From: [redacted]
To: Economics, Committee (SEN)
Cc: [redacted]
Subject: PEXA - Responses to questions taken on notice.
Date: Tuesday, 16 September 2025 4:45:44 PM
Attachments: [redacted]

Good afternoon,

See below responses provided by PEXA to questions taken on notice at the hearing of 9 September and due on Tuesday, 16 September.

Question	**Response**
Sen Smith: In its submission, the Australian Institute of Conveyancers proposed a possible way forward. The first recommendation in that way forward was to mandate interoperability. Does PEXA agree with the Australian Institute of Conveyancers? … Perhaps you might want to review the submission and provide any additional information to the committee on notice.	PEXA acknowledges that interoperability is currently mandated under the Electronic Conveyancing National Law and PEXA is committed to ensuring its compliance within its regulatory framework. However, PEXA's view is that interoperability, as originally envisioned, is no longer what is being pursued. The functional equivalence approach introduces IP issues and substantial additional risks to eConveyancing. We support interoperability of two fully functioning networks, however there now appears to be an acknowledgement that there was limited understanding at the time of legislating interoperability the technical, legal, and commercial obstacles to implementation. For this reason, PEXA welcomed the ARNECC's pause of the program to consider the program's scope. Subsequently functional requirements and cost-benefit reviews of interoperability have been undertaken, however we appreciate concerns with the cost benefit process as highlighted by ARNECC in their evidence that some of the models do not have much detail. Further details of PEXA's view are set out in its March submission to the inquiry.
Sen Smith: At page 19 of PEXA's submission, customer innovations are identified under three categories. The first category is for 'better experience and greater efficiency', the second category is for 'features to improve security', and the third category is 'tailored operational information'. On a scale of one to 10, can you characterise for me where the 'AutoBalance', 'Linked Settlements', 'ready-to-book', 'mobile signing', 'PEXA projects' or 'complex settlement support'—the innovations you've identified in your submission—sit on that scale, with 10 being world-class, out of this world, really high-value innovation, and one being innovation that would be, in the normal course of enterprise product development, of some value but not necessarily patent-worthy or truly innovative? And then, of course, in the second category, you identified the following two: 'PEXA Key' and 'Solicitor Mortgage Discharge Authority'. In the third category, you identified 'PEXA Planner' and 'PEXA Tracker'. I'm going to ask other witnesses this same question. Perhaps, at a high level, you might just give me and the other senators a sense of the innovative value of those and, on notice, provide more detailed information. Is that suitable, Mr	Before PEXA, conveyancing was a fragmented and inefficient process. Each participant — banks, lawyers, conveyancers — prepared documents and cheque directions in isolation, with communication often limited to emails or phone calls. This created duplication, delays, and greater risk of error. PEXA has fundamentally changed that system by devising a collaborative workspace where all participants work contemporaneously from a single source of truth. Information entered by one party is immediately available to all others, strengthening accuracy and integrity across the transaction. What makes PEXA unique is not just the shared workspace, but the innovative business rules and workflows embedded within it. These are not generic enterprise features: they are purpose-built for the Australian property market and cannot function outside the PEXA environment. These features represent distinct areas of intellectual property within the PEXA platform. Together, they streamline coordination, reduce settlement risk, and deliver tangible benefits to consumers and practitioners alike. PEXA holds a suite of intellectual property right including copyright, trade secrets and confidential information not only in its software, but also in the underlying process flows, sequences and communication protocols it has formulated and recorded in developing the source code for its platform. While we appreciate the Senator is trying to conceptualise on a scale 1-10 the level of innovation. The protection of innovation is binary, either it is protected or not, therefore we would say that all our innovations are at the top of the scale as they are protected intellectual property. Examples of our innovations with unique process flows and business rules include: **Auto Balance** – automatically reconciling settlement figures to avoid last-

