



Issuer Services

New Pricing

Response to Feedback

1 June 2022



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1. Introduction

On 3 March 2022, ASX released a [Discussion Paper – Issuer Services: New Pricing](#) which explained a proposed new pricing model for the services provided to issuers by ASX Issuer Services. ASX outlined a number of changes in the Discussion Paper to simplify issuer services fees. ASX considers the new fees to be easier to budget for and understand, and better reflect the services provided by ASX Issuer Services.

ASX requested submissions in response to the Discussion Paper by 14 April 2022, with a comprehensive program of engagement with issuers undertaken during March, April and May on the proposed changes, and to respond to their questions.

This paper summarises the feedback received in submissions and ASX's response to that feedback. It also provides an update on the resources and information available to issuers on the new pricing.

Following stakeholder engagement, ASX confirms that the new fee model will go live as planned on 1 July 2022.

Upon implementation of these changes the issuer community will benefit from:

- a substantially simpler, clearer and more predictable fee model than the existing structure. ASX will reduce the number of charging points, move to a standard monthly charging cycle, and adopt a design that matches models widely used elsewhere (including by major registries);
- a reduction in costs to the overall market on day one, with further reductions as the industry moves to electronic CHESS holding statements (there is no charge for electronic statements). Most issuers will be better off immediately upon launch of the new model.¹

In response to the feedback and questions received during the consultation period, **ASX provides the following assurances to issuers using ASX Issuer Services:**

- Although unintended outcomes are not expected, ASX will monitor for any edge case scenarios once the fee changes have been implemented.
- ASX does not intend to remove the availability of the low velocity discount. ASX notes the discount is available to issuers set up in CHESS on or before 30 June 2022.
- ASX will guarantee that the fees that are being changed or introduced in the new pricing model will not be increased for a period of at least 3 years from 1 July 2022. This includes the following fees:
 - Subscription Fee
 - CHESS Holding statement fee – for paper statements
 - Holding Adjustment fee
- Additionally, any fee that has been removed as part of these fee changes will not be reinstated.

¹ Comparing FY21 costs under the old and new pricing models.

2. Key themes from feedback received and ASX response to feedback

2.1. Feedback received

ASX received nine submissions in response to the Discussion Paper from a range of stakeholders including issuers, industry associations, a market operator, a registry and a private individual. Four of these submissions were provided on a confidential basis. ASX has published the non-confidential submissions on the [Public Consultations page](#) of the ASX website.

ASX thanks all stakeholders who shared their views during the various engagement forums and provided submissions in response to the Discussion Paper. We note that submissions provided by industry associations represented the collective views of several of their members and we thank the industry associations for providing this valuable coordinated response.

A number of respondents expressed their support for ASX's initiative to review the current pricing model with the objective of achieving a simplified and predictable range of fees. Respondents also raised specific feedback and concerns in their submissions, and in discussions with ASX.

2.2. Key themes and ASX response

All respondents have been contacted as part of the engagement process to provide ASX feedback on their submissions. For the purposes of assisting issuers in understanding the key points made by respondents we have highlighted below the key themes identified and ASX's response. Note that this section does not cover all points raised in the submissions but addresses what we have identified as the key themes.

2.2.1 Support for review of issuer pricing and introduction of a simplified pricing model

A number of respondents expressed their support for ASX's review of issuer pricing, particularly the objective of introducing a simplified fee schedule and the introduction of the subscription based model and reduction in the charge for paper based CHES holding statements. This support was consistent with the issuer community's past feedback to ASX that the current fees and invoices were confusing and difficult for issuers to interrogate and to predict future charges.

ASX thanks respondents for their constructive feedback, support for the change and involvement during the engagement process.

2.2.2 New pricing model was not simple for issuers to compare against old pricing

A number of respondents and issuers that contacted ASX found it difficult to compare the proposed fees under the new model to the current fees charged and historic invoices. In our view, this largely reflects the complexity of the current model.

