

# ASX BUSINESS COMMITTEE



27 May 2026



# Housekeeping

## Troubleshooting

- Please mute yourself when not speaking
- Please use the 'raise hand' feature on MS Teams if you would like to ask a question
- Please introduce yourself when talking for the benefit of all members
- Meeting is being recorded for the purposes of capturing decisions and actions
- Dial in details (audio only):
  - +61 2 7208 4607
  - Phone Conference ID: 923 881 459#
- Presentation materials were distributed before the meeting and will be published on the website.

# Important Information

## Competition Law Reminder

Committee members are reminded to have regard to their obligations under competition law. In particular, please note that the Competition and Consumer Act prohibits a corporation from engaging with one or more persons in a concerted practice that has the purpose, effect or likely effect of substantially lessening competition.

# Acknowledging Country

ASX acknowledges the  
Traditional Owners of  
Country throughout  
Australia. We pay  
our respects to Elders  
past and present.

**Artwork by Lee Ann Hall**  
My Country My People



# **1b – Draft Minutes and Report of 11 February 2026 Meeting**

# 2a – Member initiated items

# 3a – CHESS connectivity PIR

# 3b – CHESSE batch delay PIR

# 3c – Statements Working Group

# 3d – Share Sale Fraud Working Group

# 3e – Use of AI

# 3f – Tokenisation

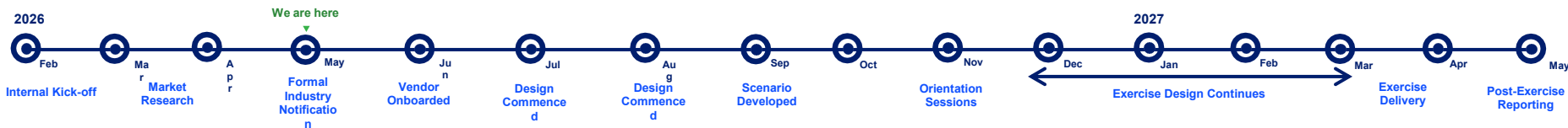
# 3g – Industry-wide cyber scenario test update

# Business Committee

## Executive Summary | Equity Clearing & Settlement (CHES) Industry-wide Resilience Exercise

Green

Program is progressing in line with the proposed plan



### Scope:

**Aim:** The program has been established as an industry best practice initiative to proactively strengthen coordinated cyber resilience across the post-trade ecosystem, recognising the systemic importance of CHES

#### Format:

- ❖ Industry-wide, discussion-based resilience exercise, Independently facilitated targeted for early 2027.
- ❖ Scenario: Multi-day settlement outage focused on Post-Trade Equity C&S, anchored on CHES.
- ❖ Independent facilitation to ensure industry expertise, objectivity, neutrality and strong outcomes.
- ❖ Collaborative engagement with regulators, government bodies and participants through structured consultation and feedback sessions.

### Purpose:

#### Objectives:

- ❖ ASX to demonstrate potential outcomes of key decisions to CHES Users in a cyber related scenario.
- ❖ ASX to understand CHES Users' ability to respond to ASX, and the impacts key decisions have on their procedures and processes.
  - Understand CHES Users' tolerances to outages in relation to liquidity.
- ❖ ASX, Regulators and participants to implement key learnings from exercise.
- ❖ ASX, Regulators and participants to understand the impact of the incident to the boarder market in an event of multiday cyber incident.

### Key Achievements

- ❖ An ASX internal cross-functional working committee has been established and formally initiated delivery activities.
- ❖ Vendor selection confirmed, subject to budget approval to evaluate independent facilitation options and support preliminary FY27 budget planning
- ❖ A formal industry notification is planned for May to inform internal & external stakeholders of the upcoming exercise through established Business and Technical Committee channels and direct communications.
- ❖ A high-level scenario has been developed to serve as the foundation for upcoming design workshops.

### Support

- ❖ Early engagement, consultation and orientation sessions with participants required:
  - Feedback on scenario
  - Exercise structure and flow
  - Any lesson learnt from similar exercises that could be incorporated into ASX exercise
- ❖ Strong messaging around participation and expected outcome.