Cohen? … Are they patentable?	minute errors with built in financial tolerances allowing settlement to go ahead regardless of minor chances to Settlement Statements **Linked Settlements** – ensuring multiple dependent transactions can seamlessly and contemporaneously settle. **Ready-to-Book** – simplifying scheduling and using automation to reduce administrative overheads Other PEXA innovations are designed to streamline and automate functions for specific customer segments, including: **Mobile Signing** – enables lawyers and conveyancers to complete signing tasks securely from their mobile device. **PEXA Key** – provides a secure channel for lawyers and conveyancers to exchange bank account details with their clients, reducing fraud risk. **PEXA Projects** – automates the settlement of large, complex property developments, particularly multi-unit projects. **PEXA Planner** – helps high-volume organisations, such as banks, to organise and prioritise team workloads efficiently. **PEXA Tracker** – allows front-office staff to check the status of settlements and answer customer queries without contacting back-office teams.
Sen Darmanin: Mr Cohen, I think you mentioned that you've spent $20 million so far on this project, if we'll call it that. What proportion of that is on legal advice and interactions around your intellectual property concerns?	As noted during the hearing, the figure of $20 million relates to internal costs of interoperability and so does not include external legal advice. We estimate including all costs its well over $25 million. However, we can advise the Committee that PEXA has spent around $2 million on external legal advice directly related to interoperability.
Sen O'Neill: If you could just take on notice—you'd be aware of the work by Catherine Fitzpatrick around safety by design. We looked at financial abuse as a committee through the Corporations Committee last year and we saw a lot of abuse of different systems. Have you tested your system for that? Are you looking at that?	PEXA does not provide financial services directly to consumers and therefore does not conduct these types of reviews. PEXA is always available to work with partners and stakeholders to ensure that consumers are appropriately protected.
Sen O'Neill: Could you also take on notice a question about Queensland. I know there are particular rules that could lead to increased loss of deposit if the transaction doesn't occur in a timely way. I'd like to know, from your data, if any of those occasions have happened.	The Queensland Law Society and Real Estate Institute of Queensland develop a standardised Contract for the sale and purchase of Residential Real Estate, to assist lawyers and conveyancers in Queensland. This contract has specific clauses to protect parties in the event of a delay resulting from an issue with an ELNO. Section 5(h): A party is **not** in default to the extent it is prevented from complying with an obligation because the other party or the other party's Financial Institution has done or not done something in the Electronic Workspace (emphasis added). Section 6.3: Extension of Settlement Date – Late Unsigning If: a. the Settlement is an Electronic Settlement; b. the unsigning of a party to the Electronic Workspace occurs between 3pm and 4pm on the Settlement Date due to a change made to the Electronic Workspace by another party to the Electronic Workspace; c. any party to the Electronic Workspace has not re-signed the Workspace by 4pm; and d. the Settlement Date has not previously been extended under this clause 6.3, the Settlement Date will be automatically extended to the following Business

	Day, unless otherwise agreed by the Buyer and Seller and time is of the essence in respect of this date. PEXA has no data on the number of transactions where a deposit is lost due to settlement delays or whether this is the case.
Sen O'Neill: I'm looking at your letter, Arnold Bloch Liebler, page 2, 19th of December 2023, where you talk about what you conceive of the interoperability requirement. **Is it your view, Mr. Cohen, and PEXA's view, that the agreement that was struck with the establishment of PEXA should not be subject to any further change, despite changes that might happen to the e-Conveyancing sector?** … Russell Cohen: So, I was just mentioning interoperability regime as proposed has evolved and changed form multiple times over multiple years and that is the reason why we don't believe it's fit for purpose today. **But with respect to your letter, we'll take it on notice and provide our viewpoint again**.	While acknowledging that PEXA's regulatory environment is ultimately a matter for policymakers, PEXA's position is that the best form of competition is when two or more companies compete for customers by offering their own versions of a better product and service, rather than seeking to access PEXA's product via regulatory intervention.
Sen Smith: On notice, could you provide some additional information about the ACCC engagement that you have had. The e-conveyancing publication talks about— investigation is too strong a word— some information that the ACCC has been gathering in regards to the issue. It also talks about some considerations around national competition policy reforms. Could you provide some information on notice.	During the interoperability reform process, PEXA has always sought to engage constructively with the ACCC. In particular, in the early stages (between 2020-2022) the ACCC was a regular observer of the reform process. PEXA's engagement with the ACCC during that period of time included constructive meetings to discuss the industry and relevant regulatory developments. The ACCC has also separately made inquiries about claims from a competitor that PEXA may have contravened the competition and consumer act. PEXA also engaged closely and constructively with the ACCC during this process, and responded to all queries. The inquires concluded in 2023, with the ACCC deciding to take no further action. PEXA notes the statement by Mr Ross of the ACCC in evidence to the Committee: "We've had a number of concerns raised with us in respect of anticompetitive conduct in eConveyancing markets. We have completed a range of assessments of those concerns. **We have not identified a contravention of the Competition and Consumer Act in respect of those.** We generally don't provide a significant amount of detail or commentary around confidential investigations, **but I can advise that, in respect of a number, we did not identify a contravention when we looked**." (Emphasis added).
Sen Smith: I'm interested in the ecosystem, the broad experience that sits around outages so the disruption that a consumer in the broadest sense experiences when there is an outage.	A consumer's experience with a service disruption depends on the nature of the disruption and the consumer's personal arrangements for their property transfer. PEXA is working eliminate service disruptions to ensure a smooth settlement process for its customers and consumers. However, in the vast majority service disruptions, there will be little to no impact on the consumer. For FY24/25, only 0.05% of all workspaces were prevented from settling on the schedule date as a direct result of a service disruption. In the instances where a disruption did delay a settlement, this will only materially impact on the customer in the event they are seeking to move into the property on the day of settlement. PEXA understands this is a rare occurrence. PEXA understand the potential stress and disruption this may cause, and notes that the impact will depend on a consumer's engagement with their

