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Financial System Inquiry  
GPO Box 89  
Sydney NSW 2001

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**Initial submissions to the Financial System Inquiry**

***Barriers, obstacles and costs in the securities settlement structure of the Australian financial market***

Dear Sir,

I am pleased with the opportunity to have my say in the future of the Australian Financial System.

With the creation of a powerful equity culture in Australia there are probably few Australians that do not have exposure of some sort to the securities industry, and its associated costs. It is to the benefit of all investors, especially the average small investor, that efficiency be sought in the industry.

I have had varied roles within the finance industry. My experience has been gained in Australia, Europe and Singapore in both exchange-traded and OTC markets.

This experience includes roles with the Australian Securities and Investments Commission (ASIC), and with Euroclear, an International Central Securities Depository operating the world's largest settlement system. Euroclear operates the national Central Securities Depositories for Belgium, Finland, France, Ireland, the Netherlands, Sweden and the United Kingdom (CREST).

This experience encourages me to provide initial submissions for the Financial System Inquiry. Broadly, these submissions concern barriers, obstacles and costs in the securities settlement structure of the Australian financial market.

1. The dual settlement and depository/registry systems within Australia - Austraclear and CHESS.
2. The use of a Depository Interest mechanism for the retail trading of Commonwealth Government Securities (CGS).
3. The mechanisms for holding securities - "CHESS Sponsored" or "Issuer Sponsored", and in relation to this, the use of "Holder Identification Numbers (HIN)" and Security-holder Reference Numbers (SRN).

I look forward to elaborating on any or all of these initial submissions should they be included in the Financial System Inquiry.

Yours faithfully  
Benoit de Tarle