



Independent assurance report on ASX Settlement Pty Limited and ASX Clear Pty Limited (ASX)'s compliance with the Regulatory Expectations for conduct in operating cash equity clearing and settlement services in Australia (the "Regulatory Expectations") as represented in ASX's Compliance Framework

Dear Directors,

Opinion

We have been engaged by ASX Limited on its own behalf and on behalf of its subsidiaries ASX Operations Pty Ltd, ASX Settlement Pty Limited and ASX Clear Pty Limited (collectively referred to as the Client Entities, or ASX) to undertake a reasonable assurance engagement in relation to ASX's compliance, in all material respects, for the year ended 30 June 2022, with:

- The Regulatory Expectations for the Conduct of Cash Equity Clearing and Settlement Services in Australia issued by the Council of Financial Regulators (CFR) in October 2016 and revised in September 2017 (the Regulatory Expectations) as represented in ASX's Compliance Framework which comprises the ASX Code of Practice and related policies and procedures listed in Appendix B (together the Compliance Framework).

In our opinion, ASX has complied, in all material respects, with the Regulatory Expectations as evaluated against the Compliance Framework for the year ended 30 June 2022.

Description and findings of the reasonable assurance procedures

Appendix A to this report includes a description of the reasonable assurance procedures performed, detailed findings and agreed actions from those procedures. Appendix B contains ASX's Compliance Framework and supporting documents.

Basis for opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3100 Compliance Engagements issued by the Auditing and Assurance Standards Board.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the Directors and management of ASX

The ASX Board has delegated matters to management, subject to financial and other limits. Our assurance engagement has been conducted on the basis that the Directors of ASX acknowledge and understand that they have ultimate responsibility. The Directors and management of ASX are responsible for:

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- a) Identification of the Regulatory Expectations and the risks that threaten the Regulatory Expectations identified above being met.
- b) The compliance activities undertaken to meet the Regulatory Expectations.
- c) Identification and implementation of controls which will mitigate those risks that prevent the Regulatory Expectations being met and monitoring ongoing compliance.

Our independence and quality control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements in undertaking this assurance engagement.

Our responsibility

Our responsibility is to express an opinion, on ASX's compliance with the Regulatory Expectations, in all material respects, as evaluated against the Compliance Framework for the year ended 30 June 2022. ASAE 3100 requires that we plan and perform our procedures to obtain reasonable assurance about whether ASX has complied, in all material respects, with the Regulatory Expectations, as evaluated against the Compliance Framework for the year ended 30 June 2022.

An assurance engagement to report on ASX's compliance with the Regulatory Expectations involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the Regulatory Expectations. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance with the Regulatory Expectations, as evaluated against the Compliance Framework.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with compliance requirements may occur and not be detected. Additionally, there is a certain level of subjectivity within the subject matter as represented in the Regulatory Expectations.

A reasonable assurance engagement throughout the year ended 30 June 2022 does not provide assurance on whether compliance with the Regulatory Expectations will continue in the future.

Matters relating to the electronic presentation of ASX's Compliance Framework

This assurance report relates to the compliance of ASX with the Regulatory Expectations as represented in ASX's Compliance Framework for the year ended 30 June 2022 (compliance subject matter). The Client Entities are responsible for their website and its integrity, and we do not accept responsibility for any changes that may have occurred to the compliance subject matter information or ASX's Compliance Framework since they were presented on the Client Entities' website as at the date of this report. We have not been engaged to report on the integrity of this website. The assurance report refers only to ASX's Compliance Framework applicable as at the date of this report. It does not provide an opinion on any other information which may have been hyperlinked to/from ASX's Compliance Framework or to/from the Client Entities' website.



Use of report

Anyone accessing this report is taken to have acknowledged and agreed to the following:

This report has been prepared for use by the Directors, officers and employees of the Client Entities for the purpose of assisting ASX in addressing the Regulatory Expectations.

This report was prepared on the instructions of our client, ASX, in connection with certain of ASX's compliance activities. We have no knowledge or understanding of the circumstances or position of any other party. Our work was not planned or conducted having regard to the information any party may require regarding ASX's compliance activities, or the ways in which they may seek to make use of our report or the accompanying description of procedures and findings and we therefore make no representation concerning the appropriateness of this report or the accompanying description of procedures and findings for them. Except to the extent set out above, we performed our work and this report is prepared in accordance with the purpose and terms of our engagement by ASX and we accept no responsibility or liability to anyone else in connection with it. Anyone else who chooses to use or rely on our reports for their own individual purposes do so at their own risk.

This disclaimer applies:

- to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute; and
- even if we consent to anyone other than ASX receiving or using this report or the accompanying description of procedures and findings.

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By

A handwritten signature in black ink, appearing to read 'D Chesler', with a horizontal line extending from the end of the signature.

