



BUSINESS COMMITTEE REPORT TO THE BOARDS OF ASX CLEAR AND ASX SETTLEMENT

BUSINESS COMMITTEE MEETING

At its 4 May 2017 meeting, the Business Committee was updated on:

- The operating performance of CHES for the March Quarter 2017;
- CHES replacement, including feedback received from the Supplementary Questionnaire on business requirements and an update on working group discussions;
- The response from the Boards to the 2 March 2017 Business Committee meeting recommendations;
- The terms of reference for the annual external audit assessing ASX's compliance with the regulatory expectations; and
- The progress of the Technical Committee considering the move to ISO20022 message standards.

BUSINESS COMMITTEE RECOMMENDATIONS TO THE ASX CLEARING AND SETTLEMENT BOARDS

None.

KEY ISSUES DISCUSSED

Feedback from the supplementary questionnaire on CHES replacement confirmed that stakeholder priorities are: maintaining the efficiencies associated with the current batch settlement arrangement; delivering lower direct and indirect costs of settlement; more efficient processes around corporate actions; and movement to ISO20022 message standards.

The working group process to develop more detailed input into the business requirements for CHES replacement has commenced. The first of the six working groups discussed account structures. A summary of the working group outputs will be provided to the Business Committee.

The Committee noted the Boards' written response to the recommendations proposed at the March Business Committee meeting relating the Committee's Charter and the Code of Practice. There was one further drafting suggestion concerning the requirement in the Charter that industry groups identify individual member positions on specific recommendations.

The Committee considered the draft terms of reference for the external audit of ASX's compliance with the regulatory expectations, and was briefed on the progress of the Technical Committee on ISO20022.

AGREED ACTIONS

1. ASX to redraft the Charter to remove the requirement that industry groups identify individual member positions on specific recommendations.

Minutes from the meeting are attached.