



MINUTES OF THE BUSINESS COMMITTEE  
WEDNESDAY, 27 NOVEMBER 2014  
ASX LIMITED  
LEVEL 1, 20 BRIDGE STREET SYDNEY

**Presentation on ETO Market Developments**

- 1. Introduction and update on outcomes of Forum meeting**
- 2. Service Performance**
  - a. Cash market clearing and settlement operational performance report
  - b. Verbal update on November CHES release, including TAS developments
- 3. Business Matters**
  - a. Introduction of T+2 settlement and a change to the batch settlement cut-off time
  - b. Clearing participant structures
  - c. Post-implementation update on corporate actions STP Phase I
  - d. Verbal update on the Technical Committee meeting on the roadmap for post-trade services infrastructure
- 4. Regulatory Updates**
  - a. ASX Clear recovery plans
  - b. ASX Clear and ESMA recognition
  - c. ASX Consultation Paper "Reducing red-tape – proposed amendments to ASX's admission and notification requirements"
- 5. Administration**
  - a. Operational improvements to the Code of Practice
  - b. Forward work program
  - c. Minutes from the 27 August 2014 meeting
  - d. Other Matters

## ATTENDEES

MEMBERS		
Company	Name	Job Title
ASX	Mr Peter Hiom	Business Committee Chair Deputy CEO, ASX
ABN AMRO Clearing	Mr Barry Parker	Managing Director
APX	Mr David Lawrence	Chief Operating Officer & Company Secretary
Bank of America Merrill Lynch	Mr Anatoly Kirievsky	Vice President Compliance
Bell Potter Securities	Mr Dean Surkitt (by telephone)	Managing Director Retail
Chi-X Australia	Mr Jamie Crank	Director Markets and Operations
Citi	Mr Miles O'Connor	Director, Direct Custody & Clearing Securities & Funds Services
Commonwealth Bank of Australia	Mr Sheridan Thompson	Head of Strategic Development, CommSec
Deutsche Bank AG	Mr Russell Deal	Chief Operating Officer
Goldman Sachs	Ms Yen Le	Head of Australia & New Zealand Settlements
HSBC	Mr Andrew Bastow	Head of Securities Services
Macquarie Group	Mr Michael McKeown	Chief Operating Officer
Morgans	Mr Brad Yates	Senior Manager, Operations
Morgan Stanley	Ms Rebecca Collins	Head of Securities Operations
Patersons Securities	Mr Sam Budiselik (by telephone)	Chief Operating Officer
UBS	Mr Conor Foley	Chief Operating Officer

ASX Management	
Name	Job Title
Ms Amanda Harkness (from Item 4a)	Group General Counsel and Company Secretary
Mr Tim Hogben	Group Executive, Operations
Mr Alan Bardwell	Chief Risk Officer
Ms Danielle Henderson	General Manager, Clearing Services
Mr Andrew White (until Item 4a)	General Manager, Settlement Services
Ms Janine Ryan (Item 4a only)	General Manager, Legal
Mr Marcin Firek	General Manager, Company Secretariat
Ms Diane Lewis	Senior Manager, Regulatory and Public Policy
Mr Rodd Kingham	Senior Manager, Clearing Services
Mr Brad McCosker (Item 4a only)	Senior Advisor, Clearing Risk Policy
Mr Graham O'Brien (lunch presentation)	Manager, Equity Derivatives Sales
ASX Compliance Management	
Name	Job Title
Ms Fiona Hooymans (Item 4c only)	General Manager, Participants Compliance

## APOLOGIES

MEMBERS		
Company	Name	Job Title
BBY Ltd	Mr Arun Mahraj	Chief Executive Officer
BNP Paribas	Mr Justin Christopher	Chief Operating Officer
Credit Suisse	Mr Andrew Farran	Chief Operating Officer
Goldman Sachs	Mr Greg Hanlon	Head of Operations
J.P. Morgan	Mr Samuel Mann	Business Manager, Australia Equities

<b>MEMBERS</b>		
<b>Company</b>	<b>Name</b>	<b>Job Title</b>
Morgans	Mr Peter Chisholm	Manager Operations
Morgan Stanley	Mr Craig McGuire	Head of Operations
NSX	Mr Emlyn Scott	Chief Executive Officer
Pershing Securities	Mr Rob Forbes	Chief Operating Officer

Prior to the commencement of the meeting, Members were provided with a briefing from Mr Graham O'Brien, ASX's Manager of Equity Derivative Sales, based on a PowerPoint presentation titled 'ETO Market Developments'.