Deanna Chesler
Partner

Sydney
13th September 2022



Appendix A

Description and findings of the reasonable assurance procedures

#	Regulatory Expectation	Procedures	Detailed Results	Agreed Action
1(a)	ASX should make an explicit public commitment to investing promptly and efficiently in the design, operation and development of the core CS (clearing and settlement) infrastructure for the Australian cash equity market, including the Clearing House Electronic Sub-register System (CHES) and any future replacement system. This commitment should be supported by governance processes that enable users to provide input on the setting of the investment strategy. Investments should ensure that, to the extent reasonably practicable, the performance, resilience, security and functionality of the core CS infrastructure meet the needs of users, recognising the diversity and differing needs of users. At a minimum, the core CS infrastructure should accommodate internationally accepted communication procedures and standards.	1. Examined the Code of Practice published on ASX's website.	1. The Code of Practice includes an explicit public commitment: "ASX will invest in the ongoing operation and development of the core cash equities Clearing and Settlement infrastructure promptly and efficiently. Such investments will seek to meet the needs of users, recognising the diversity and differing needs of users". ASX has committed to replacing CHES with a "secure and contemporary replacement system using global standards."	Not applicable.
		2. Enquired with management about the governance process that allows Business Committee members to provide input into the strategy. Examined the minutes of ASX Clear Pty Limited and ASX Settlement Pty Limited Boards (together ASX CS Boards).	2. The governance process includes the Business Committee, a number of Working Groups (Connectivity and Integration; Implementation and Transition), focus groups and ad hoc public consultations. Business Committee papers include summaries (including attendees) of Working Group meetings and the public consultations. The ASX CS Boards receive a summary of the Business Committee meetings including recommendations made by the Business Committee members.	Not applicable.
		3. Examined the Business Committee minutes on a sample basis for the year ended 30 June 2022 as published on ASX's website as well as the latest Business Committee Charter dated April 2019 for evidence of opportunities for members to provide input and ask questions.	3. The Business Committee Charter outlines the role of the Business Committee and the procedures for sharing agendas, supporting papers and minutes of meetings. We noted that in the minutes of the Business Committee sampled for testing, members were invited to provide input and ask questions.	Not applicable.



#	Regulatory Expectation	Procedures	Detailed Results	Agreed Action
		<p>4. Examined public documents to evidence ASX's explicit public commitment to the design, operation and development of the CHES replacement program.</p>	<p>4. We examined an Independent Expert Report on ASX's Assurance Program for the implementation of the CHES replacement program, dated 30 June 2022. The results of the Independent Expert Report indicated that ASX's Assurance Program in connection with the CHES replacement program continues to be fit for purpose, subject to the completion of two recommendations. We understand from management that one of these recommendations has been addressed and the other is currently being actively managed.</p> <p>A separate independent expert has also been appointed to provide a review over the new CHES application software. The results of this review are not yet available at the date of our report.</p>	<p>Not applicable.</p>
1(b)	<p>ASX should ensure that the membership of its user governance arrangements is representative of the user base of its CS services, and that members are able to have a strong input into the agenda and format of meetings or other user governance mechanisms and the setting of priorities.</p>	<p>1. Examined the composition of the Business Committee on ASX's website, considered the ASX's clearing and settlement customer base and assessed it against the Business Committee members' composition to identify how ASX considers different users' needs.</p>	<p>1. The Business Committee has 32 members, including 18 clearing and settlement participants, 2 ASX members, 6 independent industry associations representing clearing and settlement participants and custodians, 3 market operators, and 3 registry providers. Participants include large institutional brokers and smaller retail brokers.</p>	<p>Not applicable.</p>



#	Regulatory Expectation	Procedures	Detailed Results	Agreed Action
		<p>2. Enquired about ASX's procedure to review the Business Committee composition on a periodic basis. Examined the minutes of the annual Business Committee membership review meeting.</p>	<p>2. The Business Committee composition is reviewed on an annual basis to ensure it is representative of ASX's user base. During the year, a registry provider was added as a member to the Business Committee on request. The changes were approved at the Business Committee membership review meeting which included final sign off by the Business Committee Chair.</p>	<p>Not applicable.</p>
		<p>3. Obtained and examined on a sample basis the emails sent to Business Committee members with the agenda, supporting papers and minutes of Business Committee meetings.</p>	<p>3. For the sampled Business Committee meetings examined, the Business Committee meeting agendas and associated papers were sent to Business Committee members, on average, 7 days before the date of the Business Committee meeting. This is consistent with the Business Committee Charter. Management informed us that the Business Committee members can use this notice period to provide input into the agenda.</p> <p>The agendas we examined included a standing item for discussion of previous meeting minutes with Business Committee members.</p> <p>We examined a sample email that was sent to the Business Committee Chair from a member, requesting to add an agenda item for an upcoming meeting. We noted that the agenda item was ultimately excluded from the final agenda as it did not relate to the roles and responsibilities of the Business Committee. A separate meeting however was held between ASX and the Business Committee member to discuss the matter.</p>	<p>Not applicable.</p>



