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(By letter and email)

Ms Diane Lewis,
Senior Policy Analyst
ASX Limited
20 Bridge Street,
Sydney NSW 2000

**Australian Custodian Services Association – Submission on ASX Consultation Paper:
“Draft Code of Practice for Clearing & Settlement of Cash Equities in Australia”.**

The Australian Custodian Services Association (‘ACSA’) is the peak industry body representing members of Australia's custodial and administrator sector. Collectively, the members of ACSA hold securities and investments in excess of AUD\$1.8 trillion in value in custody and under administration. Members of ACSA include BNP Paribas, Bank of America, Citi Securities & Funds Services, National Australia Bank Asset Servicing, JP Morgan, HSBC, State Street, RBC Investor Services, and Northern Trust.

This submission is intended to provide the Australian Securities Exchange (‘ASX’) with the views of ACSA members on the issues raised by ASX’s Consultation Paper: *Draft Code of Practice for Clearing and Settlement of Cash Equities in Australia*. (the ‘Code’).

ACSA broadly supports the draft Code and principles contained therein. ACSA’s comments follow the outline of the Code and are detailed as follows:

1. ACSA supports the establishment of an ongoing **advisory forum** (the Forum). The Forum will allow customers and industry participants direct access to the Boards of ASX Clear and ASX Settlement on a frequent basis to discuss matters of interest to those customers and industry bodies in relation to clearing & settlement. ACSA recommends the scope of the Forum remain as broad as possible so that free discussion may occur on any subject related to the clearing and settlement of cash market equities.

ACSA also supports the objective to attract senior management representatives of the proposed bodies/participants and commits to support the Forum with an appropriate member of ACSA’s Board. To this end, I am the sponsoring Board member of the Custody Operations Working Group (which covers the topics of clearing and settlement within its scope) and will be ACSA’s designated Forum participant. My corporate role is as Managing Director and Head of Citigroup’s Securities & Funds Services, Australia & New Zealand.

ACSA notes the Forum ‘*may appoint and convene business and technical committees to examine and provide advice in relation to particular issues as required*’. ASCA recommends these proposed committees be officially formalized as part of the structure of the Forum’s operation.

2. ACSA supports the commitment of **transparent and non-discriminatory pricing** of clearing and settlement services for the Australian cash equities market. ACSA strongly supports the benchmarking of ASX Clearing and Settlement Pricing against other developed markets both regionally and globally.

3. ACSA also supports the commitment of **transparent and non-discriminatory access** to ASX clearing and settlement infrastructure. Under this heading and within the proposed Forum ACSA believes it would be desirable to discuss how possible future competition in clearing or settlement could access the existing infrastructure.

ACSA would also like to table connectivity to settlement infrastructure and whether alternate mediums could be used (in parallel with existing messaging) to lower costs and leverage high volume settlement participants' systems for straight through processing resulting in greater efficiencies and benefits for ACSA members and the ASX.

Overall, ACSA welcomes the opportunity to work closely with the ASX to discuss mutually beneficial ways to take the Australian cash equities market forward to meet the needs of local and offshore investors and stakeholders.

Yours faithfully,



Martin Carpenter,
ASCA Director and Executive Sponsor for the Custody Operations Work Group
martin.carpenter@citi.com
+612 8225 2411