The Chair noted that whilst post-trade services for equity derivative products were outside the scope of the Code of Practice, it had been agreed at the August meeting that ASX would update the Committee regarding the ETO market and post-trade services for ETOs given the increasing number of topics which cross-over between cash equities and ETOs as a result of a shared clearing house. It was agreed that a copy of the slides be distributed to the Committee [**Agreed Action 1**].

The Chair formally opened the meeting at 12.30pm.

Some of the agenda items were considered out of order. For convenience, they are recorded in the order set out in the Agenda. Attendance for part of the meeting is noted in the attendee section on the preceding page.

## **AGENDA ITEM 1: INTRODUCTION AND UPDATE ON OUTCOMES OF FORUM MEETING**

The Chair welcomed Committee members, including those participating by phone.

The Chair updated the Committee on the Forum meeting held on 1 October 2014, including that the Forum:

- noted and discussed the roadmap for the development of cash market post-trade services infrastructure, including the replacement of CHES;
- discussed the proposed operational improvements to the Code of Practice and endorsed increasing the number of Business Committee meetings to four meetings per year, decreasing the number of Forum meetings to two meetings per year, and having the Technical Committee report to the Business Committee. The Forum requested that the Committee be consulted on the proposal to reduce the frequency of commissioning updated international cost benchmarking on cash market post-trade services, which will be discussed further under agenda item 5a; and
- noted the FY14 cash market clearing and settlement management accounts and the cash market clearing and settlement operational performance report for the June and September 2014 quarters.

## **AGENDA ITEM 2: SERVICE PERFORMANCE**

### **a. Clearing and settlement services operational performance report**

The Committee noted the report on the operational performance of cash market clearing and settlement services set out in the agenda paper, including key clearing and settlement metrics for the quarters ended June 2014 and September 2014.

ASX's Group Executive, Operations spoke to the agenda paper, noting that:

- CHES and TAS system availability was 100% for both quarters. There was an 11% increase in trade volumes for the September quarter;
- netting efficiency averaged 99.8% on volume and 59% on value across both quarters;
- average settlement failure rates were consistent with previous periods at 0.3%; and
- Two Chi-X trades submitted through the TAS had been incorrectly rejected in the September 2014 quarter. The trades were rejected as a result of the CHES sub-register for the security remaining suspended after the security was reinstated to trading. A technical fix for this issue had been implemented in the November 2014 CHES release.

ASX's Group Executive, Operations also informed the Committee that the recent listing of Medibank Private Limited (MPL) had taken place without issue, including that:

- approximately 48 million MPL shares traded in the opening auction. There were approximately 585 million MPL securities traded on ASX and Chi-X during the first day of trading;
- 28 November 2014 is a watch point for ASX Settlement as institutional settlement of over \$2.3 billion would occur on that day. Total settlement would be approximately three times the average net daily settlement that occurs in CHES; and
- 10 December 2014 is also watch point for ASX Settlement as settlement of deferred settlement trading from 25 November to 5 December securities would occur in the CHES system that day.

The Chair invited questions or comments on the agenda paper. No comments or questions were raised by Members.

#### **b. Verbal Update on the November CHES release, including TAS developments**

ASX's General Manager of Clearing Services provided a verbal update about the status of upcoming CHES releases, including that:

- the November 2014 CHES release was in production. It included 3 minor modifications to the TAS to provide equivalent validation conditions to those for the ASX market; and
- the next CHES release was scheduled for May 2015. It would include changes related to ASX's compliance with FSS requirements for account segregation.