The new model is simpler with a reduced number of charging points and move to monthly billing for all charges. The new Subscription Fee replaces many current fees with a per HIN subscription covering sub-register and HIN maintenance as well as electronic holding statements. Some fees, like holding adjustments and sub-register creation remain charged on a user pays basis.

ASX has removed specific charge points where the issuer would not have been able to source or predict the input/outcome. In section 2.1 of the Discussion Paper, ASX provided a list of all existing charges and the changes that would be made – whether a change, removal or introduction of a new fee to replace some existing fees.

ASX understands that issuers may have found the comparison difficult due to the complexity of the fees charged historically - being a mix of message, statement and ad valorem based fees. We have provided data to issuers who needed assistance with this calculation and we remain willing to assist any issuers with fee estimates.

ASX also made a number of tools available at the same time as publishing the Discussion Paper to assist with issuers' evaluation and understanding of the changes and the estimated impact to fees. The [tools](#) included the online fee calculator, new draft fee schedule and sample invoices.

An overview of these tools was provided in webinars conducted in March and April, as well as in a number of bilateral conversations with issuers, together with tips to assist making a good comparison between the old and new fee models.

The new model has three primary inputs, the number of:

1. HINs
2. CHES holding statements; and
3. Holding adjustments.

For any queries regarding these inputs please contact issuers@asx.com.au.

In addition to a number of meetings held with issuers in March and April as a result of queries, ASX has met with all issuers that provided a response or contributed to an industry response to walk through the changes, as they impact that issuer. All issuers confirmed they found these demonstrations and discussions beneficial.

Issuer Services representatives will continue to be available to respond to any issuer queries about the new pricing model, and will continue to update the information available on the Issuer Services website.

2.2.3 Perception that costs would increase under the new model, or issuers thought they would be worse off under the changes

Some issuers had calculated that their costs would increase under the new model or had trouble with finding the correct inputs to calculate fees. Others were unsure about whether they qualified (and would continue to qualify) for the low velocity discount.

We were pleased to be able to discuss these submissions with all the relevant issuers and found that through these discussions we could guide issuers to a more accurate comparison of their new estimated fees. We were also able to provide comfort around the low velocity discount and where necessary provide the required data to allow issuers the confidence to budget for this discount on an ongoing basis.

Consistent with our public statements that overall issuer services costs will go down and the majority of issuers will be better off. We found that of the issuers ASX spoke to 79% will be better off under the new model and 100% were in a better position than they had originally calculated.

The discrepancy between issuers' initial fee calculation and the ultimate fee estimate following a discussion with ASX is explained by the following factors:

- **Not using past annual Issuer Services costs as a basis for the comparison.** A number of issuers used a past monthly invoice and multiplied it by 12 for a total annual past cost. This calculation will result in an under or overstatement of past costs (due to different activities each month and the annual operating charge being charged in August each year).
- **Using an incorrect count of holding adjustments.** Historically, the holding adjustment fee included a count of CHES messages #421, 425 and 512 (without identifying the breakdown). Under the new model the 512 message will not be a point of charge. Many issuers did not realise that fees for 512 messages had been removed and when calculations were adjusted this tended to reduce the holding adjustment charge by around 80% on average.

Under the new model, calculating holding adjustments will be much simpler as a holding adjustment is generally a result of corporate activity like a DRP. An issuer can estimate this charge by simply calculating the likely take-up under its regular DRP.

- **Not applying the low velocity discount (25% discount to the Subscription Fee and paper CHES Holding Statement Fee) when they were entitled to it.** In all engagement activities, ASX explained the methodology behind this discount, how it would be calculated and, for bilateral issuer enquiries, the actual velocity ratio that was evident in past data for that issuer. Some issuers were not sure if the count of CHES holding statements to determine the ratio included both paper and electronic statements. ASX confirms that is the case.

Further savings will be delivered to issuers as the take-up of electronic CHES holding statements increases, resulting in lower paper statement charges (based on volume). ASX provided guidance to issuers to initially assume 0% electronic statement take-up in their estimates. More information on electronic holding statements is provided in section 2.3.1 of this paper.

