

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates 20-21 February 2008

Question: aet 47

Topic: Tricom Equities Ltd

Hansard Page: E6

Senator WATSON asked:

Senator WATSON—Can you provide details of any investigations or discussions with Tricom Equities Ltd both pre and post the failed settlement events? Maybe you might like to take that on notice.

Mr D'Aloisio—We will take that on notice but I think, as I have said, we do not comment on specific cases. As I have said, in relation to the work we will do with ASX we will be looking at the issues around the Tricom delayed settlement, ASX's role and other market participants, in considerable detail.

Answer:

ASIC has had discussions with both Tricom Equities Limited (Tricom) and ASX during and after the delayed settlement events on 29 and 30 January 2008.

The discussions following the delayed settlement events took place with a view to understanding what occurred, why and whether any regulatory issues have arisen or will arise (including whether there were any issues relating to Tricom compliance with its obligations under the *Corporations Act* and its Australian financial services licence).

ASIC's review of Tricom, including the proposed sale of the business to Bell Potter, is continuing.

Additionally, ASIC is also receiving updates from ASX about its oversight of Tricom. ASX has directed Tricom to appoint an independent expert to review its operating and systems controls in respect of its performance and capacity as a market participant. Tricom appointed PricewaterhouseCoopers to undertake this review. ASIC has just received a report of the first stage of the review.

More broadly, ASIC reviewed how ASX handled the settlement delays. We met with ASX and obtained detailed information about its processes. As a result of that review, we concluded that ASX acted appropriately in the circumstances, and we have advised ASX of this view. We have made recommendations about improvements to the settlement process to ensure, if this type of event was to occur again, that the impact on the market is minimised. This includes a communication strategy to ensure the market is informed about what is happening, and why. ASIC's recommendations do not detract from the actions that ASX took in relation to the delays at the end of January.

ASIC has written to the Treasurer and Senator Sherry about Tricom and the results of our enquiries.