### **AGENDA ITEM 3: BUSINESS MATTERS**

#### **a. Introduction of T+2 Settlement and a change to the batch settlement cut-off time**

The Chair introduced the agenda item noting that ASX had worked closely with the Australian Payments Clearing Association (APCA), payment providers and participants since the last Committee meeting to reach an industry consensus on the batch settlement cut-off time.

ASX's General Manager of Clearing Services informed the Committee that, following consultation with relevant stakeholders and taking account of the impact of the changes on pre-settlement preparation time for participants and the implications for payment providers, default management processes and afternoon post-settlement activities, ASX was proposing to:

- extend the daily batch settlement cut-off time from 10.30am to 11.30am;
- maintain the option for a 30 minute extension to the batch cut-off;
- reduce the payment authorisation period from 90 to 60 minutes;

- reduce the ASX default management window from 2 hours to 90 minutes; and
- maintain final payment settlement obligations at 2.30pm.

ASX's Senior Manager of Clearing Services outlined the consultation process and some of the data analysis which supported the proposed changes, including:

- that ASX participated in two workshops with the CHES Payment Provider Working Group of APCA and undertook bilateral consultation meetings with a number of participants, and the RBA. APCA and its CHES Payment Provider Working Group (comprising 11 payment providers) endorsed the proposed changes;
- ASX's analysis of the past 12 months of settlement completion times supported the proposed changes. The average payment approval time was 14 minutes. There were four instances of approvals taking longer than the proposed approval window of 60 minutes. The average settlement completion time was 11.23am and the latest was at 1.14pm, well before the settlement payment deadline of 2.30pm; and
- ASX had not identified anything in the analysis of the past 12 months' data which would indicate an issue with the proposed changes.

The Chair invited Committee feedback on the proposed changes.

A Member inquired whether the change to the batch settlement cut-off time needed to coincide with implementation of T+2. The Member commented that there could be benefits to Members by implementing the 11.30am batch settlement cut-off time earlier, particularly for those participants supported by staff in their Asian offices. Another Member queried whether there was heightened risk from implementing the change to the batch cut-off time and T+2 at the same time.

The Chair noted that ASX would prefer to implement the change to the batch cut-off time and T+2 at the same time as this is what has been agreed with APCA and its Working Group. It was also noted that ASX's view was that implementing the two changes at the same time did not pose additional risk for the industry.

ASX's Group Executive, Operations informed the Committee that the payment providers had been heavily involved in developing the proposed changes to the batch settlement cut-off time and that any change to the proposed implementation timeframe would need to be discussed with them. It was also noted that the low settlement fail rates (generally around 0.3%) demonstrated that the current timing of the batch cut-off under a T+3 settlement cycle was not significantly impacting settlement efficiency. The rationale for extending the timing of the batch cut-off to 11.30am was to support the introduction of a shorter settlement cycle.

A Member noted that that his organisation was happy with either the timing of the batch cut-off to be changed at the same time as T+2 is implemented under the current proposal or the introduction of the later batch cut-off ahead of the introduction of T+2. A number of Members agreed that there might be a benefit in investigating the possibility of implementing a later batch cut-off ahead of the introduction of T+2.

The Committee endorsed:

- the proposal to change the batch settlement cut-off time from 10.30am to 11.30am; and
- the implementation of T+2 in March 2016.

The Chair agreed that ASX would examine the merit of implementing the later batch cut-off in advance of the implementation of T+2, and would revert back to the Committee at the next meeting. **[Agreed Action 2]**

ASX's Senior Manager of Clearing Services informed the Committee that ASX would shortly announce to the market the first meeting of the T+2 Market Implementation Group (MIG), which



would meet on 11 December 2014. The MIG would allow for wider industry and stakeholder consultation on T+2 implementation. MIG meetings would be broadly accessible via webinar and be recorded.

