



T +61 2 23 5744 F +61 2 9232 7174

E info@governanceinstitute.com.au

Level 11, 10 Carrington Street,

Sydney NSW 2000

GPO Box 1594, Sydney NSW 2001

W governanceinstitute.com.au

25 August 2023

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

By email: corporations.joint@aph.gov.au

Oversight of ASIC, the Takeovers Panel and the Corporations Legislation – CHES Replacement

I refer to your email of 11 August 2023 inviting Governance Institute to respond to the recommendations in Cboe's submission 12 and answer to QoN 7 to the inquiry, including:

- your views on the recommendation; and
- whether the recommendation put forward by Cboe may be addressed by:
 - proposed reforms to competition in clearing and settlement in the Treasury Laws Amendment (2023 Measures No. 3) Bill 2023;
 - rules that may subsequently be developed by ASIC if the above bill is passed;
 - any other reforms; or
 - private sector developments.

Our members have reviewed and considered Cboe's Submission 12 and its Answer to Question on Notice 7 (Cboe Submission).

Our members employed in listed companies typically work in governance roles so that many of the issues raised in Cboe's Submission are outside their area of experience and expertise. They are not technical experts. Listed companies also generally depend on share registries who act as their agents and interact with the CHES System on a day-to-day basis.

Our members have supported the granting of powers to the regulators in relation to competition in clearing and settlement for some time.¹ For this reason they broadly support strengthening their power to deal with competition in clearing and settlement facilities. They also consider granting the ACCC power to conduct binding arbitration to resolve disputes regarding access to certain clearing and settlement services would be a positive development. They support the Statement in the Explanatory Memorandum to Treasury Laws

¹ See [Submission to Consultation Paper on Financial Market Infrastructure Regulatory Reforms](#), CHES Replacement Stakeholder Group 20 December 2019.

Amendment (2023 Measures No. 3) Bill 2023 that 'Regulators are to ensure that the regulatory framework is not a barrier to competition'.²

One issue our members have consistently raised in relation to the CHES Replacement Project is the need for transparency around the potential costs to issuers of the Project such as: the costs in transitioning to a new platform, the ongoing costs of the system and whether issuers would share in any efficiencies and cost savings generated by the new System. This is in the context of their long-standing concerns about the level of transparency around Issuer Services fees' statements which they historically found confusing and almost impossible to interrogate.³ While ASX has introduced improvements to these Statements in the last twelve months anecdotal evidence from our members indicates improvement is still needed. From our members' perspective the potential for competition in relation to pricing and costs would be a welcome development.

Please contact me or Catherine Maxwell, GM Policy and Research if you have any questions in connection with this letter.

Yours sincerely,

Megan Motto

CEO

² See [Explanatory Memorandum, Treasury Laws Amendment \(2023 Measures No. 3\) Bill 2023](#) at page 39.

³ See [Governance Institute Submission Issuer Services New Pricing](#), 14 April 2022.