

MEDIA RELEASE

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STOCKBROKERS CAUTIOUSLY OPTIMISTIC ON ASX MERGER

The Stockbrokers Association has expressed cautious optimism on the proposed merger announced today between the Australian Stock Exchange Ltd (ASX) and the Singapore Exchange (SGX).

“The Association has an open mind on the proposal, but more information needs to be provided to the Australian market and public about how they stand to benefit from the merger,” said David Horsfield, CEO of the Stockbrokers Association.

In overseas markets such as Europe and North America, mergers between exchanges have been one of the outcomes that have flowed from competition, which is a process that Australia is part of the way through.

“However, we should not automatically follow the same path as overseas countries if it is not in Australia’s national interest that we do so,” Mr Horsfield said.

The potential for synergies and cost-savings in the order of US\$30 million to result from the merged entity are significant, and offer benefits to the shareholders of the merged entities.

“In order to convince the Australian market, including its investors, ASX and SGX need to spell out why we need this merger, and how investors and listed companies in Australia will benefit,” Mr Horsfield said.

“This includes explaining how investors will get better access to a wider range of investment products, how Australian intermediaries will get better access to offshore investors and products, how listed entities will get better access to capital, and how efficiencies will be translated into lower costs of investing.” he said.

It is important for Australia to be part of Asia and to increase its interaction with Asia on all levels, including financial. Much work has been done by the Australian Financial Centre Forum (AFCF) to identify strategies to foster Australia as a Regional Financial Centre. It needs to be established that this merger is the right way to further these objectives.

It is also essential that Australia retain the ability to control its capital markets. The performance of the Australian market during the recent Global Financial Crisis, and the capital raisings which occurred as a result, are a testament to the strength and efficiency of Australia’s markets and the quality of supervision that has been carried out by Australia’s market regulators.

The high standing of Australia’s market institutions, including the ASX, has increased because of this. The governance structure of the merged entity must not result in Australia losing this control, or in the entity being under the control of other sovereign bodies.

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