#### **b. Clearing Participant Structures – Considerations for Principal to Principal Clearing**

ASX's General Manager of Clearing Services updated the Committee on a workshop held on 14 October 2014 and a number of bilateral meetings with members of the working group, which had been established after the August Committee meeting, to discuss the potential operational mechanics of principal to principal (P2P) clearing arrangements. ASX would continue these discussions and hold another workshop in December 2014 to confirm the operational assumptions of the proposed model. Following this, the proposed model would provide the basis for a 'regulatory look through' analysis. Joint ASX and industry engagement with ASIC would commence in the second quarter of calendar year 2015.

#### **c. Corporate Actions STP Phase I – Post Implementation Update**

The Chair noted the article about the corporate actions STP Phase I initiative in the November Listed @ASX magazine, and referred to the discussion about corporate actions STP Phase 2 in previous meetings.

ASX's General Manager of Settlement Services updated the Committee on the implementation of corporate actions STP Phase I, including:

- a number of issuers had early adopted. Feedback was that issuers were happy using the STP service and with the time savings. Corporate actions STP Phase I would become mandatory for all listed entities on Monday, 23 March 2015;
- ASX was continuing to work through a number of minor post go-live items. These included actions postponed to post-go-live and responses to suggestions from customers following their implementation;
- a number of ASX market data customers were trialling the corporate actions notification service; and
- STP Phase I had automated the 4 largest corporate actions, representing approximately 66% of all of corporate action volumes.

ASX's General Manager of Settlement Services advised that following the receipt of feedback from the Committee at the previous two meetings about the potential for a second phase of corporate actions STP, ASX had undertaken discussions with a number of customers. These discussions had revealed a divergence of views regarding a phase 2 solution with some customers calling for an end-to-end STP solution for five of the remaining ten corporate action types and others encouraging ASX to provide an STP solution for the feedback loop for the corporate actions delivered in Phase I.

The Chair invited the Committee to provide feedback, which was mixed:

- several Members commented that there could be significant efficiency benefits to be realised by providing an STP solution for the feedback loop for the corporate actions delivered in Phase I. This currently involved significant manual and paper-based processing. One Member identified these processes as one of their largest areas of operational risk; and
- another Member commented that it would be more beneficial if ASX focused on extending STP to the next five corporate actions types.

The Chair noted that ASX would consider which developments in this area should form part of the CHES replacement project. ASX's General Manager of Settlement Operations advised that ASX would continue bilateral discussions with customers and report back to the March 2015 Committee meeting with a proposal for the second phase of this initiative. **[Action Item 3]**

#### **d. Update on Technical Committee meeting on the roadmap for post-trade services infrastructure**

ASX's Group Executive, Operations updated the Committee on the Technical Committee meeting held on 24 September 2014, including:

- the CHES replacement project requires a significant degree of collaboration from both the Business Committee and the Technical Committee to ensure an appropriate balance of input on business requirements and technology inputs. The Technical Committee would focus on technical issues and report to, and work collaboratively with, the Committee to help build a system which met business requirements;
- the Technical Committee was broadly supportive that the new infrastructure should be based on ISO 20022 standard messaging and have multi-currency and multi asset class capability. DvP model 3 is the preferred model for settlement although there was some discussion of DvP model 1 and possible hybrids between the two models, which would be canvassed as part of the broader consultation process to be undertaken next year; and
- the Technical Committee agreed that the new infrastructure should not be locked into legacy ASX architectural systems and it should have open access APIs to provide for better external access. ASX confirmed that the system that replaces CHES will be designed to connect to a new 'enterprise service bus' and would not be designed to directly integrate with existing legacy systems.

ASX's Group Executive, Operations outlined that the CHES releases on the roadmap for cash market post-trade infrastructure were discussed by the Technical Committee. This included that there would be limited CHES releases following the H2 2015 CHES release.