# Timeline View

## Feb-Jun 2026 | Initiation

- Program Kick-off- **Completed**
- Define Governance & Roles-**Completed**
- Industry Notification- **WIP**
- Vendor selection & Contract negotiation-**WIP**
- Vendor Onboarding- **Not started**



## Jun-Feb 2026 | Design & Planning

- Scenario Design workshops
- Detailed WBS
- Legal & Privacy Control workstream
- Early Orientation & Feedback Sessions with Board, Regulators, Government and a Subset of Friendly Participants

## Mar-Apr 2027 | Execution

- Exercise Delivery
- Post Exercise Debriefs
- Feedback and Survey



## Apr-May 2027 | Reporting

- Post exercise Reports
- Document Gaps Identified



## Aug-Dec 2027 | Closure:

- Review Success Criteria
- QA
- Update playbooks/ processes

# 4a – CHES Project Update

# 04a – CHES Release 1 PIR outcomes



## Overall outcome

Cutover was well-prepared, well-governed, and well-executed, with minimal impact providing strong confidence in the cutover operating model.

- ☑ Cutover executed smoothly and completed ahead of plan
- ☑ Only one issue identified impacting AMOs, captured through PIR
- ☑ No material disruption to AMO operations.



## What worked well

- ✓ Microsoft Teams-based communication was effective before, during, and after cutover
- ✓ Lead-in activities (readiness checks, briefings, rehearsals) landed well with AMOs
- ✓ Clear escalation paths and decision-making throughout execution
- ✓ End-to-end governance framework worked as intended
- ✓ Strong visibility and tracking of AMO readiness for cutover
- ✓ Confidence gained that governance can scale for future releases
- ✓ The Release 1 cutover operating model is planned be used as a baseline for Release 2.



## Issues raised during cutover and key learnings

- Single AMO-impacting issue identified and resolved quickly
  - Issue was well understood, controlled, and resolved
  - No systemic or repeated AMO impacts identified.

A number of minor adjustments to refine the cutover run-sheet, improve communication across teams and streamline validation activities were logged as learnings for internal ASX processes for future events.

Hypercare exited from Stage 1 having met the exit criteria as planned. Hypercare Stage 2 on track to exit early June.

# 04a - Software Provider Readiness Dashboard

All Software Providers progressing with connectivity and messaging activities. Focus remains on completing AMQP connectivity by end of May 2026 and commencing Drop 1 message testing

## ITE2 Connectivity – Participant & Registry Software Providers

- 19/24 Software Providers have completed network connectivity activities and have been issued Test Kits
- 17 Software Providers have successfully connected their AMQP queues
- Remaining Software Providers actively engaged and progressing through connectivity activities
- We are planning to engage Payment Provider Software Providers to commence connectivity activities in preparation for Drop 3.

## Drop 1 ISO Message Testing

- 17 Software Providers sent successful ISO Messages (CTS have been working with SPs to resolve issues to receive successful responses).

## Observations

- Focus remains on completing AMQP connectivity for remaining Software Providers (SPs), and to commence transmitting conformant Drop 1 messages
- Initial testing from SPs continues to include non-conformant or non-Drop 1 messages, which may result in no response messages received.

Software Provider (SP) Readiness Metric	Impacted Milestone	Measure	On Track (Start measuring)	At Risk (if not completed)	Requires Remediation (if not completed)	Status
SP Readiness self-assessment	Overall timeline	Software Provider to indicate how they are tracking to milestone metrics	<i>Software Provider to regularly indicate status through bilateral meetings / ad-hoc communications*</i>			Ongoing
CHESS R2 ITE2 Access Form submitted	ITE2 Open	Completed Access Form received to enable network access and CHESS Test Kit creation	10-Dec-25	27-Feb-26	27-Mar-26	Complete
Successfully connected to ITE2	ITE2 Open	SP certificates installed, successful AMQP connection & CHESS UI access validated; ready to commence build and test phase	27-Feb-26	30-Apr-26	29-May-26	In Progress
Drop 1: Commence testing ISO messages	Software Provider Build & Test	Commence testing by transmitting Drop 1 ISO messages	30-Mar-26	29-May-26	31-Jul-26	In Progress

\*Software providers are requested to notify ASX if their own program of work status declines to a level where they assess there is a risk in failing to meet milestone metrics.

