



**Parliamentary Joint Committee on Corporations and Financial Services - Oversight of ASIC,  
the Takeovers Panel and the Corporations Legislation - Response to Question on Notice**

Hearing Date: 27 June 2023  
Response Date: 28 July 2023  
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**Question:**

Chair: Could you take on notice what you need the business committee and the technical committee to look like? ASIC indicated that they had been hearing some of those concerns.

**Response:**

Fixing the CHES Replacement engagement model is critical to ensuring that the new CHES Replacement delivers a fit for purpose clearing and settlement solution for the entire Australian market.

Cboe shares the view of many participants of CHES Replacement that the existing Business Committee / Technical Committee structure persists in failing to achieve effective engagement. We are supportive of the work ASIC is undertaking to find solutions to this problem.

Cboe considers that a new engagement model that reflects the following principles is required:

1. ASX clearing and settlement services (CS Services), particularly while they operate as a monopoly, form systemically important financial markets infrastructure that operates for the benefit of Australian shareholders and the Australian financial system.
2. Users of CS Services should have a formal forum to provide input into:
  - strategy setting, operational arrangements, and system design for CHES Replacement
  - other public interest matters affecting the provision of CS Services (for example, non-discriminatory pricing and access).
3. The forum should be representative of the different types of users of CS Services, all of whom should acknowledge a responsibility to act to advance the public interest purposes of CS Services.
4. The forum should be independently chaired.
5. The forum should be appropriately empowered so that it has access to the necessary people and information so that it can make informed recommendations regarding the matters above.
6. The chair of the forum should have the ability to directly make representations to the boards of ASX Clear and ASX Settlement.
7. The boards of ASX Clear and ASX Settlement bear ultimate responsibility and accountability for meeting the license and other obligations regarding CS Services and should take ownership of the engagement model.



Accordingly, Cboe considers an advisory, rather than decision making, body would be appropriate. However, we consider that an advisory body will only be effective if it is supported by requirements on ASX to:

- ensure that systemically important market infrastructure is operated for the benefit of Australian shareholders and the Australian financial system;
- regularly report to the regulators and provide transparency to users on how it does this; and
- structure ASX Clear and ASX Settlement so that, at an operations, governance, and technology level, they are incentivised to, and rewarded for, servicing all their customers equally.

These measures will help ensure the advisory body will not be ignored and they could be implemented through license conditions or rules.