



# Media Release

18 May 2023

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## ASX enhances eligibility criteria for CHES Replacement Partnership Program following industry feedback

Following a number of stakeholder discussions since pausing CHES replacement in late 2022, ASX began developing the CHES replacement Partnership Program (“**Partnership Program**”) to recognise future industry cooperation on the project. The initiative was announced in February 2023.

Up to \$70 million has been allocated to the Partnership Program in total, with the development incentive facility component (“**Development Incentive Pool**”) representing \$55 million of that amount. ASX invited CHES stakeholders to provide feedback on the proposed eligibility criteria for the Development Incentive Pool earlier [this month](#).

Today, ASX confirms it has updated the proposed eligibility criteria to incorporate industry feedback. The eligibility criteria now takes into account whether an entity is developing multiple applications that will connect and interact with the CHES replacement solution. As a result, ASX has also revised the proposed initial payment from the Development Incentive Pool, increasing it from \$10 million to up to \$20 million.

These changes are in addition to an earlier adjustment to the criteria that would include stakeholders undertaking major internal development work to prepare their systems and operations for CHES go-live, i.e., clearing and settlement (CS) participants developing in-house.

**ASX Managing Director and CEO Helen Lofthouse** said: “The Partnership Program is a forward-looking program, designed to provide a contribution towards stakeholders’ future participation and cooperation for the successful progress and completion of the CHES replacement project.

“When we were developing the Partnership Program, we wanted to recognise our customers that are CS participants, but we were also cognisant of the wider eco-system of stakeholders critical to the delivery of CHES replacement, and this included software providers, share registries, and CS in-house development teams.

“The Development Incentive Pool is designed to address this broader set of stakeholders and the engagement we’ve undertaken has helped us refine the eligibility criteria which has also led to an increase in the total size of the initial payment.”

ASX hosted an industry webinar on 17 May to step through the feedback with CHES users and stakeholders, and to confirm the revised eligibility criteria.

### Background on the Partnership Program

On 16 February 2023, ASX announced the CHES Replacement Partnership Program. The purpose of the Partnership Program is to establish a framework to provide financial contribution towards stakeholders’ participation with respect to the successful progress and completion of the CHES replacement project.

The Partnership Program consists of two components:

- **Participant Rebate Pool** of \$15 million, from which amounts will automatically be paid to clearing and settlement (C&S) participants, distributed proportionately based on C&S fees paid to ASX by those participants during the period of 1 January 2023 to 30 June 2023. The rebate is designed to provide support through a one-off fee reduction, and will be paid in August 2023.
- **Development Incentive Pool** of up to \$55 million will be available to Program Participants that meet the eligibility criteria set out below. An initial payment is expected to be made by 31 May 2023 with the remaining payments tied to future program milestones, the timing and composition of which will be defined following the publication of a revised project plan that will come after completion of the solution redesign process. ASX has previously said it expects to announce the CHES replacement solution design in the December quarter of 2023.

### **Eligibility criteria for the Development Incentive Pool**

To be eligible to participate in the Development Incentive Pool, a Program Participant must be an entity developing a technology application to connect to and interact with the CHES replacement solution, which will be subject to technical accreditation by ASX.

Entities will need to confirm the number and name of the technology applications they intend to develop.

Payment amounts for each technology application will be based on a tiering system as advised by ASX. Tiering is based on the number of messages being developed for each application.

Separately, ASX has determined that it is appropriate to include additional stakeholders in the Development Incentive Pool who do not otherwise meet the above criteria. This additional category captures stakeholders who:

- will undertake major internal development to prepare their systems and operations to integrate with vendor systems, which supports key project milestones and a successful go-live of the CHES replacement solution; and
- transmit and receive more than 5 million CHES messages annually.

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