Software Providers	Milestones – As of 25 May 2026			
	Engagement	ITE2 Form Submitted	Connected to ITE2 (AMQP)	Commence Drop 1 Messages
SP1		Complete		
SP2		Complete	Complete	Commenced
SP3		Complete	Complete	Commenced
SP4		Complete		
SP5		Complete	Complete	Commenced
SP6		Complete		
SP7		Complete	Complete	Commenced
SP8		Complete	Complete	Commenced
SP9		Complete		
SP10		Complete	Complete	Commenced
SP11		Complete	Complete	Commenced
SP12		Complete	Complete	Commenced
SP13		Complete		
SP14		Complete	Complete	Commenced
SP15		Complete		
SP16		Complete	Complete	Commenced
SP17		Complete	Complete	Commenced
SP18		Complete	Complete	Commenced
SP19		Complete		
SP20		Complete	Complete	Commenced
SP21		Complete	Complete	Commenced
SP22		Complete	Complete	Commenced
SP23		Complete	Complete	Commenced
SP24		Complete	Complete	Commenced

Risk	Rating
Industry Materialised Schedule Risks	

\*The number of Software Providers are subject to change

# 4b – Corporate action elections functionality update

# Recap on new Corporate Action functionality

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## Background

The Business Committee endorsed ASX's proposal to proceed to detailed design for new Corporate Action Election functionality and to make certain features mandatory for respective stakeholder groups at the 17 September 2025 Business Committee (**BC**) meeting.

Between Q4 2025 and Q1 2026, ASX held two BD WGs, a Registries Focus Group, and multiple Registry and Participant bilateral meetings.

A proposed high-level design was presented at the April 2026 BD WG and feedback was incorporated. Further engagement at a detailed workflow level will continue through the ISO WGs.

An overview of the feedback received and ASX's considerations has been prepared for Technical Committee feedback prior to submission to the Business Committee for discussion at the 27 May 2026 Business Committee meeting.

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## Original Objectives & Problem Statement

### **3.2 Provide standardised straight through processing capability for Corporate Action elections and cost-effective associated payments**

**Problem:** Lack of a standardised and cost-effective process to manage Corporate Action elections and payments for non-retail investors. Disparate methods including BPay, Registry portals, RTGS, email and fax.

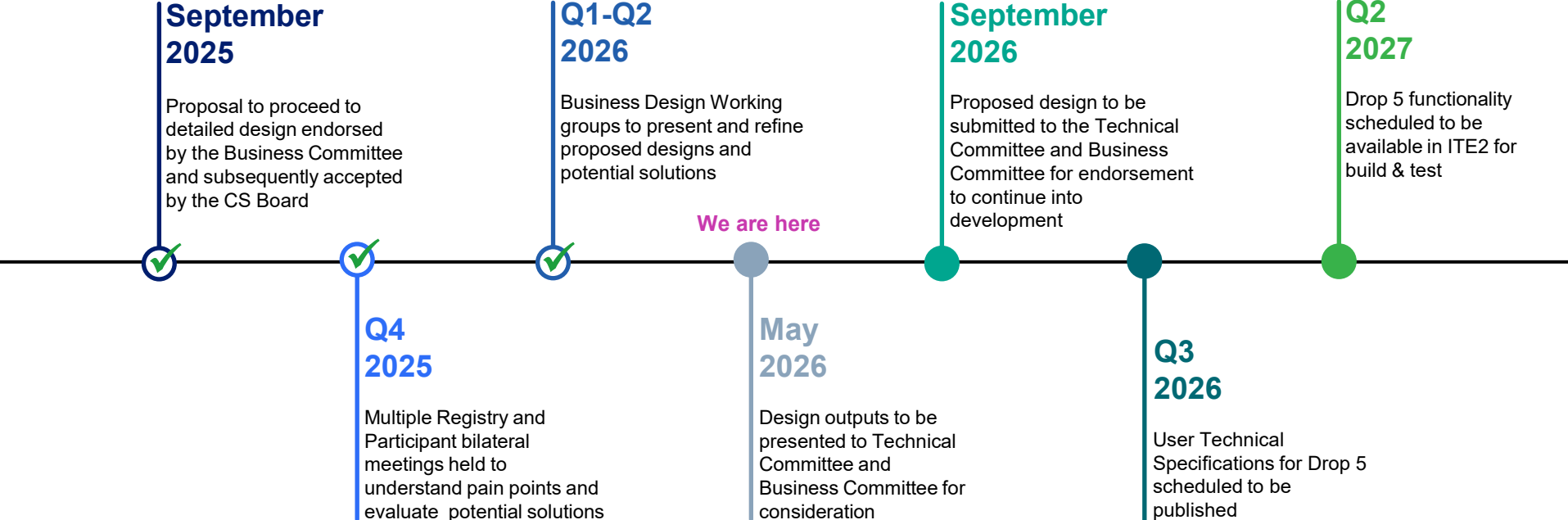
### **3.3 Reduce operational risk in relation to DRP standing instructions**

**Problem:** Lack of standardised straight through processing for DRP elections, manual processes and operational risk where standing instructions are removed or changed.

