

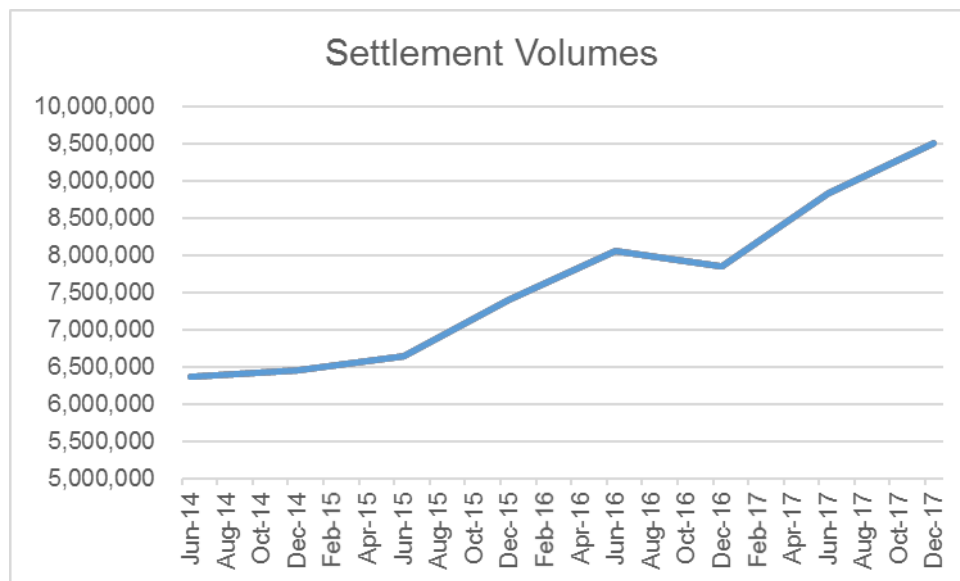
MEDIA RELEASE
Wednesday 21 March 2018

NEW ACSA STATISTICS: TRENDS IN VOLUMES POINT TO MARKET EFFICIENCY OPPORTUNITIES

Sydney, AUSTRALIA – New statistics released today by the Australian Custodial Services Association (ACSA) show the amount of total assets under custody for Australian investors grew by 4.9 per cent in six months to 31 December 2017.

The new figures represent continuing growth for the industry, with total assets under custody (AUC) reaching over \$3.49 trillion. Consistent with the growth in total assets under custody, the amount of overseas client investment into Australia (assets held in sub-custody) also grew by 6 per cent to \$1.47 billion during the second half of 2017 – representing continued attractiveness of Australia as an investment destination for foreign institutional asset owners.

In addition to asset values, the statistics show that transaction volumes for equities increased during the six months to 31 December 2017, continuing the recent upward trend. Transactions, as measured by settlements, illustrate the significant support the custody industry provides to the trading activities of institutional investors, with 9.5 million trades settled during the second half of 2017.

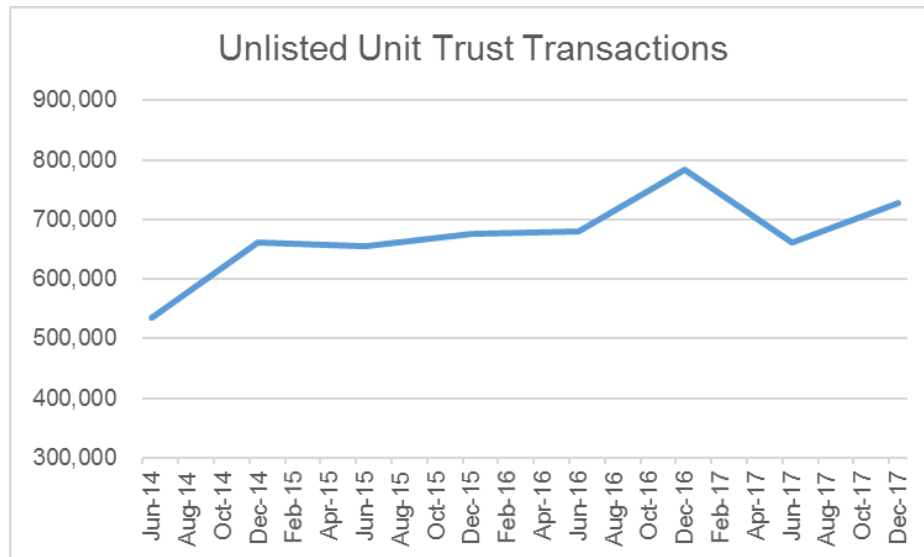


Source: Australian Custodial Services Association (adjusted for compositional change)

ACSA is working closely with its members and the broader market in reviewing the pathway being taken by the Australian Securities Exchange (ASX) for the replacement of the equities settlement platform CHES. The equities market represents the bulk of settlements measured by total transaction volumes. The distributed ledger technology (based on blockchain technology) replacement of CHES is expected to provide a significant uplift in functionality and efficiency in the clearing and settlement of securities.

Also, statistics related to unlisted unit trust transactions showed there were over 750,000 transactions of this asset type during the six months to 31 December 2017. Although more

volatile in volume, unlisted unit trusts have shown growth and represent a large portion of institutional investment.



Source: Australian Custodial Services Association (adjusted for compositional change)

Unlisted unit trusts (also known as managed funds) have traditionally been a problematic security type in terms of trading and servicing. Challenges for this asset type include no central exchange, a high incidence of non-standard and manual processes, and no constituent data depository for key managed fund characteristics. As a result, ACSA continues to work with the market to identify areas for reform and advocate for positive change towards a more efficient market that will serve asset owners, fund managers and other participants.

ACSA members are also working with clients and regulators on emerging opportunities for managed funds, including the Asia Region Funds Passport (ARFP) and new Corporate Collective Investment Vehicles (CCIVs). These initiatives, underpinned by government policy changes, are aimed at lessening the regulatory barriers to cross-border flows for fund investors. ACSA notes that other major fund centres around the world have benefitted from the efficiency and lower operating risks that flow from higher levels of standardisation, simple structures and automation. The full potential of the ARFP and CCIV initiatives will require such efficiency and structural considerations to realise their full potential in Australia.

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Note to eds: A full copy of the statistics can be found at this [link](#).

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About the Australian Custodial Services Association (ACSA)

Established in 1994, the Australian Custodial Services Association Limited (ACSA) exists to promote efficiency and international best practice for members, our clients and the market through a united voice for the custody and investment administration industry in Australia. ACSA represents members currently holding assets of some \$3.5 trillion in custody and under administration (as at 31 December 2017). For further information on ACSA please go to www.acsa.com.au