



Committee	Parliamentary Joint Committee on Corporations and Financial Services
Inquiry	Oversight of ASIC, the Takeovers Panel and the Corporations Legislation No.1 of the 46th Parliament
Question No.	006
Topic	ASX & CHES Replacement – Industry costs
Reference	Spoken, 5 December 2022, Hansard page 42-43
Committee member	Senator Deborah O’Neill

Question

CHAIR: The amounts that you've just been referring to in real costs to the entities that have been engaged through their association with the ASX—is that what the compensation package that's being considered will be seeking to redress?

Mr Yanco: That's really a question for ASX, but our understanding is that they will look to make compensation for some of those costs. Not all of those—

CHAIR: For some of those costs?

Mr Yanco: Some of those costs.

CHAIR: Mr Yanco, your knowledge here would be very helpful to the committee. Could you take on notice an outline of what you know about the costs everywhere—noting that we won't hold you to down to the last cent, but just expect an indicative number about what the scale of impact has been. I think that would be important to provide a sense of scale for what's been going on.

Mr Yanco: One thing to keep in mind is that, when estimating these costs, the participants we speak to often include the costs they're incurring to upgrade their own systems themselves. So, we have to be very careful—

CHAIR: With that proviso attached to it, so we can read it in context—that's helpful. They might want to clean up the figures if they know what you're going to be using them for in terms of providing us with information. Mr Longo, you wanted to add something?

Answer

ASIC has a comprehensive stakeholder engagement plan with CHES users, including clearing and settlement participants (approximately 33 clearing participants and 83 settlement participants), share registries, market operators and software vendors. ASIC will obtain an estimate of costs as part of our engagement plan.

However, engagement to date from a narrow sample of 10 CHES users (which includes large participants, share registries and software providers) indicates minimum total costs incurred to date to be \$62 million. This cost is likely to include the capital expenditures of the sampled users, including upgrades to their own systems but would not include opportunity costs and associated internal management and other operational costs. Based on an extrapolation of these costs, it is not unreasonable to assume that an estimate of costs incurred to date for CHES users to be between \$62 million – \$100 million.