### **3.5 Provide standardised electronic transmission of Corporate Action distribution information to create opportunities for automation and process improvement**

**Problem:** Lack of standardised electronic facility to notify Participants of detailed distribution or dividend breakdown information in a format that can be used to communicate distributions to underlying clients.

# Engagement Process



# Industry Feedback Summary

## Overall Feedback

Support remains strong from retail, institutional and custody

**Participants.** Benefits include risk reduction, reduction in manual / paper processes and opportunities for straight through processing.

**Share Registries** have provided feedback on the benefits to the proposal, particularly the reduction in manual operational processes. However, Share Registries have noted that the impact and the investment would be significant.

## INDUSTRY THEMES

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### Elimination of manual processes

- Registries expressed that the benefits of the proposed solution would be subject to replacing existing manual processes. Other existing automated channels (e.g. BPAY) were generally considered acceptable
- Partial adoption would significantly dilute benefits and make the investment difficult to justify

### Need for greater standardisation

- Broad recognition on the benefit of greater standardisation while noting that some Issuer-specific flexibility may still be required

### Commercial viability and take up

- Registries and Participants expressed the need for clarity on pricing, volumes, and likely take-up before progressing beyond design
- Some concerns were raised that without sufficient take up, the solution may not be commercially viable given implementation and operational costs

## DESIGN SPECIFIC THEMES

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### DRP elections are an important industry enhancement

- Portfolio administered investors where a high volume of paperwork is still required
- Reduction in risk for custodians, and potential to consolidate and simplify omnibus HINs
- Additional ability to manage DRP elections directly with broker as a retail value-add

### Rights issue and SPP elections minimise risk and reduce friction

- Daily aggregate payments via CHES balances providing funds to issuer early, minimising the overhead and transaction fees
- Enabling elections at beneficial holder level provides opportunity to automate beneficial holder schedules (currently sent via email) via CHES messages

### Communication of rights & SPP calculations for omnibus accounts reduces manual work

- Enabling the ability to communicate the outcomes of a rights or SPP event via CHES further reduces the manual processing

# Comparison to Other Markets

## Registry / Issuer

- mostly mandatory (practice / rules)

## Participants

- standard
- sometimes mandatory (no alternative)

## Manual alternatives

- none / minimal
- limited exceptions

## Pricing

- Participant pays
- per instruction / bundled
- sometimes + custody bps

Market	Registry / agent obligation	Participant obligation	Manual alternatives	Pricing basis (participant pays)
<b>DTCC (US)</b>	Effectively mandatory (market practice)	Standard practice	Minimal for listed securities	Per instruction
<b>Euroclear Bank</b>	Standard ICSD practice (must notify)	Mandatory — no alternative	None	Per instruction + custody bps
<b>Clearstream</b>	Mandatory	Mandatory — no alternative	None	Per instruction + custody bps
<b>CREST (UK)</b>	Effectively mandatory	Standard practice (some bilateral)	Some residual manual cases	Integrated CREST fees
<b>CCASS (HK)</b>	Standard market practice	Standard practice	Limited (paper holders)	Bundled custody/activity fees
<b>SGX CDP</b>	Effectively mandatory	Standard practice	Minimal	Bundled fees
<b>CDS - TMX Group (Canada)</b>	Formally mandatory (CDS Rules)	Mandatory (CDS Rules)	Not permitted	Tiered per instruction

Note: Comparison conducted based on desktop research based on information available to ASX online at the time of writing.

# Solution Design Outcomes

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## The solution proposes to offer:

- DRP standing and event specific instructions (full and partial)
- Elections for rights issues
- Elections for share purchase plans
- Daily aggregated RTGS payments from participant to Registry for rights issues and share purchase plans
- Communication of beneficial holder information on a per-election basis (generally applicable to share purchase plans)
- Communication of distribution calculations for elections made via CHES at a beneficial holder level.

