

Media Release

25 March 2020

ASX to consult on CHES replacement implementation timetable Formal consultation in June; meanwhile system development continues

ASX is replanning the CHES replacement implementation timetable due to the uncertainty created by the unfolding COVID-19 pandemic. It is also in response to user feedback on timing, requested functionality changes, and the need for ASX to complete aspects of its own readiness.

In June, ASX will seek user input on the new schedule that will move the go-live date from April 2021 to a later date. In the meantime, the target of opening an Industry Test Environment (ITE) in July is retained.

The replan will provide additional time for users to complete their operational readiness activities and to consider the rule changes that accompany the new system. It will also increase the time available for back office software developers to familiarise themselves with key aspects of the new system in a production-like testing environment, and enable them and ASX to complete software development and testing.

ASX Deputy CEO Peter Hiom said: “In light of recent events, ASX is replanning the implementation of the CHES replacement system. We are conscious of the importance of providing a new schedule, and the need to get the valuable input of CHES users. Right now, however, in this environment of heightened volatility and activity levels, the industry needs to focus on day-to-day operations. We will therefore wait until June to consult on the new timetable when we expect everyone will have more time to consider the replan and better assess the implications of COVID-19. We will then announce the new schedule.

“Throughout this project, consultation has been thorough and we will continue to listen to all of our stakeholders as we work through this together. Our priority is to ensure the orderly and safe completion of this project with the continued close oversight of our regulators. We thank everyone for their ongoing support during this replanning process.

“ASX remains fully committed to CHES replacement. We continue to progress the project, including system development and testing, supporting back office software developers, and assisting users in their readiness activities. The investments we are making in the new system and in distributed ledger technology are for the long-term benefit of the financial services industry and the Australian economy,” Mr Hiom concluded.

Key indicative dates:

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| • Consultation on new schedule | June 2020 |
| • ITE optionally open for developers | July 2020 |
| • ITE open for all users | October 2020, subject to June consultation |
| • Tranche 2 rule consultation deadline | moved from 3 April to end of May ¹ |
| • Other key milestones including go-live | subject to June consultation |

¹ Tranche 3 and an additional consultation on the consolidated rules package timing will be subject to June consultation.



Background

ASX has undertaken extensive consultation with market users over the last three years on the functionality and timing of the CHES replacement system. More recently, ASX has been in further discussion with users on the project schedule. Feedback has been diverse, with some users advocating no delay and others indicating they would like the project extended to give everyone more time to prepare. Users have also requested changes to the functionality of the new system as part of the recently completed consultation process on detailed business requirements. ASX also needs some additional time to complete some of its development and readiness activities. These issues were under consideration by ASX prior to the COVID-19 pandemic.

In recent days, ASX has received further feedback about the ability of users to focus on the CHES replacement project during this period of heightened volatility and activity levels. With many firms in the industry, including ASX, operating with a large proportion of staff working from home, the ability to participate in coordinated readiness activities later this year is unclear.

ASX will therefore conduct user consultation in June prior to finalising the new schedule. This will be before market readiness activities begin and will provide enough time for ASX and users to better assess the implications of COVID-19.

ASX is still targeting to open the ITE in July. This will be a significant milestone towards the implementation of the new system and will initially be offered exclusively to back office software developers. Having already been provided with complete technical documentation, this enables them to complete their connectivity, testing and readiness activities as ASX finalises development of the system.

ASX is also targeting the ITE to be further opened to all users in October 2020, subject to feedback from the consultation. Technical accreditation is indicatively scheduled to commence at the end of January 2021.

Finally, ASX is extending the period for consultation on rule changes. This will give users extra time to provide comments on tranche 2. In June, we will also seek feedback on the timing of the consultation for tranche 3 rule changes and on an additional consultation process on the consolidated rules package.

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