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		4. Interviewed a sample of Business Committee members and enquired about whether they had an opportunity to provide input into the agenda of Business Committee meetings.	4. A sample of Business Committee members were interviewed and noted they were invited to suggest additional agenda items for upcoming Business Committee meetings. Business Committee members also noted that feedback could be provided through other forums, including industry working groups, bi-lateral conversations and public consultations.	Not applicable.
1(c)	ASX should demonstrate that it has had regard to the views of members in setting the terms of reference for the external audits of its governance, pricing and access arrangements carried out in accordance with the Regulatory Expectations. This may take the form of members' non-objection of the proposed terms of reference. These terms of reference may change following any review of the Regulatory Expectations.	1. Examined the Terms of Reference and the Business Committee minutes dated July 2022.	1. The Regulatory Expectations External Assurance Report Terms of Reference were presented to the Business Committee for their comments during the July 2022 Business Committee meeting and were included in the Business Committee papers sent to members ahead of the meeting.	Not applicable.
		2. Interviewed a sample of Business Committee members and enquired about whether they had an opportunity to comment on the proposed terms of reference and service for the assurance engagement.	2. A sample of Business Committee members were interviewed and noted that the proposed terms of reference and service for the assurance engagement were presented to them during the year. The responses obtained from Business Committee members and the minutes of the July 2022 meeting indicated that there were no objections to the terms of reference.	Not applicable.
1(d)	ASX should maintain accountability arrangements that provide for regular public attestations as to the effectiveness of its interactions with users. For example, the following arrangements would be appropriate: (i) ASX's user governance mechanisms operate on a 'comply or explain' basis; that is, the relevant Board would take actions in accordance	1. Examined a sample of Business Committee member recommendations from Business Committee meeting minutes and assessed if they were addressed in subsequent Business Committee meeting minutes.	1. A recommendation is defined by the Charter as a recommendation to the Clearing and Settlement Boards that has a broad consensus of those members present at the relevant Business Committee meeting. There were no formal recommendations that met this definition during the period.	Not applicable.



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	<p>with recommendations from the user governance mechanisms, or else explain why such actions had not been taken.</p> <p>(ii) ASX report, on at least an annual basis, the service developments and investment projects that it has progressed and how it has taken into consideration the views of users.</p>	<p>2. Interviewed a sample of Business Committee members and enquired about:</p> <p>i) whether they have made any recommendations to the Business Committee and if so, if they were acted on or explained.</p> <p>ii) their perception of the effectiveness of ASX's public attestations on the progress of the CHES replacement program.</p>	<p>2. i) A sample of Business Committee members were interviewed and noted feedback had been shared with ASX at the Business Committee meetings, and outside of the Business Committee meetings. ASX was responsive to feedback that was provided by members.</p> <p>ii) A sample of Business Committee members were interviewed and noted that the extent of the delays to the CHES replacement program, announced on 3 August 2022, were not anticipated based on the public attestations made by ASX in the lead up to 3 August 2022, and the messaging provided at the 13 July 2022 Business Committee meeting.</p> <p>Our review of public CHES replacement program updates issued by ASX in the lead up to the 3 August 2022 announcement, as well as the CHES replacement program update presented in the 13 July 2022 Business Committee meeting found the public attestations indicated an expected delay to the April 2023 go-live date, however the extent of the delay was not announced until 3 August 2022. We understand from ASX that the announcement was made as soon as reasonably possible, to meet its continuous disclosure obligations.</p>	<p>Not applicable.</p>
1(e)	<p>ASX should formally commit to retaining a Board structure for ASX Clear and ASX Settlement that comprises a minimum of 50 per cent of non-executive directors that are also independent of ASX Limited, and where a subset of these independent directors can form a quorum.</p>	<p>1. Examined the Code of Practice.</p>	<p>1. The Code of Practice includes an explicit public commitment to retain a Board structure for ASX Clear Pty Limited and ASX Settlement Pty Limited with a minimum 50% of non-executive directors that are also not directors of ASX Limited. The Code of Practice also provides that ASX ensures non-executive directors can form a quorum to be able to consider competitively sensitive information provided by another market operator.</p>	<p>Not applicable.</p>



