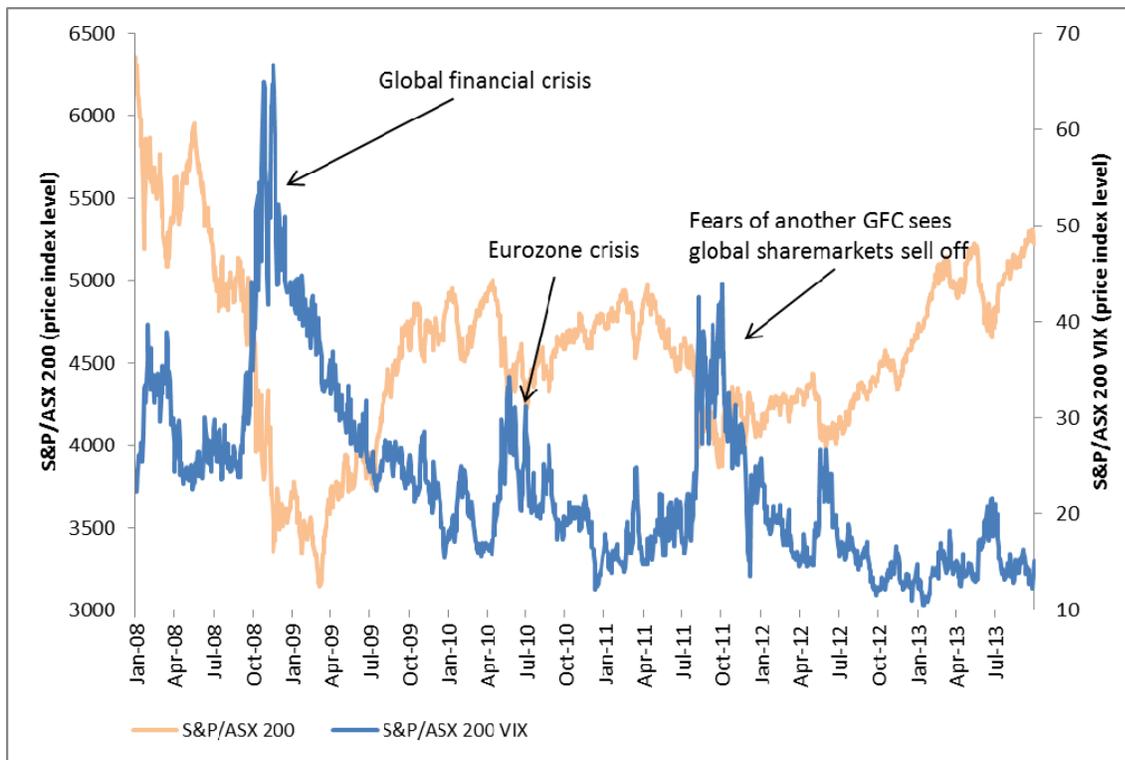
### **S&P/ASX 200 VIX Futures:**

- A futures product is a financial derivatives contract obliging the buyer to purchase the contract or the seller to sell the contract at a predetermined future date and price.
- S&P/ASX 200 VIX futures can be used either to hedge or to speculate on movement in the S&P/ASX 200 VIX based on whether the investor expects high or low levels of volatility.
- Can be used to exploit the negative correlation between S&P/ASX 200 VIX and the S&P/ASX 200 to hedge equity portfolios.
- Enable investors to diversify their portfolios by adding volatility as an asset class, with a low or negative correlation to other asset classes including the AUD/USD exchange rate.
- Allow users to take advantage of pricing differentials between other volatility indices and the term structure of volatility.

### **About S&P/ASX 200 VIX (A-VIX)**

The S&P/ASX 200 VIX (A-VIX) is Australia's Market Sentiment Indicator and equity market volatility benchmark. It is used by market participants and watchers to monitor the anticipated level of near-term volatility in the Australian equity market over the next 30 days. A high A-VIX value implies the market expects high levels of equity volatility. Conversely a low volatility index value implies expectation of minimal change. The A-VIX is based on the implied volatility of put and call options over the Australian equity benchmark index, the S&P/ASX 200.

ASX is now a member of the VIX Network, a global network of exchanges with agreements regarding the use of the CBOE Volatility Index (VIX) methodology owned by Chicago Board Options Exchange, Incorporated (CBOE).



### About ASX

ASX Group (ASX) is one of the world’s leading exchange groups, ranked among the top 10 by market capitalisation.

- We operate a fully integrated exchange across multiple asset classes – equities, fixed income and derivatives.
- We service a wide range of retail, institutional and corporate customers, directly and through intermediaries.
- We offer a broad range of services that allow our customers to invest, trade and manage risk. This includes listings, trading, post-trade services, and technical and information services.
- We operate infrastructure that supports the systemic stability of Australia’s financial markets and which is critical for the efficient functioning of the nation’s economy, economic growth and position in the Asia Pacific region.

More information about ASX can be found at: [www.asxgroup.com.au](http://www.asxgroup.com.au)

### About S&P Dow Jones Indices

S&P Dow Jones Indices LLC, a part of McGraw Hill Financial, is the world’s largest, global resource for index-based concepts, data and research. Home to iconic financial market indicators, such as the S&P 500® and the Dow Jones Industrial Average™, S&P Dow Jones Indices LLC has over 115 years of experience constructing innovative and transparent solutions that fulfill the needs of investors. More assets are invested in products based upon our indices than any other provider in the world. With over 830,000 indices covering a wide range of asset classes across the globe, S&P Dow Jones Indices LLC defines the way investors measure and trade the markets. To learn more about our company, please visit [www.spdji.com](http://www.spdji.com).

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