

ASX Discussion Document Response (28 Oct 2016)

CHES Replacement by **Secendo**



Secendo specialises in retail securities lending. We welcome the opportunity provided by the ASX to respond to the ASX CHES replacement discussion document.

Since our main focus and expertise is in the area of securities lending we choose to only target our responses in that area.

Secendo recognises that retail securities lending is an underdeveloped market and are interested in working with the market community to introduce a beneficial service for the ASX market participants and their investor clients.

We believe that securities lending is a well established market in the institutional markets and we believe that it is an important service for the efficient operation and ongoing liquidity of the capital markets. Allowing the retail customer base to participate in securities lending could open up a new revenue opportunity for stockbrokers and also a greater choice of securities for sophisticated investors /brokers to utilise in their borrowing capacity.

Question Responses

1. Securities Lending is not mentioned specifically in the business requirements of this document but we believe that this does and can play an important role for investors and intermediaries in line with CHES replacement.
2. No comment.
3. We choose to focus on the “settlement period choice” change, as this enhancement seems to imply that there will be a requirement for some form of securities lending. We support an approach that would see the ASX adopt securities lending, and this is an area of interest for our business as we support the efficient operations of securities lending service through our platform and mobile applications.
4. We expect CHES replacement to be net benefit as it would appear to present the opportunity to discuss Securities Lending as part of a major market infrastructure change. This is in turn a benefit to our clients who can tap into a market that generates significant revenue opportunities.
5. No comment.
6. Seclendo would expect the ASX to provide details of plans to implement a future securities lending platform as part of CHES Replacement.
7. We welcome the implementation of ISO20022 standards for communication and we believe that this will allow a greater range of services including securities lending.
8. Not important.
9. Both CHES options can be removed from Seclendo’s perspective, but we are only limited access users.

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10. No comment.
 11. We are considering our plans in this area, but we believe we will be ready in line with CHES replacement.
 12. No comment.
 13. No preference as this is more in the domain of the member community.
 14. No preference.
 15. If Securities Lending is included in the proposed changes then our answer is Yes.
 16. No comment.
 17. No comment.