In response to the feedback and questions received during the consultation period, **ASX provides the following assurances to issuers using ASX Issuer Services:**

- Although unintended outcomes are not expected, ASX will monitor for any edge case scenarios once the fee changes have been implemented.
- ASX does not intend to remove the availability of the low velocity discount. ASX notes the discount is available to issuers set up in CHES on or before 30 June 2022.
- ASX will guarantee that the fees that are being changed or introduced in the new pricing model will not be increased for a period of at least 3 years from 1 July 2022. This includes the following fees:
 - Subscription Fee
 - CHES Holding statement fee – for paper statements
 - Holding Adjustment fee
- Additionally, any fee that has been removed as part of these fee changes will not be reinstated.

The above assurances will remain in place regardless of the go live date for CHES replacement. As outlined in section 7 of the Discussion Paper, at go live for CHES replacement the ASX Issuer Services Schedule of Fees will be updated to replace any EIS message references with ISO 20022 message references or other references, as required.

2.2.4 Proposal to use a 12-month rolling average rather than end of month count of HINs for the Subscription Fee HIN

One submission noted that despite ASX's efforts to introduce a simpler fee model it would still be difficult for issuers to predict the impact on future fees due to the monthly volatility of the number of investors on HIN. The respondent suggested that a 12-month rolling average calculation of HINs be introduced instead to smooth out any volatility, and to increase the ability of issuers to forecast the fee.

Whilst ASX acknowledges that a 12-month rolling average count of HINs provides a "smoother" number for the purposes of calculating the number of HINs for the Subscription Fee, actual data across a wide cross section of issuers shows very low volatility of the number of investors on a HIN. ASX undertook an analysis across a sample of issuers – 24 issuers across 9 sectors over a two year period of 1 July 2019 to 30 June 2021 (including the volatile market period in first half of 2020). On average the monthly volatility in the number of HINs was 3.9%.

Moving to a rolling 12-month average would make this calculation more difficult for issuers for the purpose of reconciling ASX fees. ASX has therefore determined that the benefits of moving to a rolling average do not justify a change to the proposed model of using actual month end numbers.

The same respondent suggested a review of the introduced fees after twelve months to determine if the objectives had been met and indeed if issuers had experienced savings. ASX has provided an assurance in the previous section of this paper to monitor fees for unintended outcomes.

2.2.5 Engagement process has not been comprehensive

The question of whether issuers have been given sufficient time to consider the new model was raised. Concerns in this regard have been addressed in issuer meetings and correspondence. No issuers have indicated an ongoing concern with timing.

ASX has undertaken a comprehensive process and all issuers directly engaged in the process have appreciated the opportunity to discuss the changes. In addition to the one on one engagement:

- The fee changes were previewed in a number of forums – including three share registry hosted events, meetings with industry associations and in communications to market at the time that the availability of electronic holding statements was introduced in December 2021.
- ASX released a Discussion Paper on 3 March 2022, 4 months ahead of the proposed implementation date, allowing a standard 6 week consultation period, with enquires and responses welcomed. At the same time ASX launched a new Issuer Services webpage, alongside a number of tools and resources to assist issuers with their review of the proposed changes.
- All issuers were notified of the Discussion Paper on the proposed changes to pricing by email on 3 March, and also invited to an ASX hosted webinar held in March. Issuers received a Listed@ASX Compliance update email and further email on 5 May. ASX also worked collaboratively with two industry associations and a market operator to provide 3 further webinar events. In total ASX reached 176 attendees at the webinar events.
- ASX has responded to multiple email queries and conducted numerous meetings to discuss the changes bilaterally with issuers. The peak of engagement occurred during the formal engagement period, with issuer enquiries dropping off substantially from May onwards. ASX actively encouraged and participated in these bilateral discussions. ASX expects, as with many consultations, that some stakeholders reviewed the material but did not consider it necessary to make a formal submission.

