



## MEDIA RELEASE

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### Exchange-traded Australian Government Bonds to commence trading on ASX

The Australian Securities Exchange (ASX) announces that Exchange-traded Australian Government Bonds (AGBs) will be available for trading on ASX on 21 May 2013, giving retail investors access to buy and sell these products as easily as shares.

Exchange-traded AGBs offer a convenient and readily accessible way to invest in bonds issued by the Australian Government. Bonds are fixed income, interest rate investments that provide a regular income stream and the opportunity for the investor to receive the investment's face value at maturity. They add to the diversity of investment products available to retail investors.

Exchange-traded AGBs will be quoted and transacted on ASX in a similar way to shares, with each bond quoted as a gross price (capital plus accrued interest) with a face value of \$100.00.

The launch of Exchange-traded AGBs will increase the amount of ASX-quoted assets for retail investors in the interest rate category from \$35 billion to approximately \$280 billion, an eight-fold increase.

Elmer Funke Kupper, ASX Managing Director and CEO, said: "The benefits of a retail government bond market are significant, allowing retail investors to diversify their savings and providing an important foundation for the development of a corporate bond market. These benefits will help improve Australia's economic competitiveness."

For retail investors, Exchange-traded AGBs offer a secure, liquid investment that provides stable payments and the ability to reduce risk by diversifying portfolios beyond equities. This is especially relevant given Australia's aging population, expansion of self-managed superannuation and the need for greater certainty in income streams, particularly those provided by low risk assets such as government bonds.

Investors in Exchange-traded AGBs will hold beneficial ownership of the Australian Government Bonds in the form of CHESS Depository Interests (CDIs). This means investors will obtain all of the economic benefits (including coupon and principal payments) attached to the legal ownership of the Australian Government Bond over which the CDI has been issued. Trades in Exchange-traded AGBs will be cleared by ASX Clear and settled through CHESS.

ASX has appointed three market makers to provide continuous two-way pricing in all bond series. The market makers are Commonwealth Bank of Australia, J.P. Morgan Australia Limited and UBS AG, Australia Branch. They have been given short-selling relief by ASIC. ASX will quote all benchmark bond series of Exchange-traded Treasury Bonds and Exchange-traded Treasury Indexed Bonds.

Educational and further information materials, including guides for trading AGBs and the taxation treatment of Exchange-traded AGBs prepared by Deloitte, are available at: <http://www.asx.com.au/agb>

Information from the Australian Government is available at: <http://www.australiangovernmentbonds.gov.au>

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