



PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

Statutory inquiry into ASIC, the Takeovers Panel, and the corporations legislation

Competition in clearing and settlement and the ASX CHESS Replacement Project: The CHESS Replacement Project is too important to fail.

On 24 April 2024, the committee tabled its report on competition in clearing and settlement and the ASX CHESS Replacement Project.

(https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Corporations_and_Financial_Services/OversightofASIC)

The ASX's Clearing House Electronic Subregister System (CHESS) is the computer system used to record shareholdings and manage the settlement of share transactions.

The problems, pause, and redesign of the ASX CHESS Replacement Project were a major focus of the committee's work. The costs to industry participants in preparing their systems for the new CHESS have been substantial. Acting too late has magnified the costs of the regulatory cleanup by the Australian Securities and Investments Commission (ASIC) and the Reserve Bank of Australia (RBA).

The CHESS Replacement Project is a critical component of Australia's financial market infrastructure. It has been said that some financial institutions are too big to fail. In relation to the CHESS Replacement Project, is too important to fail. In the committee's view, responsibility for it extends beyond the strict legal obligations of the ASX.

The committee has made recommendations to address and improve the regulatory supervision of CHESS and other critical financial services technology platforms.

The committee has also examined current and other potential reforms to financial market infrastructure and competition in clearing and settlement.

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