

EXECUTIVE OFFICE



**Australian
Competition &
Consumer
Commission**

19 December 2012

The Hon. Wayne Swan, MP
Deputy Prime Minister
Parliament House
CANBERRA ACT 2600

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Dear Deputy Prime Minister

**COUNCIL OF FINANCIAL REGULATORS: COMPETITION IN CLEARING
AND SETTLEMENT OF AUSTRALIAN CASH EQUITIES**

The Governor of the Reserve Bank of Australia has written to you on behalf of the Council of Financial Regulators to relay findings and recommendations from the Council's recent work on competition in the clearing and settlement of Australian cash equities. The work was carried out by Council agencies in collaboration with the Australian Competition and Consumer Commission (ACCC).

It is expected that competition would ultimately deliver efficient outcomes in relation to the clearing of cash equities. However, the ACCC recognises the general concern expressed by stakeholders about the cost implications to industry, which at present is facing difficult market conditions and pressures to reduce costs. The ACCC supports the recommendations put forward by the Council, and notes that reviewing the issue after two years maintains the prospect of competition in the future, or indeed of alternative regulatory arrangements in the absence of competition. Experience garnered during the interim two year period will also helpfully inform future consideration of these issues.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Rod Sims'.

Rod Sims

Chairman