



BUSINESS COMMITTEE REPORT TO THE FORUM

From the 27 August 2015 Business Committee meeting

At its 27 August 2015 meeting, the Business Committee was updated on:

- the analysis of a principal to principal (P2P) clearing model;
- preparations for implementation of a T+2 settlement cycle;
- discussions in relation to Foreign Account Tax Compliance Act (FATCA) requirements impacting tradeable investment products and the impact on proposed enhancements in CHES Release 9;
- the roadmap for post-trade service infrastructure; and
- Business Committee membership.

The Business Committee was also provided with a regulatory update on the Australian government's decision on the review of the market structure for clearing cash equities.

Key Recommendations

The Business Committee:

- Endorsed ASX's recommendation that the analysis of a P2P clearing model be deprioritised.
- Endorsed ASX's proposed approach in relation to the T+2 settlement go-live decision.

Key Issues Discussed

- The identification by ASX that there was a low level of support for continuing with the analysis of a P2P clearing model as a priority.
- Stakeholder engagement on readiness for T+2 settlement targeted for launch on 7 March 2016, and scenario analysis in relation to the T+2 settlement go-live decision. ASX proposed in relation to this go-live decision that:
 - Participant readiness issues would be assessed with a view to the impact on settlement efficiency.
 - ASX would proceed if the wholesale bond market was not ready to proceed.
 - ASX would proceed if NZX was not ready to proceed.
- Developments in discussions with Treasury and the ATO indicating the possibility of a FATCA reporting solution using existing bank account information, rather than changes to CHES functionality.

- ASX had met bilaterally with Members who had all confirmed their ongoing participation in the Business Committee. Feedback from Members on the operation of the Committee was positive. Two new Members (NAB and ANZ) had joined the Committee and attended the 27 August meeting.

Agreed Actions

1. ASX to engage with shadow brokers through the Australasian Securities Dealers Association in relation to T+2 settlement readiness.