ASX's Group Executive, Operations described the current timetable for customer engagement regarding CHES replacement, including that:

- by the end of 2014, ASX would launch a web page to communicate with participants on the CHES replacement project. Initially, the web page would provide updates on the project, high level information on the principles that should underpin the system that replaces CHES and invite participants to engage in bilateral discussions;
- ASX would commence a broad-based public consultation on CHES replacement in the second quarter of 2015. The consultation process would likely be completed by September 2015, after which ASX would be in a position to finalise the business requirements and prepare the technical solution design;
- towards the end of 2015, ASX expects to be in a position to select the vendor and commence the system build. The new system build was expected to take 12 months; and
- at this stage, ASX did not expect significant engagement with participants and customers following the consultation process until the first half of calendar year 2017, when they would be required to undertake system testing.

A Member inquired whether it would be possible for ASX to provide the market with more detail on the technical specifications for the system that replaces CHES ahead of the timetable for customer engagement outlined. It was noted that while the full technical specification was not required at this stage, it would be useful for the technology teams within participants to have more detail in relation to the type of infrastructure and the type of messaging being considered to give them an opportunity to consider the potential impact on their internal resourcing needs.

ASX's Group Executive, Operations indicated that the Technical Committee would be involved in considering the system specifications and mapping the current 400 plus CHES messages to ISO 20022 messages. ASX's Group Executive, Operations also noted that it would be difficult to determine the system specifications until the business requirements had been finalised.

In response to Member questions, ASX's Group Executive, Operations confirmed that ASX was talking to other major exchanges who had implemented similar system replacements.

The Chair agreed that ASX would engage with Members and participants throughout the process, particularly with a view to identifying business processes that can be removed or improved to increase efficiency and remove costs for participants. The Chair noted that ASX understood the importance of customer engagement and the need for a highly consultative process in undertaking this project. More information about what is being considered would be provided to the March 2015 Committee meeting. [Action Item 4]

## **AGENDA ITEM 5: REGULATORY UPDATES**

### **a. ASX Clear Recovery Plans**

ASX's General Manager of Legal informed the Committee about the current status of development of ASX Clear's proposed recovery plans based on a PowerPoint presentation, including that:

- ASX had issued a consultation paper on recovery tool options for uncovered loss allocation and replenishment for clearing participants in October. The paper did not address non-default losses or ASX replenishment of the default fund;
- CPMI-IOSCO released its final guidance on central counterparty recovery during the consultation process in mid-October. The guidance contained no substantive changes and did not change the nature of the proposals in the ASX consultation paper;
- ASX had organised an industry forum, legal counsel briefings and bilateral discussions with participants as part of its consultation. Written responses had been received from 13 organisations and more written submissions were expected.

ASX's General Manager of Legal outlined to the Committee the straw man proposal for how ASX Clear proposed to deal with losses exceeding its default fund, and discussed the key features of each recovery tool, including emergency assessments, partial termination, complete termination and replenishment.

A Member queried the size of the current default fund and asked whether ASX's contribution of paid in capital to the default fund was an efficient use of capital, or whether this capital could be contributed by participants at a lower cost. The Chair noted that the issue of the structure of the default fund had been discussed in previous meetings and had been identified in the two recent cost benchmarking reports. The challenge in achieving the appropriate structure of the default fund related to the fact that the cost of capital differed from client to client depending on the shape of their businesses and return on capital. As such, participant contributions to the paid-in capital for the default fund was economically rational for some clients, but not others. ASX was open to a broader discussion on the structure of the default fund, including as part of a discussion about whether the Code of Practice is extended and possible fee changes.

A Member queried how a complete termination of contracts would operate, including whether securities would change hands and how such an event could be managed with their clients. ASX's General Manager of Legal outlined that a complete termination under the proposal would mean that there would not be physical settlement of the securities (i.e. securities would not change hands) and the transaction would be cash settled on a mark to market basis (i.e. a compensation payment would be made based on the price that the securities traded at and the current market price at the time the contract is terminated).

