

Regulators and Capital Markets Branch
Financial System Division
Treasury
Langton Cres
PARKES ACT 2600

21 February 2024

Sent by email to: CICS@TREASURY.GOV.AU

Dear Treasury,

RE Competition in the provision of clearing and settlement services – ministerial instruments

Introduction

National Stock Exchange of Australia ('NSXA') is pleased to provide this response to Consultation on Competition in the provision of clearing and settlement services – ministerial instruments.

NSXA is supportive of Government and regulators encouraging competition in the provision of clearing and settlement services in Australia for cash equities.

Definition

NSXA is supportive of the draft definition of 'cash equity' as provided in the Exposure Draft however NSXA is also of the view that 'depository interests' should be more explicitly mentioned. Although the explanatory statement notes that the

'...definition is intended to match what industry generally considers is a financial product covered by the term 'cash equity'. For example, the definition is intended to capture transferable custody receipts and depository interests such as shares issued by a foreign company'

NSXA believes that the definition does not make it clear where depository interests fit in or whether they do fall under the proposed definition at all.

The definitions of 'securities' in s92 of the Corporations Act explicitly mention depository interests. NSXA is of the view that the definition proposed in the Exposure Draft should adopt this approach to avoid confusion.

Conclusion

Although NSXA is supportive of the proposed definition for 'cash equities', it is also of the view that clarity should be provided as to the position of the inclusion of depository interests. It should be clear that these are also included where the CICS legislation is employed as a mechanism to promote competition.

Yours faithfully,



Chan Arambewela
Chief Operating Officer
National Stock Exchange of Australia