	lawyer or conveyancer. The impact of disruptions on practitioners will depend on the nature of the disruption. In the event of a disruption, PEXA works with its customers to ensure there is awareness of available workarounds and when disruptions are addressed. As previously noted at the Senate hearing, the majority of disruptions are outside the PEXA platform, so we also work closely with our partners to keep our customers informed when it is a third-party network issue.
Sen O'Neill: As you've become more efficient between 2014 and 2024, there's been no drop in price? Have you proposed a drop in price? Could you take that on notice and consider the pricing structure and any discussions about that.	PEXA has maintained prices in real terms since 2013. It is important to note that these prices were set in a competitive market where we were trying to transform the market and there were no mandates in place. PEXA has also continued to deliver customer and product enhancements and efficiencies throughout the period. These include, tools allowing banks/panel firms/developers to be more efficient (for example PEXA Project, PEXA Planner, PEXA Tracker); features that increase settlement on time to reduce re-work for all customers (for example, Autobalance) and tools for lawyers and conveyancers (for example, PEXA Key to reduce cyber security issues). In 2019, the New South Wales Independent Pricing and Regulatory Tribunal (IPART) found that PEXA's pricing was reasonable. We note that over the past 10 years practically all other property transaction costs have gone up in real terms. For example, on-line listing services have gone up significantly (some sources suggest by 400%; others by 1,000+%); real-estate agent fees have remained at 2-3% but given underlying explosion of property prices, have effectively increased by more than double of CPI over the past 10 years. IPART is currently undertaking a second reviewing PEXA's prices and expect to provide a report by end of FY26. PEXA is engaging constructively with this process.
Sen. O'Neill: Secondly, are there any particular cybersecurity standards or certifications that PEXA adheres to? Is that directed by APRA? What are they? How have you gone with that?	PEXA aligns with international and domestic standards, including ISO/IEC 27001:2022 (Information Security Management), ISO 31000 (Risk Management), and ISO 19600 (Compliance Management). Under the ARNECC Model Operating Requirements (MOR), PEXA must obtain a SOC 2 Type 2 report annually and remediate any weaknesses identified. These requirements are supported by independent reviews such as the Grant Thornton Fit for Purpose assessment of PEXA's Information Security Management System (ISMS). That review confirmed PEXA's ISMS is aligned with ISO/IEC 27001:2022 and assessed as fit for purpose under the ARNECC MOR. The Australian Signals Directorate (ASD) also assesses PEXA's external-facing infrastructure through the Cyber Hygiene Improvement Programs (CHIPs), with no critical vulnerabilities recorded. APRA does not directly regulate PEXA. However, under the new Operational Risk Standard (CPS 230), PEXA is deemed a Material Service Provider by its customers Financial Institutions. This requires us to provide assurances covering business continuity, third-party management, and operational risk capabilities. Our Participation Agreements with Financial Institutions also specify that we must comply, where appropriate, with APRA's Information Security Standard (CPS 234). Importantly, we have worked closely within the ecosystem to develop an assurance framework that meets the combined requirements of APRA, ARNECC, and SOCI obligations.
Sen. O'Neill: Finally, has PEXA undergone any independent security audits? Where are those results made available, either to regulators or to the public? From a	PEXA undergoes regular independent external audits of its security posture. This includes: • Annual SOC 2 Type 2 audits (which consider security controls in the PEXA environment), mandated under the ARNECC Model Operating Requirements

consumer point of view, how quickly do you redress concerns raised by users of your system?	(MOR); • Independent reviews conducted by Grant Thornton, covering penetration testing, business continuity and disaster recovery, system security, and vulnerability assessments; and • The Fit for Purpose assessment of PEXA's ISMS by Grant Thornton, which confirmed alignment with ISO/IEC 27001:2022 and compliance with ARNECC obligations. The results are provided to regulators, including ARNECC, as part of annual compliance processes. For security reasons, detailed audit reports are not made public, however, assurance statements are provided to stakeholders. From a consumer perspective, PEXA has established incident management and escalation processes. Issues raised are triaged and remediated promptly based on severity. • No Severity 1 outages (full national outages) have occurred since 2021. • Tested recovery times for a full rebuild of the Exchange have been reduced from 28 days to under 24 hours, demonstrating resilience and rapid redress of concerns.

If you have any questions, please don't hesitate to contact me.

Kind regards,

Christopher Reside
Senior Government Affairs Manager
[redacted]

Tower 4, Level 16, 727 Collins Street
Docklands VIC 3008
T +61 3 7002 4500 **W** pexa.com.au