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Dear Sirs,

RE: Considerations for accelerating cash equities settlement in Australia to T+1 (Whitepaper)

Who we are

Governance Institute of Australia (Governance Institute) is a national membership association that advocates for a community of governance and risk management professionals, equipping over 8,000 members with the tools to drive better governance within their organisation.

Our members have primary responsibility in listed entities for developing governance policies, ensuring compliance with the Australian Securities Exchange (ASX) listing rules and supporting the board on all governance matters. We regularly contribute to the formation of public policy through our interactions with Treasury, ASIC, APRA, ACCC, ASX, ACNC and the ATO. We are a founding member of the ASX Corporate Governance Council. We are also a member of ASIC's Business Advisory Committee and the ASIC Registry Business Advisory Group, the ASX Business Committee and the ACNC Sector Users Group.

This Submission does not address all the questions in the Whitepaper as our members' knowledge of, and ability to engage the more technical aspects of the paper is limited. While listed companies have a legal obligation to maintain share registers, they typically outsource this function to specialist share registry providers and rely on their technical expertise.

From our members perspective whatever the final decision about whether, when and how to implement T+1 in Australia, the most important consideration is ensuring that an ASX listing remains an attractive source of capital both from an issuer's and from an investor's perspective. As the Whitepaper notes approximately 29 per cent of funds invested in Australian cash equities come from overseas. At a time when there is a continuing global decrease in Initial Public Offerings it is important to ensure that Australian public capital markets offer an appropriate level of return for retail and institutional shareholders.¹

¹ See Press Release [WFE data shows a major reversal in global market capitalisation in 2023](#), **World Federation of Exchanges**, 8 March 2023.

Our members have the following comments:

- **Interaction between CHES Replacement and T+1** – significant market resources are currently being absorbed by the renewed CHES Replacement Project. It is fundamental that the market has confidence in the successful delivery of the CHES Project. Our members consider it would be unpalatable to delay implementation of T+1 until the CHES Replacement Project is complete. They consider there needs to be close consideration of how closely these Projects can be aligned, noting that the move to T+1 is technically less complex than CHES Replacement. Our members do not have a view on the optimal timing but acknowledge the complex nature of the decisions required and the importance for market confidence.
- **Increased automation** – the compressed settlement timeframes associated with a move to T+1 are likely to increase the need to automate a range of processes associated with cash equity settlement and there will be less time available for 'manual fixes. Our members are supportive of the increased efficiency this will bring.
- **Lessons from other markets** – the US and Canadian markets only moved to T+1 at the end of May 2024. It is therefore currently difficult to assess what issues have emerged because of this move. It will be important to consider issues that emerge post going live with T+1 in the US and Canadian markets.
- **Particular 'use' cases** – our members consider there will be some 'use' cases particularly impacted by a move to T+1 and recommend thorough analysis and engagement to assess the impacts. They include listed investment companies, dual listed companies and ETFs, where the underlying securities are traded on different markets. Some corporate actions are also likely to be impacted and these too will require careful analysis.
- **Stakeholder consultation and communication** – our members encourage ASX to continue active consultation with all stakeholders. It will be fundamental to the successful implementation of T+1 in Australia that ASX communicates clearly and engages with its stakeholders so that issuers and other stakeholders understand what is planned and how it will impact them.

Please contact me or Catherine Maxwell, GM Policy and Research if you have any questions in connection with this submission.

Yours faithfully,



Megan Motto

CEO