

Australian Custodial Services Association  
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21 August 2023

Parliamentary Joint Committee  
Corporations and Financial Services  
PO Box 6100,  
Parliament House  
Canberra, ACT 2600

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**Supplementary Submission - Australian Custodial Services Association Response to Oversight of ASIC, the Takeovers Panel and the Corporations Legislation – CHESS Replacement Project.**

Further to our submission dated 8 August 2023 in relation to The Parliamentary Joint Committee on Corporations and Financial Services (PJCCFS) inquiry into the CHESS Replacement Project, PJCCFS has asked ACSA to respond to the recommendations in Cboe's submission 12 and answer to QoN 7 to the inquiry.

**Overview of ASCA**

The Australian Custodial Services Association (**ACSA**) is the peak industry body representing members of Australia's custodial and investment administration sector. Our mission is to promote efficiency and international best practice for members, our clients, and the market. Members of ACSA include NAB Asset Servicing, J.P. Morgan, HSBC, State Street, BNP Paribas Securities Services, BNY Mellon, Citi, Clearstream, Netwealth and The Northern Trust Company.

Collectively, the members of ACSA hold securities and investments in excess of AUD \$4.3 trillion<sup>1</sup> in value in custody and under administration for Australian clients comprising institutional investors such as the trustees of major industry, retail and corporate superannuation fund, life insurance companies, responsible entities and trustees of wholesale and retail investment funds, and various forms of international investors into Australia.

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<sup>1</sup> As at 31 December 2022, <https://acsa.com.au/page/IndustryStatistics>

ACSA thanks the PJCCFS for the invitation to provide additional feedback on matters relating to the delayed implementation of the ASX CHESS Replacement Project and to the recommendations in Cboe's submission 12 and answer to QoN 7 to the inquiry.

**Cboe's submission 12 response.**

ACSA has the following feedback regarding to the recommendations in Cboe's submission 12:

Recommendation 1 – ACSA agrees that where a National Guarantee Fund exists to protect against default of a clearing participant, it should support the activities of all approved clearing houses not just the activities of the ASX.

Recommendation 2 – ACSA agrees that a level playing field should exist between all clearing houses and there should be no advantage of one clearing house over the other.

Recommendation 3 – ACSA has no comment.

Recommendation 4 – ACSA agrees that Competition in Clearing and Settlement regulations should ensure:

- Interoperability
- Appropriated linkages between approved clearing houses
- Equal status of clearing houses within any market trade matching or settlement processes
- Appropriate access to enable effective interoperability between approved clearing houses
- All approved clearing houses should rank equally

Recommendation 5 – ACSA agrees that charges between clearing houses for routing trades should be minimal and not discourage competition in clearing and settlement by creation of excessive charging for interoperability of processes.

Recommendation 6 - ACSA agrees that all approved clearing houses should deliver to high standards of performance and resilience.

**QoN7 response**

**“Could you also provide us with your view about the co-regulatory model of the RBA and ASIC looking after clearing and settlement facilities?”**

ACSA supports the current co-regulatory model with ASIC providing oversight of the licensing obligations of any approved clearing house and the RBA providing oversight of the financial stability relating the clearing and settlement obligations. The co-regulatory model is consistent with the objectives of the two regulators.

**“Are the regulator's powers to oversee such projects appropriate? What needs to change there or improve or reduce? “**

Both regulators have significant and broad powers. ACSA does not have any comments on their appropriateness or any changes.

**“Do the regulators use their powers effectively and in a timely way? Are they sufficiently sensitive to what is happening in the market?”**

ACSA has no comment on the effectiveness or timeliness of the use of regulator powers, however does acknowledge that the regulators appear to have access to sufficient forums and information to understand what is happening regarding current approved clearing house activities.

If you have any questions in relation to this submission, please do not hesitate to contact me.

Yours sincerely

David Travers  
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Australian Custodial Services Association