



## **BUSINESS COMMITTEE REPORT TO THE FORUM**

From the 27 May 2015 Business Committee meeting

At its 27 May 2015 meeting, the Business Committee was updated on:

- the regulatory and legal analysis for a principal to principal (P2P) clearing model;
- Corporate Actions STP Phase 1 with an indicative project roadmap for Phase 2;
- preparations for implementation of a T+2 settlement cycle;
- a proposed solution for Foreign Account Tax Compliance Act (FATCA) requirements impacting tradeable investment products; and
- changes to CHESS within CHESS Release 9 scheduled for November 2015.

The Business Committee was also provided regulatory updates on ASX Clear ESMA recognition and the roadmap for ASX's Risk Systems Renewal program.

### **Key Recommendations**

The Business Committee recommended that the Forum in turn recommend to the Boards of ASX Clear and ASX Settlement that Corporate Actions STP Phase 2 should:

- deliver an end-to-end STP solution for five further corporate actions in one batch ahead of CHESS replacement; and
- proceed on the basis of an indicative timetable anticipated to commence in July 2016 and to take 12 months to delivery.

### **Key Issues Discussed**

- The need to identify whether there is the necessary support for proceeding with the regulatory analysis of P2P or whether this initiative should be de-prioritised.
- The key learnings from Corporate Actions Phase 1 and the updated indicative timetable for Phase 2.
- Stakeholder engagement on readiness for T+2 settlement targeted for launch on 7 March 2016, and the preparedness of the Australian bond market and the New Zealand Exchange for moving to T+2 settlement at or about the same time as ASX.
- The impact of recent ATO guidance on a proposed ASX solution for FATCA requirements impacting tradeable investment products and upcoming consultation on that proposed solution.

### **Agreed Actions**

1. ASX to report to the Business Committee in August on whether there is support for proceeding with the regulatory analysis of P2P or whether this initiative should be de-prioritised.

2. ASX to report to the Business Committee in August on its delay scenario analysis outlining the potential impact of different events on the live date for T+2 and mitigating factors.
3. ASX to consider whether there is a role that it could play in facilitating cheque replacement to assist customers in reducing their costs.
4. ASX to update the Business Committee in August on the proposed solution for FATCA requirements impacting tradeable investment products.
5. ASX to advise the market at the end of June if CHES Release 9 will proceed as proposed, or if there are any modifications.
6. ASX to meet bilaterally with Members to confirm ongoing participation in the Business Committee and to seek any nominations for membership, and report back to the August meeting.