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		2. Examined the composition and resumes of ASX Limited, ASX Clear Pty Limited and ASX Settlement Pty Limited directors as published on ASX's website.	<p>2. The ASX Clear Pty Limited and ASX Settlement Pty Limited Boards comprise at least 50% non-executive directors.</p> <p>As at the date of our report, the three independent non-executive directors that are not directors of ASX Limited are Stephen Knight (Chairman), Adrian Todd, and Carolyn Colley. The other three directors that are directors of ASX Limited are Ken Henry (Independent Non-Executive Director), Peter Marriott (Independent Non-Executive Director), and Helen Lofthouse (Chief Executive Officer). We note that Helen Lofthouse was appointed as Director on 17 August 2022, Her predecessor was Dominic Stevens who held the position as Director during the year until 31 August 2022.</p>	Not applicable.
		3. Examined ASX's Board Charter as published on ASX's website.	3. The ASX Clearing and Settlement Boards Charter was updated on 6 May 2022. No significant changes were made to the charter. The charter states that the ASX Clear and ASX Settlement Boards shall comprise at least 50% non-executive directors who are not also directors of ASX Limited. ASX Clear and ASX Settlement shall also ensure that a quorum can be constituted by directors who are not also directors of ASX Limited, which is in accordance with the Regulatory Expectations.	Not applicable.
		4. Examined a sample of ASX's Boards meeting minutes.	4. ASX's directors discuss at each Board meeting individual director's interests and potential conflicts.	Not applicable.
1(f)	ASX should establish governance structures and reporting lines at the management and operational levels that promote access to its CS services on commercial, transparent and non-discriminatory terms.	1. Enquired about ASX's governance and reporting lines for clearing and settlement services.	1. Enterprise Compliance is headed by a General Manager who reports to the Chief Risk Officer, who is responsible for reporting to the Board. Equity Post-Trade Services, and Securities and Payments are headed by General Managers who report to the Group Executive of Securities and Payments, who is responsible for reporting to the Board.	Not applicable.



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	These arrangements should ensure that the interests of users are upheld in accordance with Regulatory Expectation 3. This may be demonstrated, for example, through the key performance indicators set for relevant management.	2. Enquired with management and examined a sample of ASX staff balanced scorecards (key performance indicators).	2. Employee balanced scorecards promote access to its CS services on commercial, transparent and non-discriminatory terms.	Not applicable.
2(a)	ASX should ensure that all prices of individually unbundled CS services, including rebates, revenue-sharing arrangements and discounts applicable to the use of these services: (i) are transparent to all users of the services (ii) do not discriminate in favour of ASX-affiliated entities, except to the extent that the efficient cost of providing the same service to another party was higher (iii) are made available to stakeholders in a form such that the impact of pricing changes can be readily understood.	1. Examined the Clearing, Settlement and Issuer Administration Service Schedule of Fees dated 29 November 2021 and the Clearing and Settlement Schedule of Fees dated 1 June 2022.	1. ASX prices are transparent as they are published on the website. The Clearing, Settlement and Issuer Administration Service Schedule of Fees, dated 29 November 2021, was bifurcated in June 2022 to split the pricing for clearing and settlement services and issuer administration services into separate fee schedules. No changes were made to the pricing of clearing and settlement services. The detail of the fees for ASX services is also included in the invoices sent to customers.	Not applicable.
		2. Selected a sample of ASX invoices issued to various users to test whether clearing and settlement prices charged are in accordance with prices published on ASX's website for the year ended 30 June 2022.	2. The prices for the clearing and settlement services as included in the sample of invoices tested were consistent with the prices published on ASX's website within the Clearing and Settlement Schedule of Fees, effective from 1 July 2021 to 30 June 2022.	Not applicable.
		3. Interviewed a sample of Business Committee members and enquired about whether the prices of individually unbundled clearing and settlement services, including rebates, revenue-sharing arrangements and discounts have been made available to them and are understandable.	3. Some Business Committee members raised concerns that they weren't fully aware of their eligibility for discounts. We note that the schedule of fees published by ASX on its website includes descriptions of discounts, and further details of discounts are shared with ASX users by ASX on an individual basis.	ASX will communicate to members the discounts available and eligibility criteria.



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2(b)	ASX should maintain an appropriate method for determining the prices of its CS services so as to generate expected revenue that reflects the efficient costs of providing those services, including a return on investment commensurate with the commercial risks involved.	1. Examined the Enterprise Wide Pricing Framework dated January 2017 to ensure that it includes documentation on the method for determining the prices of its clearing and settlement services.	1. ASX's method to determine the prices of its clearing and settlement services is documented in its Enterprise Wide Pricing Framework (EWPF). There have been no changes to the EWPF during the period.	Not applicable.
		2. Examined the 2021 and 2022 cash market clearing and settlement management income statement audit reports to inspect whether these are unqualified.	2. ASX cash market clearing and settlement management income statement is subject to an annual external audit under Australian Auditing Standards. PwC issued unqualified audit reports for the cash market clearing and settlement management income statement for the years ended 30 June 2021 and 30 June 2022. The notes to these audited reports include ASX methodology for the internal cost allocation and transfer pricing policy between ASX group entities for clearing and settlement of cash equities in Australia.	Not applicable.
		3. Examined the latest independent benchmarking report (2016) issued by Oxera on ASX clearing and settlement services' costs.	3. In 2014 ASX commissioned Oxera, an independent economics consultancy firm, to benchmark ASX clearing and settlement services' costs against the costs of using the services provided by financial market infrastructure providers in other countries. The overall conclusion was that "when taking into account the scale of trading, the costs of post-trading services in Australia are in line with the costs of similar services provided in financial centres of a comparable size". An update to this report was commissioned in 2016 and the findings were consistent with the 2014 report.	Not applicable.
2(c)	ASX should make an explicit public commitment that any changes in the prices of its CS services will not be	1. Examined the Code of Practice published on ASX's website.	1. The Code of Practice includes an explicit public commitment that "ASX Clear and ASX Settlement will not implement price changes with the purpose of materially shifting revenue streams between	Not applicable.