ASX's General Counsel and Company Secretary noted the advantages of designing regulatory framework to deal with these situations now and not when you are in the midst of a default management and insolvency situation. The Chair welcomed and encouraged further feedback on the complete termination proposal from Members as part of the ongoing consultation process.

ASX's General Manager of Legal outlined the key themes of the responses received to date in the consultation process, including:



- general recognition for the need to put in place new recovery tools under the new regulatory requirements;
- positive feedback for the proposal to cap participant liability and measures that will enable participants to be able to calculate their exposures upfront under the assessment regime;
- positive feedback for the proposal to allow participants to resign from the clearing house following a default management process and before commencement of the replenishment of the default fund;
- mixed views about what the capital and cost implications of the various recovery tools may be, how the partial termination of contracts would operate, particularly in relation to pricing and the involvement of external committees, and whether emergency assessments should be called and partial terminations undertaken when the situation will most likely end up in a complete termination. Transparency and the provision of information throughout a recovery situation was considered paramount so that customers could manage their exposures; and
- there was mixed feedback regarding the proposal for the replenishment of the default fund, with some participants resistant to the idea that they should contribute capital through this process and others taking the view that there should be participant contributions to the current default fund.

ASX's General Manager of Legal informed the Committee that ASX expected to publish a consultation paper on the recovery rules framework in late Q1 2015 and lodge rules for regulatory approval in mid-2015. Participants have the opportunity to provide further input into the process prior to the formulation of a final proposal and were encouraged to continue to engage on these issues. In response to a Member question, it was confirmed that non-confidential responses would be published. ASX's General Manager of Legal advised Members that the RBA would also be conducting bilateral discussions with participants on these issues. Members could contact RBA directly or ASX would pass on requests for meetings.

One Member noted that additional work was required in relation to the proposal for the replenishment of the default fund as a move to paid-in capital from participants into the default fund should have implications for the cash market clearing fee. The Chair acknowledged that the economics of cash market clearing would be subject to change if the structure of the default fund was fundamentally altered.

#### **b. ASX Clear and ESMA Recognition**

The Chair advised Members that ASX had announced on 12 November 2014 its intention to seek ESMA recognition for ASX Clear as a Qualifying Central Counterparty (QCCP) under EMIR. ASX Clear would be required to meet the 'cover 2' capital and liquidity default standard to obtain QCCP status.

ASX's Chief Risk Officer informed the Committee about the application to ESMA, including:

- the European Commission's determination that the Australian regulatory regime for CCPs was equivalent to Europe satisfied one of the key pre-conditions for ESMA to consider ASX Clear's application for QCCP status;
- one consequence of ASX Clear moving to a 'cover 2' standard was that ASX Clear would boost its available liquid resources from \$300 million to \$400 million to meet the 'cover 2' liquidity standard. ASX Clear analysis indicated no changes were required to the default fund to meet the 'cover 2' capital standard;
- another consequence of ASX Clear moving to a 'cover 2' standard was that it would need to reduce its existing maximum stress test exposure limits (STELS) for any clearing participant from \$250 million to \$125 million. ASX Clear had modelled the impact if this change had applied in 2014. There would have been an increase of additional initial margin calls from 10

to 38 impacting seven participants. One participant would have been responsible for 23 of the additional 28 additional calls. ASX would meet with participants bilaterally to discuss the impact of the changes; and

- ASX Clear was in the process of establishing a consultative risk committee similar to that which had been established for ASX Clear Futures.

In response to a question, the Chief Risk Officer confirmed that the impact of reducing the STEL was unlikely to significantly impact most participants since most operated with significant capacity below the STEL limit.

The Chief Risk Officer advised that the timing of when ESMA would issue a final determination in relation to ASX Clear's application for recognition as a QCCP was not clear. However, ESMA is required to complete the process by mid-2015. The General Counsel and Company Secretary noted that ASX Clear had received transitional relief pending formal recognition.