2.3. Other matters raised by respondents

2.3.1 Take-up of electronic CHESS holding statements

One respondent acknowledged and welcomed the recent work by ASX to provide the option of electronic CHESS holding statements and the waiving of certain participant fees to encourage take-up of the service. Three respondents were keen to understand how the take-up of electronic statements was proceeding and ASX's support for and promotion of the changes, given the growth in take up will result in a reduction in issuer services fees. A number of respondents were supportive of the move toward digital holder communications.

ASX's objective is to achieve as high a take-up of electronic statements as possible with the resultant improvements, including the ability to pass the email address to issuer's share registries, improved services to holders through the availability of an electronic portal and to create a more efficient and environmentally friendly solution. ASX has already confirmed that it will not charge issuers for the issuance of electronic holding statements, as they are included

in the new Subscription Fee and that the charge for the issuance of paper CHESS holding statements would reduce from \$1.25 to \$0.50 per statement.





Through the engagement period, ASX has provided guidance to issuers to initially assume 0% take up of electronic statements for the purposes of doing a comparison between the existing fees and new fee model. This guidance is based on the limited take up of the service to date, given its recent implementation. ASX has also provided updates to issuers and other stakeholders on the participant take-up activity - where a number of smaller brokers have already supported investors to select electronic statements and that take-up activity will increase into FY23. This will give issuers savings as soon as the new pricing model is introduced in July 2022. At the same time, ASX has confirmed it will indefinitely waive the fee charged to participants to notify email details to CHESS for existing holders.

3. Confirmation of changes and effective date

ASX will proceed with the implementation of the proposed fee changes as outlined in the [Discussion Paper](#) and the [draft Issuer Services fee schedule](#) published on 3 March 2022. **The changes will be effective from 1 July 2022.**

The changes will therefore be applicable for the month of July 2022 onward, and issuers will first see these changes for the July month invoice issued in August 2022.

ASX will review the eligibility of issuers for the low velocity discount following the end of each financial year. This will be done for the first time after June 2023 for the 1 July 2022 to 30 June 2023 financial year. Issuers who are eligible to receive the low velocity discount (a 25% discount to the total Subscription Fee and CHESS Holding Statement Fees charged during FY23) will receive a credit note after the end of the financial year. The same process will be applied to subsequent financial year periods.

ACTIVITY	JUNE 2022	JULY 2022	AUG 2022	30 JUN 2023	JUL 2023
 ASX Response to feedback, confirmation of changes 01/06/2022	●				
 New pricing effective date 01/07/2022		●			
 1 st Invoice date for new fees (for month of July 2022) August 2022			●		
 End of first financial year for new pricing / ASX determines eligibility for low velocity discount; credit provided to eligible issuers Post July 2023				FYE	●

4. Updated resources available to issuers and other stakeholders

ASX will continue to maintain the Issuer Services web pages and tools and resources available to issuers.

To support the introduction of the fee changes, ASX has updated or added the following information for the information of issuers and other stakeholders:

- This response paper is published on the [What's New](#) section of the Issuer Services web pages, as well as on the [Public Consultations](#) web page, together with the non-confidential submissions.
- Updated Frequently Asked Questions document – available from the [Tools & Resources](#) web page.

- Updated fee schedules:
 - As noted in section 3 of the Discussion Paper, ASX has separated the current Clearing, Settlement and Issuer Administration Schedule of Fees into 3 separate fee schedules to differentiate between different sets of service fees applicable to different users. These schedules have now been published on the ASX website:
 - ASX Issuer Services Schedule of Fees – for changes effective 1 July 2022 – available from the [Issuer Services Fees](#) section of the Issuer Services web pages; as well as on the [ASX fees](#) page on the ASX website;
 - ASX Clearing & Settlement Schedule of Fees – available from the [ASX fees](#) page on the ASX website;
 - ASX Equity Derivatives Schedule of Fees – available from the [ASX fees](#) page on the ASX website.
 - The ASX Managed Fund Settlement Service (mFund) Schedule of Fees has also been updated with the changed Issuer Services fees, also available from the [ASX fees](#) page on the ASX website.

ASX remains available for any issuer queries or assistance regarding the pricing changes or issuer services in general. Issuers are welcome to contact the Issuer Services team by email at issuers@asx.com.au.