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	implemented in a way that would materially shift revenue streams between aspects of its trading, clearing and settlement services.		other trading, clearing and settlement services".	
		2. Examined the Clearing, Settlement and Issuer Administration Service Schedule of Fees dated 29 November 2021 and the Clearing and Settlement Schedule of Fees dated 1 June 2022.	2. There were no changes to clearing and settlement prices during the year from 1 July 2021 to 30 June 2022.	Not applicable.
		3. Examined the 2021 and 2022 cash market clearing and settlement management income statement audit reports to inspect whether these are unqualified.	3. Refer to section 2(b)2 above for the results of PwC's audit of the cash market clearing and settlement management income statement.	Not applicable.
2(d)	ASX should publish any increases in its CS fee schedules along with an attestation justifying their reasonableness. For the most material such increases, this attestation would be expected to refer to relevant metrics and other evidence, such as the calculated return on equity, benchmarked price lists, or an independent review of how ASX's cash equity CS fees compare with those of CS facilities in other markets.	1. Examined the Clearing, Settlement and Issuer Administration Service Schedule of Fees dated 29 November 2021 and the Clearing and Settlement Schedule of Fees dated 1 June 2022.	1. There were no changes to clearing and settlement prices during the year from 1 July 2021 to 30 June 2022.	Not applicable.
		2. Interviewed a sample of Business Committee members and enquired about pricing changes and whether they were supported by reasonable explanations in line with regulatory expectations.	2. A sample of Business Committee members were interviewed and confirmed there were no pricing changes during the year relating to clearing and settlement services. Future changes were discussed in relation to issuer services however this is outside the scope of clearing and settlement services.	Not applicable.



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		3. Enquired of management in relation to ASX's future pricing methodology for the CHES replacement system.	3. No additional details in relation to pricing for the new CHES replacement system have been provided since the previous year. ASX has committed to keeping the fees for like-for-like clearing and settlement services consistent with the current fees. ASX noted the pricing of clearing and settlement services is subject to a process of review by Regulatory Agencies before it can be shared with Business Committee members and clearing and settlement users.	Not applicable.
2(e)	ASX should maintain an appropriate model for the internal allocation of costs, including the cost of allocated capital, as well as policies to govern the transfer of prices between the relevant ASX Group entities. Compliance with the model and policies would be expected to be subject to internal audit review. The model and policies should be based on reasonable cost allocation principles. For example: (i) where possible, costs should be directly allocated to the service(s) which give rise to those costs (ii) shared costs should be allocated based on appropriate and transparent metrics.	1. Examined ASX's internal cost allocation and transfer pricing policy between ASX group entities for clearing and settlement of cash equities in Australia.	1. ASX's internal cost allocation and transfer pricing policy is published on ASX's website and includes ASX's internal cost allocation and transfer pricing policy between ASX group entities for clearing and settlement of cash equities in Australia.	Not applicable.
		2. Examined the 2021 and 2022 cash market clearing and settlement management income statement audit reports to inspect whether these are unqualified.	2. Refer to section 2(b)2 above for the results of PwC's audit of the cash market clearing and settlement management income statement.	Not applicable.
2(f)	ASX should negotiate commercially and in good faith with unaffiliated market operators and CS facilities regarding fees and other	1. Enquired with management about extensions to existing services entered into during the year.	1. There have been no new negotiations in relation to AMO access in the period.	Not applicable.