**c. ASX Consultation paper "Reducing red tape – proposed amendments to ASX's admission and notification requirements"**

ASX Compliance's General Manager of Participants Compliance provided an update regarding the ASX consultation paper "Reducing red tape – proposed amendments to ASX's admission and notification requirements", including:

- the consultation paper sets out proposals to streamline the admission and notification rules for clearing and settlement facilities, which are expected to deliver significant efficiencies, enhance flexibility, provide business opportunities for third party clearers and reduce ongoing compliance costs for participants;
- the amendments are relevant for both new applicants and existing participants who are looking to restructure their businesses. ASX had spent significant time assisting participants restructure to realise improved efficiencies and these proposals were expected to deliver improvements to these processes;
- a number of Members had provided comments on a draft of the offshoring and outsourcing guidance note ahead of the formal consultation process. Some had suggested that the guidance note should be more restrictive on what functions could be outsourced or offshored. ASX Compliance had taken a balanced approach such that participants would have flexibility to manage their business model whilst mitigating the risk to the facilities by setting out the expectation that the Board of the participant, or delegated senior management, should approve the entry, variation or termination of material offshoring or outsourcing arrangements; and
- Written submissions in response to the consultation paper were due by 5 December 2014. ASX Compliance was expecting the new offshoring and outsourcing guidance note to take effect at the same time as the rule changes set out in the consultation paper. It was proposed that participants would be given a two month notice period for the final guidance and rules changes prior to them becoming effective. ASX would continue bilateral discussions with participants regarding implementation of the new requirements.

ASX Compliance's General Manager of Participants also noted that a similar consultation would be undertaken for Austraclear in the new year. It was agreed that a draft of guidance note 1 for admission requirements would be circulated to Committee Members for comments ahead of the commencement of a public consultation [**Agreed Action 5**].

Members commented that whilst the proposed outsourcing and offshoring guidance provided better clarity of ASX's expectations, they involved significant up-front due diligence work for participants and may involve changes to some of the outsourcing and offshoring arrangements currently in place. Members were of the view that a two month transition period was not long enough to implement the necessary changes to their outsourcing and offshoring arrangements once the final guidance had been issued. A member asked whether ASX Compliance would

consider implementing the final guidance earlier and providing a longer period of transitional no-action relief to allow participants to implement the necessary changes. ASX agreed to consider the request for a longer transition period for the guidance once it had been finalised [**Agreed Action 6**].

## **AGENDA ITEM 6: ADMINISTRATION**

### **a. Operational improvements to the Code of Practice**

The Chair noted the proposed operational improvements to the Code of Practice set out in the agenda paper.

The Chair elaborated on the Forum's request that the Committee be consulted on the proposal to Change the requirement to produce an independent benchmarking report from annually to every two years. There was already extensive pricing information available to the market. ASX Clear and ASX Settlement would report to the Forum each year that a benchmarking report is not produced on any material changes to their tariff structures and fee levels.

The Committee was comfortable and broadly supportive of the proposed change in frequency in commissioning the international cost benchmarking.

A Member questioned whether the proposed change to the group of persons to be consulted as part of the annual external review of the Code of Practice was appropriate. A couple of Members were of the view that the group consulted as part of the external review should be broader than the Forum. The General Counsel and Company Secretary noted that further consideration would be given to this issue. The proposed operational improvements to the Code of Practice would be published and ASX would consider feedback from the consultation process.

### **b. Forward Work Program**

ASX's General Manager of Clearing noted the proposed forward work program for the Committee set out in the agenda papers.

The Chair invited Members to comment on the forward work program. No comments were provided.

### **c. Minutes from the 27 August 2014 meeting**

The Chair noted the minutes from the 27 August 2014 meeting and invited comments. As there were no comments, the Chair noted that the minutes were approved.

### **d. Next meeting**

The Committee noted that the next meeting will be held on Wednesday 4 March 2015.

As there was no further business discussed, the meeting closed at 2.10pm.

Signed as a correct record of the meeting.



Chairman

20 / 1 / 2015

Date