**This intends to automate the lifecycle for the events with the most risk (DRP) and friction (rights, SPPs) whilst offering a foundation that could be extended to other events in the future.**

# Delivery in Release 2

Support for DRP Standing Instructions and Corporate Action Elections with Payment are important features for CHES Release 2.

## IMPLEMENTATION CONSIDERATIONS

- **Opportunity cost:** it would be challenging to implement these broad changes outside of a large transformation project such as CHES Release 2, given the scope of change across the market
- **Foundational features:** the new functionality provides a foundation for further Corporate Action efficiencies in the future
- **Strong Participant take-up:** is important to ensure there is a critical mass to make the solution viable given the potential implementation costs
- **Implementation options available:** in how this could be rolled out through the Release 2 test phases and operationalised in production to derisk the overall Release 2 delivery.

## DESIGN CONSIDERATIONS

- **Message and workflow re-use:** DRP Elections are planned as an enhancement to an existing workflow (Holder Advice). Rights and SPPs are built around the same message sets as Takeovers & Buybacks
- **Simplified payment process:** a daily aggregate payment via RTGS is equivalent to existing payment processes whilst providing potential benefits of earlier movements of capital
- **Promotes end to end automation:** by supporting the transmission of beneficial holder information, and communication of distribution information
- **Opportunities for standardisation:** through assessing areas of the rule framework where there is currently friction (e.g. inconsistencies in scaleback calculation, ineligible shareholders).

# Commercial Considerations

ASX is expected to consult on fee changes for CHES Replacement in 2027. Fees, including new corporate action services will be determined using the methodology in the [ASX Cash Equities Clearing, Settlement and Issuer Services Pricing Policy \(Pricing Policy\)](#).

*Issuer Services fee schedule:* [asx-issuer-services-schedule-of-fees](#)

*Clearing & Settlement fee schedule:* [asx-clearing-and-settlement-schedule-of-fees](#)

*\* Note: Any additional RTGS payment fees are not charged by ASX and are subject to each individual organisations banking arrangements. RITS charges a value-based fee to payer and payee, though most banks charge a flat fee (between \$20-50) to the payer per transaction. The solution has been designed to minimise the number of payments.*

## Expected fees across the end-to-end process

	Current State Equivalent	Impact of new Functionality
<b>Reference Data</b>	<ul style="list-style-type: none"> <li>ReferencePoint services (E34 and ISO 20022) licensed by ASX separately from CHES</li> </ul>	<ul style="list-style-type: none"> <li>Richer information required by more organisations</li> <li>ASX considering potential for new licensing options for CHES users</li> </ul>
<b>Event Setup</b>	<ul style="list-style-type: none"> <li>Not currently chargeable for most events</li> <li>Offer administration facility fee charged to bidder (\$500 + \$1,500)</li> <li>Primary Market Facility (PMF) fee charged to issuer (\$7,500 plus bps over \$50m)</li> </ul>	<ul style="list-style-type: none"> <li>No additional event charges are proposed for rights or SPPs</li> </ul>
<b>Payment Facility Setup</b>	<ul style="list-style-type: none"> <li>\$5 per facility (new / change)</li> </ul>	<ul style="list-style-type: none"> <li>Not proposed to be chargeable to setup bank accounts for Issuers for Rights / SPPs</li> </ul>
<b>Elections</b>	<ul style="list-style-type: none"> <li>Holding advice (standing instructions) not chargeable Takeover acceptances \$0.35 paid by bidder</li> </ul>	<ul style="list-style-type: none"> <li>DRP elections form part of part of holding advice</li> <li>Rights / SPP election messages may be chargeable to Participant equivalent to Takeover acceptances</li> </ul>
<b>Allocation of Rights</b>	<ul style="list-style-type: none"> <li>Currently \$2.50-0.50 per allocation</li> </ul>	<ul style="list-style-type: none"> <li>Expected to be reviewed as part of fee consultation, accounting for allotment of non-renounceable Rights and removal of 421</li> </ul>
<b>Settlement</b>	<ul style="list-style-type: none"> <li>No current RTGS fee</li> <li>Batch settlement fees (101s) currently charged \$1.30 to create and \$0.30 for settlement</li> <li>Participant pays - Issuer pays for 101s created for PMF</li> </ul>	<ul style="list-style-type: none"> <li>Expected to be reviewed as part of fee consultation, including consideration of RTGS fees in CHES*</li> </ul>

