



MEDIA RELEASE

AFMA announces move to T+2 for Australian Fixed Income

19 August 2015

The Australian Financial Markets Association (AFMA) has announced that Australia will move to T+2 settlement for fixed income products on March 7th, 2016.

The change will reduce counterparty and systemic risk and bring Australia in line with key trading partner economies. Timing for the change was decided by the industry-driven T+2 Steering Committee, which has been working with the financial services industry throughout 2015 to understand the requirements for moving to T+2 from T+3.

Michael Go, Head of Markets the change would be positive for the Australian markets.

“It sees us harmonising with important offshore markets, as well as complementing the ASX’s move to T+2 settlement for cash equities and New Zealand’s move to T+2 for cash equities and fixed income,” he said. “Our consultation showed that the implementation would be reasonably straightforward as conventions, systems and processes currently cater for negotiated settlement cycles for the relevant market participants. We’re very confident that the timeframe we have set together as an industry is a sensible one.”

The change will be particularly relevant to institutions dealing in AUD denominated bonds, Mr Go said. “Any institution dealing in Australian fixed income products will need to talk to their counterparts to ensure their systems and processes cater for T+2,” he said. “Given much of the rest of the world is already on this cycle, or moving to it, it places the Australian market in a strong position.”

Mr Go said it was important to note that only secondary market products are included in this change and that origination settlement cycles and conventions remain the same. Secondary market products include Commonwealth treasury bonds and semi government bonds which are not near maturing; supernational; corporate bonds and commonwealth inflation bonds.

AFMA recommends that all market participants refer to the following AFMA market conventions;

- [Long Term Government Debt Securities Conventions](#)
- [Credit Product Conventions](#)
- [Inflation Product Conventions](#)

AMFA will continue to provide consultation and support to market participants to ensure the go-live date is met.

For more information about the change, domestic and international institutions can contact AFMA directly at secretariat@afma.com.au.

For comment and interviews with Michael Go:

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About AFMA:

The Australian Financial Markets Association (AFMA) is the leading industry association promoting efficiency, integrity and professionalism in Australia's financial markets and provides leadership in advancing the interests of all market participants. These markets are an integral feature of the economy and perform the vital function of facilitating the efficient use of capital and management of risk. Market participants perform a range of important roles within these markets, including financial intermediation and market making.

AFMA represents over 130 members, including Australian and international banks, leading brokers, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers. A [list of AFMA members](#) is available on the AFMA website.