

Australian Custodial Services Association  
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Dear Lauren,

**Australian Custodial Services Association Response to Treasury Consultation Paper “Competition in the provision of clearing and settlement services”.**

The Australian Custodial Services Association (**ACSA**) is the peak industry body representing members of Australia's custodial and investment administration sector. Our mission is to promote efficiency and international best practice for members, our clients, and the market. Members of ACSA include NAB Asset Servicing, J.P. Morgan, HSBC, State Street, BNP Paribas Securities Services, BNY Mellon, Citi, Clearstream, Netwealth and The Northern Trust Company.

Collectively, the members of ACSA hold securities and investments in excess of AUD \$4.3 trillion<sup>1</sup> in value in custody and under administration for Australian clients comprising institutional investors such as the trustees of major industry, retail and corporate superannuation fund, life insurance companies, responsible entities and trustees of wholesale and retail investment funds, and various forms of international investors into Australia.

ACSA welcomes Treasury's legislation and takes the view that the powers being given to ASIC and the ACCC will support fairness and safety in the Australian market. ACSA looks forward to extensive engagement with ASIC regarding the rules they may make if and when a committed competitor arises in the market. Custodians are extensive and experienced global users of C&S infrastructure around the world and our members have well-formed views around the risks and benefits of having multiple CSDs in a single market.

ACSA does not have any specific feedback to offer regarding the legislation itself, however we note that the Minister intends to initially only make a determination regarding the cash equities market. ACSA requests that the minister also consider including fixed income securities settled on the Austraclear CSD in this initial determination.

The majority of CHES participant Custodians are also Austraclear participants and offer both equity and fixed income settlement services either for clients or as part of their inhouse treasury management capabilities.

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<sup>1</sup> As at 31 December 2022, <https://acsa.com.au/page/IndustryStatistics>

Additionally, fixed income settlement is very costly in Australia, with each settlement costing a minimum AUD \$14.30 plus GST as a flat fee. By way of comparison, the Euroclear CSD charges for settlements on a sliding scale ranging from EUR 1.50 to EUR 0.33 depending on the volume settled in a month.

When considering competition opportunities in the settlement space in Australia, it is conceivable and even likely that a committed competitor may want to explore both the equities and fixed income spaces in parallel. If this were to occur, the need for the minister to make an additional determination in respect of fixed income securities would add additional lead time to achieving any competitive outcomes.

Given the stated rationale for deploying this legislation, ACSA is of the view that including fixed income securities in the initial determination is a logical choice in line with the

If you have any questions in relation to this submission please contact me.

Yours sincerely



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