

Business Committee Report to the Boards of ASX Clear and ASX Settlement

Business Committee Meeting

At its 11 October 2017 meeting, the Business Committee was updated on the:

- operating performance of CHES for the September Quarter 2017;
- outcomes of this year's ASX customer survey;
- activities being undertaken to assist firm's compliance with MIFID II obligations;
- two reports required as part of CFR's regulatory expectations;
- progress of the business requirements for CHES replacement working groups;
- ASX assessment of distributed ledger technology (DLT); and
- Technical Committee's progress in mapping CHES messages to the ISO20022 standards.

KEY ISSUES DISCUSSED

The Committee discussed the processes in train for Australia to seek regulatory equivalence decisions from the European authorities in relation to certain MIFID II obligations and the work ASX is undertaking with regard to its role as the National Numbering Agency for Australia.

The Committee was provided with copies of two reports required as part of CFR's regulatory expectations. The first was an annual report on clearing and settlement service developments which highlighted the CHES replacement work. The second was the external audit report prepared by PwC on ASX's compliance with CFR's Regulatory Expectations. Discussion focused on if, and how, ASX would respond to any feedback from Business Committee members received through the audit process. ASX noted that it would be appropriate to review existing consultation processes when time allows following the upcoming decisions on CHES replacement.

The Committee was briefed on the process being undertaken by ASX to assess the capability of DLT and ASX's upcoming decision whether to use DLT as the base technology for CHES replacement.

Agreed Actions

1. ASX will contact the firms involved in the CHES replacement working groups to identify the appropriate contact to respond to the survey seeking views on the relative priority of the business requirements identified.

Minutes from the meeting are attached.