



**ASIC**  
Australian Securities &  
Investments Commission

<b>Committee</b>	Parliamentary Joint Committee on Corporations and Financial Services
<b>Inquiry</b>	Oversight of ASIC, the Takeovers Panel and the Corporations Legislation
<b>Question No.</b>	026
<b>Topic</b>	ASX & CHESS Replacement – Vendor Management
<b>Reference</b>	Spoken 27 June 2023, Hansard page 29
<b>Committee member</b>	Senator SCARR

#### Question

**Senator SCARR:** Vendor management is a matter for ASX. It will be a matter for the broader market if they fail to meet the required standards of vendor management and that disrupts the provision of the CHESS system. That's correct, though, isn't it?

**Mr Longo:** Yes. It's clearly a risk.

**Senator SCARR:** It's clearly a risk. So my concern is related. Feel free to take this on notice. We're all on a journey here. My concern is how the regulators and key stakeholders get some visibility with respect to how that vendor management process is working, how effective it is and whether there are any red flags raised which should trigger concern on the behalf of regulators and stakeholders with respect to ongoing management of the project. Just as we're talking about the engagement processes with stakeholders and whether or not there are governance processes or independent assurance processes that could be put in place to provide greater confidence. You are right; a lot of this is related to confidence. I'm not necessarily seeking an answer to that question. I am simply raising it.

**Mr Longo:** No. It's clearly a risk. The quality and standards applying to vendor management, if not properly done, clearly could have a material adverse impact on ASX.

#### Answer

The regulators and key stakeholders will get visibility of ASX's vendor management practices through the publication of an ASX special report and an Ernst and Young (EY) report. ASX is required under notices issued by ASIC on 21 February 2023, to provide a Special Report on ASX Ltd, ASX Clear and ASX Settlement's Project, Program and Project Management Frameworks and capability (the PPPM Special Report) by 29 September 2023. These notices were issued by ASIC under s794B (1) and s823B (1) of the Corporations Act. Along with other matters, the required report will provide detail on how ASX's PPPM Frameworks address and manage vendor management. EY will provide an audit of this Special Report (due 31 October 2023). The report is to also include an assessment of ASX's PPPM framework against international recognised frameworks, validating that they are either fit for purpose or identifying gaps or deficiencies and the measures that will be taken by ASX to rectify any such deficiencies.

It is our publicly stated expectation that ASX will publish its PPPM Special Report and EY's Audit Report. The public reports will therefore provide key stakeholders with visibility of ASX's vendor management practices.