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	financial contributions charged for any extensions to its monopoly CS services, and in particular those provided under the existing Trade Acceptance Service and the Settlement Facilitation Service.	2. Examined correspondence with Approved Market Operators (AMO) who requested Trade Acceptance Service (TAS) or Settlement Facilitation Service (SFS) access during the period.	2. There were no new TAS or SFS requests during the period. Fees and other financial contributions charged for TAS and SFS access have been clearly communicated to AMOs.	Not applicable.
		3. Interviewed a sample of Business Committee members and enquired about the TAS and SFS onboarding process.	3. No concerns were raised with respect to fee negotiations for TAS or SFS access.	Not applicable.
3(a)	ASX should have objectives for its CS services that include an explicit public overarching commitment to supporting access to its CS services on commercial, transparent and non-discriminatory terms. ASX should maintain standard user terms and conditions that are consistent with these objectives, taking into account the legitimate business interests of ASX and any parties seeking access to its CS services.	1. Examined the Code of Practice as published on ASX's website.	1. The Code of Practice includes the following comment: "ASX is committed to providing access to clearing and settlement services on transparent and non-discriminatory terms, and will respond to requests for access in a fair and timely manner".	Not applicable.
		2. Examined ASX's TAS and SFS terms and conditions as published on ASX's website.	2. TAS and SFS agreements contain standard user terms and conditions that provide for ASX to grant non-discriminatory access to its clearing and settlement services. From examining the TAS and SFS terms and conditions, we noted that it is: i) Of comparable quality to the services provided to ASX. ii) In accordance with applicable laws, rules and procedures. iii) Without discriminating in relation to clearing and settlement participants on the basis of where the trade was effected or reported.	Not applicable.
		3. Examined ASX's Operating Rules as published on ASX's website.	3. ASX Operating Rules incorporate the standard terms and conditions applicable to all users of ASX's clearing and settlement services.	Not applicable.

#	Regulatory Expectation	Procedures	Detailed Results	Agreed Action
3(b)	Service level agreements should commit ASX to providing access to its CS services for unaffiliated market operators and CS facilities on operational and commercial terms and service levels that are materially equivalent to those that apply to ASX as a market operator or CS facility.	1. Examined ASX's TAS and SFS terms and conditions as published on ASX's website and listed in section 3(a).	1. Refer to section 3(a)2.	Not applicable.
		2. Interviewed a sample of Business Committee members and enquired about whether ASX had adhered to their published protocols i.e. providing access to unaffiliated market operators and CS facilities on operational and commercial terms and service levels that are materially equivalent to those that apply to ASX as a market operator or CS facility.	2. A sample of Business Committee members were interviewed and noted that access to CS services had been provided on operational and commercial terms that were materially equivalent to those that apply to ASX.	Not applicable.
3(c)	ASX should publish and adhere to protocols for dealing fairly and in a timely manner with requests for access. These protocols should include reasonable timeframes for responding to enquiries and arrangements for dealing with disputes. Nothing in the protocols should affect either party's right to refer a dispute to arbitration by the ACCC once the arbitration regime is implemented.	1. Examined ASX's Operating Rules, TAS and SFS terms and conditions as published on ASX's website and listed in section 3(a).	1. Refer to section 3(a) above for review of the standard user terms and conditions that provide for ASX to grant non-discriminatory access to its clearing and settlement services.	Not applicable.
		2. Examined TAS and SFS agreements as published on ASX's website to assess whether the template includes a protocol for dealing with disputes.	2. Clause 43 of the Trade Acceptance Service Legal Terms and Clause 13 of the Settlement Facilitation Service Agreement sets out dispute resolution processes.	Not applicable.
		3. Examined AMO and ALMO access request procedures as published on ASX's website.	3. Individual access request procedure documents for AMOs and ALMOs set out target timeframes for ASX to respond to access requests from AMOs and ALMOs.	Not applicable.
		4. Examined ASX Cash Equities Clearing and Settlement Code of Practice - Access Protocols as published on ASX's website.	4. ASX Cash Equities Clearing and Settlement Code of Practice - Access Protocols include target timeframes for dealing with access requests as well as dispute resolution arrangements.	Not applicable.



#	Regulatory Expectation	Procedures	Detailed Results	Agreed Action
		5. Interviewed a sample of Business Committee members and enquired about whether the ASX had adhered to their published protocols i.e. dealing fairly and in a timely manner in relation to requests for access to cash equity clearing and settlement services, where relevant.	5. Refer to section 3(e)3.	Not applicable.
3(d)	ASX should make an explicit commitment to ensuring that any investments in the systems and technology that support its cash equity CS services do not raise barriers to access from unaffiliated market operators or CS facilities. Announcements of any material investments in the systems and technology that support ASX's cash equity CS services should be accompanied by a public attestation that those investments will be designed in a way that does not raise such barriers.	1. Examined the Code of Practice as published on ASX's website.	1. The Code of Practice includes a commitment by ASX to ensure "its investments in the systems and technology that support its cash equities clearing and settlement infrastructure are not designed in such a way as to raise barriers to access to other market operators or clearing facilities".	Not applicable.
		2. Examined ASX's website for evidence of stakeholder engagement in relation to the development of and connectivity to the new CHES replacement system.	2. Unaffiliated AMOs and CS facilities can provide feedback on the CHES replacement program through a range of stakeholder engagement groups. Any concerns with respect to future access to the CHES replacement system can be raised through these groups, as well as public consultations and bilateral discussions. A separate working group for Connectivity and Integration is also available to AMOs and other CS users.	Not applicable.
3(e)	ASX should retain, and periodically review, its standards for the handling of sensitive or confidential information. Consistent with governance arrangements that promote access on commercial, transparent and non-discriminatory terms (see Regulatory Expectation 1(e)),	1. Reviewed the Conflict Management Policy, as published on ASX's website.	1. The Conflict Management Policy includes various measures that ASX has in place to ensure that conflicts of interest are appropriately managed. These measures include requirements relating to ASX Clear and ASX Settlement Board arrangements, and the Information Handling Standards in place to manage confidential or competitively sensitive information of unaffiliated AMOs.	Not applicable.



