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Australian Securities and Investments Commission
Ms Vivienne Tannock
Senior Executive Leader, Market Infrastructure
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ASX Market Announcements Office
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Market Announcement

ASX SETTLES ASIC LEGAL PROCEEDINGS RELATED TO PREVIOUS CHESS PROJECT

ASX Limited today announced it has settled proceedings brought by ASIC in relation to statements made in 2022 on the status of the previous CHESS project.

ASIC commenced civil proceedings against ASX in August 2024¹ alleging three statements that were made in 2022 regarding the previous CHESS project were misleading and contravened ss 12DA and 12DB of the *Australian Securities and Investments Commission Act 2001* (Cth). Under the agreement with ASIC, ASX admits that it contravened these provisions of the ASIC Act when it made the “progressing well” representation. ASIC is no longer pursuing allegations of misleading statement in relation to representations the Project was “tracking to the Published Plan” and “Tracking to Go-Live in April 2023”.

As part of the settlement, and subject to the approval of the Federal Court of Australia, ASX will pay a penalty of \$20.5 million and will contribute \$3 million to ASIC’s legal costs. Given this development, the parties will no longer be proceeding to trial.

ASX Chair David Clarke said: “The market must have confidence in what ASX says about its operations as these statements can be relied upon to make decisions. When we stopped the CHESS project in November 2022 to reassess our whole approach, that tested market confidence in ASX and called into question the nature of statements previously made.

“As the market operator and a steward of critical market infrastructure, our words matter. I am sorry ASX fell short. We recognise the impact this has on trust and confidence, and we take responsibility for the lessons that must be learned from that experience.

“The CHESS project is now on firmer footing, and our decision to settle this matter reflects the desire by the Board to focus ASX on building for the future while maintaining the work still required to build confidence and deliver for the market. We will continue the reset across the Group, informed by the findings of the ASIC Inquiry report delivered earlier this year.”

Interim CEO Darren Yip said: “CHESS remains a critical priority for the Group. Just two months ago, the team successfully delivered Release 1 of the new system, providing clearing services on a modern, cloud-aligned platform.

“Since go-live of Release 1, CHESS has continued to perform strongly, consistently processing elevated trading volumes during periods of heightened global market volatility - underscoring its resilience and scalability. The significant investments we are making in our technology modernisation program remain a core focus for ASX.”

The proposed penalty in today’s settlement will need to proceed to an approval hearing in the Federal Court of Australia that has not yet been scheduled but may occur in late FY26 or in FY27. The amount will, however, be provisioned in FY26 and be recognised as a non-recurring significant item. ASX’s contribution to ASIC’s legal costs will also be recognised as a significant item in FY26.

We recognise the CHESS project is an endeavour that needs the support of the whole market. On 16 February 2023, ASX announced it had established the CHESS Partnership Program. The program recognises the extended timeline of the project and provides up to \$70 million in distributions as financial support to key participants contributing to the successful progress and completion of the new CHESS project.

¹ *Australian Securities and Investments Commission v ASX Limited* NSD1108 of 2024.

Release of market announcement authorised by:
Board of ASX Limited

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