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Australian Securities Exchange  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

T +61 2 23 5744 F +61 2 9232 7174

E [info@governanceinstitute.com.au](mailto:info@governanceinstitute.com.au)

Level 11, 10 Carrington Street,  
Sydney NSW 2000

GPO Box 1594, Sydney NSW 2001

W [governanceinstitute.com.au](http://governanceinstitute.com.au)

[CHESSReplacement@asx.com.au](mailto:CHESSReplacement@asx.com.au)

Dear Sirs,

**RE: CHES Replacement: Consultation Paper on Staged Implementation Approach and Implementation of Release 1 (Clearing Services) (Consultation Paper)**

**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.

Governance Institute and its members have been actively involved in the CHES Replacement Project (Project) since 2017 and have provided feedback on a number of aspects of the Project.

This Submission does not address the technical detail of Consultation Paper. As we have noted previously our members' knowledge of, and ability to engage the more technical aspects of the Project 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.

Our members welcome the adoption of a staged approach to implementation of the new System which they hope will assist in mitigating industry risk and workload and was one of their chief concerns about previous iterations of the Project.

The following issues are of interest and concern to our members:

- **Stakeholder consultation and communication** – our members welcome the increased focus on stakeholder consultation in this phase of the Project. They encourage ASX to continue active consultation with all Project stakeholders. It will be fundamental to the Project's future success

that ASX communicates clearly and engages with its stakeholders about the Project so that issuers and other stakeholders understand what is planned and how it will impact them.

- **T+1** – our members are still considering the implications of a move to T+1 but note that there may be particular impacts on some types of entities such as listed investment companies.
- **Costs and benefits for issuers** – our members acknowledge the substantial industry costs incurred to date as well as the significant workload ahead. Given the substantial cost of the Project it is important that the end result is a market at the forefront internationally. They are keen to understand how the new system will function and the cost to issuers. They encourage ASX to ensure transparency about the costs of using the new system and the market efficiencies to be gained at the earliest opportunity and whether issuers will share in any efficiencies and costs savings generated by the new System.
- **CHESSE Statements** – while electronic CHESSE Statements have now been in place for some time our members understand uptake remains low. Our members encourage ASX to take steps to increase uptake of this function as a priority.

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

Yours faithfully,

A handwritten signature in black ink, appearing to read 'M Motto', written in a cursive style.

Megan Motto  
CEO