

**Dear Mr. Farrell**

23 March 2018

**NSX comments on Review into Open Banking in Australia – Final Report**

Mr. Scott Farrell,  
Chair

NSX welcomes the opportunity to respond to the Treasury's Final Report outlining its very important recommendations in relation to the operation of Open Banking in Australia.

Review into Open  
Banking in Australia,  
The Treasury

Whilst the immediate focus of the Treasury's work in this area is aimed at facilitating greater competition in retail banking and associated products, NSX notes that similar considerations and concerns arise in relation to exchange markets. For the reasons outlined below NSX is fully supportive of the Government's proposal to implement these reforms economy-wide and, in particular, in relation to exchange markets.

Langton Crescent  
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The Treasury will no doubt be aware that exchange markets in Australia are presently characterised by high concentration, a lack of contestability and extensive vertical integration by incumbents with significant market power. In this market NSX is a seeker of access to key systems, services and information provided only by ASX whilst at the same time being a direct competitor of ASX for listing and trading. This dependency has given rise to vulnerability for the NSX with ASX acting as gatekeeper to key inputs – including data - necessary for NSX to innovate, provide a compelling competitive alternative and achieve scale.

NSX sees the liberalisation of data, subject to necessary regulatory safeguards, as critical to the future evolution of exchange markets where data is currently akin to an essential facility. Limitations on access to key services and data currently represent a barrier to entry and expansion in this sector. As the Treasury has noted in its Final Report, the CDR generally will improve the flow of information in the economy, encouraging the development of new products and applications that reach more customers and are better tailored to their needs. Access to data will eliminate existing information asymmetries which currently create a competitive imbalance between the "haves" and "have nots" and thus pave the way for balanced competition and innovation.

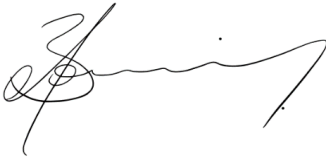
NSX is in the unique position where it must share both its customers and its data with a competitor. For example, it supplies corporate action data to ASX for the issuers listed on NSX's market. It is therefore essential that NSX maintains the rights and ownership of data for NSX listed issuers irrespective of the development and innovation take by ASX Settlement. NSX does see a benefit to distributing this information over such as service and would expect a reciprocal benefit being provided to NSX by ASX distributing its data.

NSX notes that settlement of securities is currently not contestable in Australian exchange markets, with ASX performing this function on a monopoly basis. However, for settlement to be opened up to competition future competing settlement facilities will require access to the data of other existing clearing and settlement facilities. Ideally this data would be held, and disseminated by, an independent and structurally separate entity. However, an alternative interim step could envisage the creation of a regime which mandates access to relevant data on fair, equal and non-discriminatory terms. Individuals, for example should be able to provide consent to third-parties to have 'read-only' only access to their shareholding data on a free basis.

On this basis NSX urges the Treasurer to proceed apace with the designation of additional sectors to which the CDR will apply. We look forward to engaging further with the Treasury, ACCC and OAIC on the need for and form of designation relevant to exchange markets. NSX will also watch the design and implementation of

the economy-wide regulatory framework with interest as we prepare for greater access to key data inputs in our market.

Yours sincerely,



Ann Bowering

Managing Director and CEO