



ASX Limited
ABN 98 008 624 691

Exchange Centre
20 Bridge Street
Sydney NSW 2000
PO Box H224
Australia Square NSW 1215

Telephone +61 2 9227 0000
Direct +61 2 9227 0765
amanda.harkness@asx.com.au

www.asx.com.au

20 August 2012

Mr Percy Bell
Manager
Financial Markets Unit
Corporations and Capital Markets Division
The Treasury
Langton Crescent
PARKES ACT 2600
BY EMAIL: financialmarkets@treasury.gov.au

Dear Mr Bell

Corporations Legislation Amendment (Derivatives Transactions) Bill 2012
Ref: NW/CE 1100113

This submission relates to the exposure draft of the *Corporations Legislation Amendment (Derivatives Transactions) Bill 2012* (the "Bill").

General comments

ASX supports the approach the Government has taken in the Bill in developing a framework for mandating the trading, clearing and trade reporting of standardised OTC derivatives, to implement Australia's G20 commitments.

ASX is continuing with its preparations for the delivery of its OTC derivatives clearing service for \$A denominated interest rate swaps. Following extensive consultations with local and overseas banks that are active in the A\$ interest rate swap market, ASX has formed a working group with those banks to undertake a collaborative design study that will inform the business requirements for ASX's service. As part of the design study, ASX is analysing transaction data provided by working group members with a view to quantifying the benefits of an ASX-provided OTC derivatives clearing service that builds on ASX's existing futures clearing infrastructure and offers capital efficiency through cross margining between interest rate futures and OTC swaps. ASX is on track to conclude this design study before the end of September 2012. ASX expects to commence the development of this new service in the fourth quarter of 2012.

Comments on specific clauses of the Bill

ASX wishes to highlight the need for ASIC to be mindful that in creating "derivative transaction rules" ("DTRs") under the mandating framework proposed by the Bill, there is the potential to override the operating rules of a licensed market or CS facility. Those operating rules are a multilateral contract between a market or CS facility licensee and its Participants. For the assistance of potentially affected parties, ASX suggests that ASIC should consider identifying any points of inconsistency with affected market or CS facility operating rules when it issues draft DTRs for consultation.

If you have any queries about this submission please contact Catherine Eakin, Legal Counsel on 02 9227 0472 or Nick Wiley, General Manager Legal on 02 9227 0412.

Yours sincerely

A handwritten signature in black ink that reads 'Amanda J. Harkness'.

Amanda J. Harkness
Group General Counsel and Company Secretary