# Proposed Industry Approach and Next Steps

## PROPOSED APPROACH

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Support for DRP, Rights Issues and Share Purchase Plan elections should be considered:

- **Mandatory for Share Registries:** to support receipt of elections and beneficial holder information received via CHESS, and provide distribution information in response
- **Mandatory for Participants:** who do not currently have an acceptable electronic arrangement in place for their holders (e.g. BPay) - to use an electronic platform (such as CHESS\*) to provide elections, communicate beneficial holder information and receive distribution information.

This approach aims to balance the need for all Issuers to support the new process for it to be beneficial to Participants, with the Registry feedback to ensure all existing manual operational processes are automated. **This is equivalent to the arrangements in other markets.**

The functionality will also be available via CHESS UI for low volume users.

## NEXT STEPS

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- Technical Committee members are invited to provide feedback for consideration by 26 May
- ASX will provide Business Committee members with a summary of the detailed design considerations and feedback, and ASX's proposed approach for discussion at the 27 May Business Committee meeting
- ASX will consider any following feedback received and revert to the Technical and Business Committee in Q3 2026 with a final proposal for acceptance to progress to the development phase.

# 5 – Question Session

# 5 – Items Not For Presentation

As at 27 May 2026

- Agenda item 5a: ASIC Inquiry Final Report
- Agenda item 5b: CS Services – user interactions
- Agenda item 5c: Operational performance cash market clearing and settlement
- Agenda item 5d: Margin requirements for third-party clearing arrangements

# 6a - Open Actions

# 6a – Open actions

As at 27 May 2026

Item number	Action	Due date	Status	Owner	Response
25-9-3	ASX to report back to the Risk Consultative Committee on the business case for margin pass-through in third-party clearing scenarios	May 2026	Propose to close	ASX (Chris Boyes)	Update on margin pass-through in third-party clearing scenarios will be provided as part of agenda item 5d for industry feedback
25-9-4	Business Committee members to advise ASX if they wish to participate in discussions or provide feedback on the timing and scheduling of the event	May 2026	Propose to close	Business Committee	The ASX COO will provide an update to Business Committee members on the scope, purpose, key achievements and support required for the industry wide resilience exercise as part of agenda item 3g
26-2-1	ASX to report to the Business Committee on the final ASIC Inquiry report and ASX response, in so far as it relates to clearing and settlement matters	May 2026	Propose to close	ASX (Andrew Jones)	ASX's market announcement covering its response to the ASIC Inquiry Final Report was provided in agenda item 5a. The ASX Acting General Executive, Securities and Payments will provide some opening remarks
26-2-2	ASX to provide the Business Committee with the key output from its post implementation review on the CHES connectivity issues.	May 2026	Propose to close	ASX (Stephen Kelly)	The findings and post implementation review for the CHES connectivity issues will be covered as part of agenda item 3a

# 6a – Keep in view

As at 27 May 2026

Topic	Action	Due date	Status	Owner
<b>eStatements and Holding Statements</b>	ASX provide an update at each Business Committee meeting, alternating each meeting between an item for noting and an item for presentation with further detailed updates	May 2026	Open	ASX
<b>ASX Public Consultations and Responses</b>	ASX to provide an overview on its public consultations impacting Clearing and Settlement, Issuer Services or the CHES Project	May 2026	Open	ASX

# 6b – Forward Work Program

# 6b – Forward work program

As at 27 May 2026

Date	Topics
<b>16 September 2026</b> 12.00-2.00pm	<ul style="list-style-type: none"><li>• Current CHES - service performance, maintaining stability</li><li>• CHES Project including Technical Committee updates and Assurance Program report</li><li>• Annual Report on Cash Equity Clearing and Settlement Services Development and Investments</li><li>• Annual Review of Revenue from CS Services</li><li>• Working Group updates</li></ul>
<b>10 December 2026</b> 4.00-6.00pm	<ul style="list-style-type: none"><li>• Current CHES - service performance, maintaining stability</li><li>• CHES Project including Technical Committee updates</li><li>• Working Group updates</li><li>• Forward work program for 2027</li><li>• End of year drinks</li></ul>