

Media Release

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ASX consults on CHES replacement implementation timetable Target go-live of April 2022 subject to user feedback

Since announcing its intention to replace the CHES system in 2016, ASX has worked with a broad community of stakeholders to progress the project. This has involved continuous interaction on functionality, technical requirements and operational readiness across the market.

With the onset of the COVID-19 pandemic, it became clear that a number of factors, including the pandemic itself, created a need to revise the implementation timetable. In March this year, ASX gave notice that the timetable was under review, but would wait until June to formally commence consultation. This allowed CHES users to focus on their day-to-day operational activities during those challenging times. It also enabled ASX to assess the impact of the pandemic, requests for changes, and the ability of all participants to commence the operational readiness phase of the project.

The revised timetable has been produced to provide additional time for the ongoing impact of the COVID-19 pandemic on all stakeholders, accommodate functionality changes requested by users, and have a longer period for ASX and CHES users to complete their respective development and readiness activities. The aggregate effect of these considerations produces a new go-live date of April 2022, 12 months beyond the original target go-live.

Peter Hiom, ASX Deputy CEO, said: “ASX has undertaken a comprehensive, risk-based approach to the replan of the CHES replacement project. We have listened to the diverse views of stakeholders and accommodated feedback on timing, user readiness and changes to functionality.

“We are approaching an important and exciting phase of the project, involving close collaboration between ASX and CHES users, as they test their systems and begin operational readiness activities. In developing the revised implementation plan, ASX has been very mindful of the challenges the industry faces during the COVID-19 pandemic.

“At its core, the new CHES system will deliver existing services, new and enhanced functionality, high availability, reliability and performance, and will underpin Australia’s financial markets for the next decade and beyond. We have made great progress in challenging circumstances and are focused on delivering the solution in a safe and timely manner.”

Since ASX announced the need to replan in March this year, significant progress has been made:

- The CHES replacement application and the distributed ledger have been successfully deployed to several ASX technology environments across multiple data centres
- A seventh software drop has been deployed on schedule into the customer development environment (CDE), which represents 89% of the core clearing and settlement functionality used by customers
- Thirty-four organisations have connected to the CDE, including software providers, brokers and share registries



- The ISO 20022 Technical Committee comprising ASX and industry representatives, formed to focus on the adoption of ISO 20022 messaging in place of proprietary format messaging, completed its key objectives and activities
- ASX has now published all functional specifications and messaging requirements for software providers to develop to the new system
- The opening of the industry test environment, initially for back office software providers, is being prepared for commencement in December 2020
- The rules consultation process is progressing well, with ASX having provided its response to feedback on Tranche 1 draft rule amendments
- Numerous collaborative industry requirements and design working groups, webinars and information sessions continue in virtual form
- Updated procedures and guidelines aligned to the replacement system have started to be published.

Mr Hiom continued: “The recent period of record trading activity and volatility, and the prevalence of manual and paper-based processes in many back offices across the industry, have underlined why the implementation of the next generation of technology to support the digitisation of Australia’s equity market is a priority.

“Regular industry-wide engagement and collaboration are critical to the CHES replacement project, and we thank users for their ongoing input and support. ASX remains committed to the project and to working constructively with all stakeholders to ensure we deliver a solution that balances the interests of the whole market.”

The consultation is open for four weeks with responses due by 28 July 2020. The paper can be found here <http://www2.asx.com.au/content/dam/asx/markets/clearing-and-settlement-services/chess-replacement-consultation-paper-revised-implementation-timetable.pdf>

ASX will confirm the go-live date as soon as possible after assessing the consultation feedback.

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