



ASIC
Australian Securities &
Investments Commission

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.	002
Date	26 November 2021
Topic	Interactions with ASX/international best practice
Reference	Spoken, 26 November 2021, Hansard page 10
Committee member	Senator O'Neill

Question

Senator O'NEILL: I agree with you. I invite you to provide on notice—I'm mindful of the time and the chair's direction—a bit of the shape of the international best practice that has informed your interactions with the ASX in regard to this particular matter and any learnings that need to be applied going forward. It doesn't need to be a long document; just a summary document would be helpful for me to understand. Thank you very much...

Answer

ASIC and the RBA through our respective supervision of ASX's clearing and settlement facilities and other licensed facilities in Australia have given effect to the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) Principles for financial market infrastructures (PFMI). The PFMI set expectations for the design and operation of key financial market infrastructures such as ASX Clear and ASX Settlement to enhance their safety and efficiency and, more broadly, to limit systemic risk and foster transparency and financial stability. In line with the G20's expectations, Australia along with other CPMI IOSCO members committed to implement and apply the PFMI in their jurisdictions. In 2012 ASIC and the RBA took steps to implement the Principles. CPMI-IOSCO has monitored and assessed jurisdictions implementation of the PFMIs. CPMI IOSCO has assessed the Australian agencies implementation measures to be consistent or broadly consistent with the PFMIs.

ASIC and the RBA's supervision of the CHESSE Replacement Program therefore apply these international standards. This includes principles relating to governance, legal basis, framework for the comprehensive management of risks, communication procedures and standards, access and participation, operational and general business risk. ASX is expected to demonstrate that with the implementation of the CHESSE Replacement Program it continues to comply with the PFMIs.

In addition, ASIC regularly engages with international counterparts through the IOSCO network including IOSCO Committee 2 which is concerned with the Regulation of Secondary Markets (C2).

IOSCO's objectives include to cooperate in developing, implementing, and promoting adherence to internationally recognised and consistent standards of regulation, oversight and enforcement, and to promote investor confidence in the integrity of securities markets, including through strengthened information exchange.

IOSCO's C2 meets on a quarterly basis and facilitates regular interaction with international regulators on topics of interest and involves sharing information on regulatory developments.