#	Regulatory Expectation	Procedures	Detailed Results	Agreed Action
	these arrangements should ensure that conflict sensitive information pertaining to the strategic plans of unaffiliated market operators or CS facilities is handled sensitively and confidentially, and cannot be used to advance the interests of ASX as a market operator or CS facility.	2. Reviewed the Information Handling Standard published on ASX's website.	2. ASX's Information Handling Standard provides for: i) Protection of AMO's confidential and sensitive information. ii) Access to sensitive information is restricted to appropriate ASX employees.	Not applicable.
		3. Interviewed a sample of Business Committee members and enquired about whether ASX had adhered to their published protocols for the handling of conflict sensitive information.	3. A sample of Business Committee members were interviewed, and one member noted perceived discriminatory treatment in relation to a conflict sensitive matter. The concerns raised by the member included the timing of ASX responses and the handling of information that was relevant to the strategic plans of the member. We obtained evidence that ASX had adhered to its internal protocols on the handling of conflict sensitive information. Such protocols included reporting the matter to the CS Board and the regulators (the Australian Securities and Investments Commission and the Reserve Bank of Australia), as well as meeting the requirements of the ASX Clearability Policy.	Not applicable.



Appendix B

ASX's Compliance Framework and supporting documents

The table below includes the policies, procedures and other documents which we referred to within our report that form part of the Compliance Framework.

Compliance Framework Supporting Document	Date	Hyperlink
13 July 2022 Draft Business Committee Meeting Minutes	July 2022	Not available on ASX's website at the date of our report
2014 Oxera report: 'Global cost benchmarking of cash equity clearing and settlement services'	June 2014	https://www2.asx.com.au/content/dam/asx/about/Global_cost_benchmarking_of_cash_equity_clearing_settlement_services_Final_20Jun14.pdf
2016 Oxera report: 'Global cost benchmarking: review of price lists'	April 2016	Not available on ASX's website
ASX Boards' members details	As applicable as at the date of this report	https://www2.asx.com.au/about/our-board-and-management/asx-clearing-and-settlement-boards
ASX Business Committee Charter	April 2019	https://www2.asx.com.au/content/dam/asx/about/charter-of-the-business-committee.pdf
ASX Business Committee Meetings - agendas, papers, minutes and Business Committee reports to the ASX Boards	Various version dates as applicable as at the date of this report	https://www2.asx.com.au/about/regulation/clearing-and-settlement-of-cash-equities-in-australia/stakeholder-engagement/business-committee
ASX Business Committee Role and Membership details	As applicable as at the date of this report	https://www2.asx.com.au/about/regulation/clearing-and-settlement-of-cash-equities-in-australia/stakeholder-engagement/business-committee
ASX Cash Equities Clearing and Settlement Code of Practice - Access Protocols	October 2020	https://www2.asx.com.au/content/dam/asx/about/cop-access-protocols.pdf
ASX Clearability extract from Clearing Risk Policy	April 2022	Not available on ASX's website
ASX Clearing and Settlement Boards Charter	May 2022	https://www2.asx.com.au/content/dam/asx/about/cs-boards-charter.pdf
ASX Clearing and Settlement Schedule of Fees	June 2022	https://asxonline.com/content/dam/asxonline/public/documents/schedule-of-fees/asx-clearing-and-settlement-schedule-of-fees.pdf
ASX Clearing, Settlement and Issuer Administration	November 2021	https://asxonline.com/content/dam/asxonline/public/documents/schedule



