

3 April 2014

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Dear Diane

Shortening the Settlement Cycle for Cash Equities in Australia: Consultation Paper

Governance Institute of Australia is the only independent professional association with a sole focus on the practice of governance. We provide the best education and support for practising chartered secretaries, governance advisers and risk managers to drive responsible performance in their organisations.

Chartered secretaries have primary responsibility in listed companies to deal with the Australian Securities Exchange (ASX) and interpret and implement various rights issues timetables within their organisations. Our Members deal on a day-to-day basis with ASX and have a thorough working knowledge of the operations of the markets and the needs of investors, as well as compliance with the Corporations Act (the Act). Our Members also hold primary responsibility within listed companies for developing governance policies and supporting the board on all governance matters.

Governance Institute of Australia (Governance Institute) welcomes the opportunity to comment on the consultation paper: *Shortening the Settlement Cycle for Cash Equities in Australia* (the consultation paper) and draws upon the experience of our Members in providing our response.

General comments

We recognise that ASX is seeking feedback on the benefits, industry readiness, timetable for implementation and other issues that would need to be considered to enable a transition to a T+2 settlement cycle.

In reviewing the proposal to reduce the current settlement period of trade-day-plus-three-days (T+3) by one business day, Governance Institute Members note that the proposal will likely affect those required to amend the technical aspects of their operations and their ability to process and clear payments within the allotted timeframe. Our understanding is that the share registry service providers have indicated that they do not believe that they will be heavily impacted by the proposed change.

Governance Institute has also considered the impact which the proposed change will have on the timetable for corporate actions. Members have noted, in this regard, that there will be a reduced ex period for all corporate actions and applicable reorganisations of capital by a business day to align with the reduced settlement cycle.

Governance Institute believes that provided that the proposed shift to a T+2 settlement cycle does not impose significant compliance costs on the industry, the proposed change will be beneficial for market participants and we support the proposed change to the timetable for corporate actions to accommodate the change to the settlement cycle.

We look forward to working with the ASX through the implementation of the T+2 settlement period and will be happy to provide further feedback during the process, if required.

Kind regards

A handwritten signature in black ink, reading "Tim Sheehy". The signature is written in a cursive, flowing style.

Tim Sheehy
Chief Executive