

## **Opening Statement – PJC Corporations & Financial Services December 5<sup>th</sup>, 2022**

### **Chair – Damian Roche**

Thanks Chair.

ASX has engaged with this Committee over many years. We fully respect and welcome your role amongst other things in the oversight of the financial services industry, and the specific interest you have in ASX and more recently the CHES replacement project.

As stated in our market announcement last week, there are significant technology, governance and delivery challenges with the CHES project that must be addressed.

I'd like to repeat our apologies for the disruption to stakeholders experienced over a number of years. Put simply – this is not where we want to be. Despite our best efforts, we haven't got enough right to warrant continuing along the same path. Our board of directors and executive management take full responsibility for the CHES replacement project, and for the necessary technology renewal across ASX more generally.

Today I am joined by Our Chief Executive Officer, Helen Lofthouse, who will now make further opening comments.

## **CEO & Managing Director – Helen Lofthouse**

The Committee will have seen our market announcement that paused the CHESS replacement project.

While ASX's activities are much broader than the clearing and settlement of cash equities - and we do get many things right - CHESS has received a huge amount of attention from government, regulators and all stakeholders - and rightly so. However, as announced, we have not succeeded to date in replacing this piece of critical market infrastructure.

Many of ASX operations are licenced by government. We take obligations under these licences very seriously. While regulators and other stakeholders have high standards for ASX, we set even higher standards for ourselves.

As noted in our market announcement and the detailed report from Accenture, our project faced significant challenges with the solution design and its ability to meet ASX's requirements. Our options were to continue down an uncertain path, scrap the project entirely, or pause so we can assess our current position and determine the best way forward.

We chose the latter option and are now reassessing the solution to ensure it meets the needs of Australia's financial market. Our immediate actions include implementing stronger project governance and vendor management, and appointing a new Project Director.

We are very mindful of the impact pausing the project has on our customers. We apologise for the delays, appreciate their support and will continue to engage directly with them. We have some work to do before updating and consulting with stakeholders more deeply. ASX remains committed to providing the best long-term clearing and settlement solution for the Australian financial market.

Importantly, I would like to assure the Committee that the existing CHESS system remains stable and resilient, and is performing well. In recent years, we have increased our investment in it and are confident it will continue to serve the Australian marketplace well into the future.

Like many of my ASX colleagues, I am disappointed – this is not where we wanted to be. But I am also encouraged that we are now armed with better information, have valuable lessons to draw on, and having made a critical decision recently, can reset the course, reset expectations and get this project back on track.

Thank you Chair.