Compliance Framework Supporting Document	Date	Hyperlink
Services Schedule of Fees		-of-fees/clearing-settlement-and-issuer-administration-services-schedule-of-fees.pdf
ASX Code of Practice	May 2017	https://www2.asx.com.au/content/dam/asx/about/asx-code-of-practice.pdf
ASX Conflict Management Policy	October 2020	https://www2.asx.com.au/content/dam/asx/about/policies/conflict-management-policy.pdf
ASX correspondence with participants and internal meeting packs in relation to the conflict sensitive matter discussed in section 3(e)	Various dates	Not available on ASX's website
ASX Enterprise Wide Pricing Framework	January 2017	Not available on ASX's website
ASX Information Handling Standard – Settlement Facilitation Service	September 2020	https://www2.asx.com.au/content/dam/asx/about/sfs-information-handling-procedure.pdf
ASX Information Handling Standard – Trade Acceptance Service	September 2020	https://www2.asx.com.au/content/dam/asx/about/tas-information-handling-standard.pdf
ASX internal cost allocation and transfer pricing policy between ASX group entities for clearing and settlement of cash equities in Australia	As applicable as at the date of this report	http://www.asx.com.au/cs/documents/cost_allocation_policy.pdf
ASX Operating Rules	Various dates	https://www2.asx.com.au/about/regulation/rules-guidance-notes-and-waivers
ASX Process for Amending Rules, Procedures, Determinations, Guidance Notes and Practice Notes	June 2022	Not available on ASX's website
ASX Settlement Facilitation Service (SFS) Agreement	March 2014	https://www2.asx.com.au/content/dam/asx/about/Settlement_Facilitation_Service_Agreement.pdf
ASX Trade Acceptance Service (TAS) – Legal Terms	October 2021	https://www2.asx.com.au/content/dam/asx/about/final-trade-acceptance-service-legal-terms.pdf
ASX Trade Acceptance Service and related Product Services Review of Legal Terms	February 2021	https://www2.asx.com.au/about/regulation/public-consultations
Audited Cash Market Clearing and Settlement Management Income Statement - 2021	June 2021	https://www2.asx.com.au/about/regulation/clearing-and-



Compliance Framework Supporting Document	Date	Hyperlink
		settlement-of-cash-equities-in-australia/financial-statements
Audited 'Cash Market Clearing and Settlement Management Income Statement' - 2022	June 2022	Not available on ASX's website
CHES Replacement AMO Overview	Various dates	https://asxchessreplacement.atlassian.net/wiki/spaces/CSP/pages/106660878/AMO+Overview
CHES Replacement Updates: CHES Replacement Project Update: March 2022 CHES Replacement Project Update: May 2022 CHES Replacement Project Update: August 2022	Various dates	https://www2.asx.com.au/markets/clearing-and-settlement-services/ches-replacement https://www2.asx.com.au/content/dam/asx/markets/clearing-and-settlement-services/ches-replacement-project-update-220328.pdf https://www2.asx.com.au/content/dam/asx/documents/unlinked-docs/ches-replacement-project-update.pdf https://www2.asx.com.au/content/dam/asx/markets/clearing-and-settlement-services/ches-replacement-project-update-august-2022.pdf
CHES Replacement: Confirmed changes to netting and settlement workflow	June 2021	https://www2.asx.com.au/content/dam/asx/markets/clearing-and-settlement-services/ches-replacement-response-to-consultation-feedback-confirmed-changes-to-netting-and-settlement-workflow.pdf
CHES Replacement: Proposed changes to netting and settlement workflow consultation paper	February 2021	https://www2.asx.com.au/content/dam/asx/participants/clearing-and-settlement/ches-replacement/stakeholder-communications/asx-ches-replacement-project-consultation-paper-proposed-changes-to-netting-and-settlement-workflow.pdf
CHES Replacement: Summary of stakeholder engagement	Various dates	https://www2.asx.com.au/markets/clearing-and-settlement-services/ches-replacement/stakeholder-engagement
Independent assessment of ASX's Assurance Program for its Implementation of the CHES Replacement Program (Six Monthly Progress Report) by Ernst and Young	June 2022	https://www2.asx.com.au/content/dam/asx/markets/clearing-and-settlement-services/ey-ches-assurance-program-review-30-june-2022.pdf
Media Release: CHES Replacement Schedule Delay Independent Review	August 2022	https://www2.asx.com.au/content/dam/asx/about/media-releases/2022/29-03-august-ches-replacement-schedule-delay-independent-review.pdf
Media Release: Delay to the ASX CHES Replacement Project and Independent Review, media release by the Reserve Bank of Australia	August 2022	https://www.rba.gov.au/media-releases/2022/mr-22-22.html



Compliance Framework Supporting Document	Date	Hyperlink
Procedures for Access Requests by Approved Listing Market Operators (ALMOs)	October 2020	https://www2.asx.com.au/content/dam/asx/about/almo-procedures-for-access-requests.pdf
Procedures for Access Requests by Approved Market Operators (AMOs)	October 2020	https://www2.asx.com.au/content/dam/asx/about/amo-procedures-for-access-requests-2020.pdf
Regulator Correspondence	Various dates	Not available on ASX's website
Regulatory Expectations	September 2017	https://www.cfr.gov.au/publications/policy-statements-and-other-reports/2016/regulatory-expectations-policy-statement/pdf/policy-statement.pdf
Regulatory Expectations External Assurance Report Terms of Reference	July 2022	Not available on ASX's website