



15 December 2022

Australian Securities and Investments Commission  
Mr Nathan Bourne  
Senior Executive Leader, Market Infrastructure  
Level 5, 100 Market Street  
SYDNEY NSW 2000

ASX Market Announcements Office  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

### **ASX ACKNOWLEDGES ASIC REQUIREMENT FOR A SPECIAL REPORT ON CURRENT CHESS AND RBA EXPECTATIONS FOR CURRENT CHESS AND CHESS REPLACEMENT**

ASX acknowledges that the Australian Securities and Investments Commission (ASIC) and the Reserve Bank of Australia (RBA) have set out their immediate requirements and expectations of ASX about current CHESS and the plan to replace it.

ASIC requires ASX to prepare a special report about arrangements for current CHESS. Additionally, the RBA expects ASX to maintain current CHESS sufficiently, which we have undertaken to do in a letter to the RBA Governor attached to this announcement.

ASX will act in accordance with these requirements and expectations, and will engage proactively and transparently with the regulatory agencies and other stakeholders on this work.

The special report ASX is preparing for ASIC will detail how ASX will ensure that current CHESS is supported and maintained until the go-live of the CHESS replacement system. It will also cover the ongoing operation, security and continuity of CHESS, and ASX's governance arrangements for the current system.

ASX will also provide ASIC with an EY audit of the report. In line with ASIC's expectations, ASX will make a version of the special report and audit report publicly available.

ASX Managing Director and CEO Helen Lofthouse said: "Maintaining the stability, security and high performance of current CHESS, which is critical to the operation of Australia's financial markets, is an ASX priority. With the enhancements we have made to the system's capacity and resilience in recent years, and the investments that we will continue to make, ASX is confident that current CHESS will serve the Australian market well into the future.

"ASX will engage transparently and constructively with the regulatory agencies about the requirements announced today.

"We remain committed to working closely with stakeholders to deliver the best long-term clearing and settlement solution for the Australian financial market."

Release of market announcement authorised by:  
Johanna O'Rourke  
Acting Group General Counsel and Company Secretary

20 Bridge Street  
Sydney NSW 2000

PO Box H224  
Australia Square NSW 1215

Customer service 13 12 79  
[asx.com.au](http://asx.com.au)

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**Further enquiries:**

**Media**

David Park  
Senior Adviser, Media and Communications  
T +61 2 9227 0010  
M +61 429 595 788  
E [david.park@asx.com.au](mailto:david.park@asx.com.au)

**Analysts/Investors**

Simon Starr  
General Manager, Investor Relations and Sustainability  
T +61 2 9227 0623  
M +61 416 836 550  
E [simon.starr@asx.com.au](mailto:simon.starr@asx.com.au)



15 December 2022

**Dr Philip Lowe**  
Governor  
Reserve Bank of Australia  
65 Martin Place  
SYDNEY NSW 2000

By email

**Re: RBA expectations for the current CHESS and CHESS replacement**

Dear Dr. Lowe

Thank you for your letter dated 15 December 2022 regarding RBA's expectations for current CHESS and CHESS replacement.

We acknowledge your request for a public undertaking in paragraph 2 of your letter regarding ASX's arrangements for current CHESS.

On behalf of the Boards of ASX Limited, ASX Clear Pty Limited and ASX Settlement Pty Limited, we undertake to the RBA that ASX will maintain the resources and capabilities to support the ongoing operation, maintenance and investment in current CHESS to ensure it will continue to service Australia's cash equities markets reliably until CHESS replacement goes live. This includes ensuring ASX has sufficient resources with experience in the programming language used in current CHESS.

Yours sincerely

**Mr Damian Roche**  
Chair, ASX Limited

**Mr Stephen Knight**  
Chair, ASX Clear Pty Limited and ASX  
Settlement Pty Limited

**Ms Helen Lofthouse**  
Managing Director and CEO

Cc: Ms Michele Bullock, Assistant Governor, Reserve Bank of Australia

20 Bridge Street  
Sydney NSW 2000

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Australia Square NSW 1215

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[asx.com.au](http://asx.com.au)