

# Agenda

## Business Committee

<b>Date</b>	12 March 2025	<b>Time</b>	12:00pm-2:00pm
<b>Location</b>	ASX offices, 20 Bridge Street, Sydney/MS Teams		

1. Meeting Opening	Action	Presenter(s)	Time 5 mins	Page
a. Welcome, apologies and Acknowledgement of Country	Noting	Chair		
b. Minutes of 11 December 2024 meeting	Approval	Chair		<a href="#">7</a>
<b>ITEMS FOR PRESENTATION</b>			<b>100 mins</b>	
<b>2. BC Member initiated item(s)</b>				
a. Advisory Group Update		Alan Cameron (AO)	5 mins	<a href="#">8</a>
<b>3. Clearing &amp; Settlement Services, Issuer Services and CHES Project</b>				
a. CHES batch settlement incident	Discussion	Clive Triance	25 mins	<a href="#">9</a>
b. CHES Project update	Discussion	Triona Quinlan	10 mins	<a href="#">10</a>
c. CHES Project assurance plan update	Discussion	Michelle Dal Pozzo	5 mins	<a href="#">17</a>
d. Pricing Policy consultation update	Discussion	Stephen Hammon	15 mins	<a href="#">19</a>
e. Cost and Revenue Allocation Model review	Discussion	Ali Richardson (PWC) Lucy Dickens (PWC)	5 mins	<a href="#">20</a>
f. eStatements update	Discussion	Karen Webb	10 mins	<a href="#">23</a>
g. Share Sale Fraud Working Group update	Discussion	Con Korkofigas Judith Fox	10 mins	<a href="#">26</a>
h. Securities Lending Reporting Working Group update	Discussion	Nikki Swinson Stephen Hacker	10 mins	<a href="#">28</a>
i. The Network Forum Australasia	Discussion	Andrew Jones	5 mins	<a href="#">29</a>

QUESTIONS SESSION – ITEMS NOT FOR PRESENTATION			10 mins
<b>4. Clearing &amp; Settlement Services, Issuer Services, CHES Project</b>			
a. Independent Assessment of the Assurance Plan for the CHES Project	Noting	Roberto Fitzgerald (EY)	<a href="#">30</a>
b. Operational performance: cash market clearing and settlement	Noting	Suzy Munro	<a href="#">31</a>
c. Maintaining the stability of existing CHES	Noting	Sabra Mott	<a href="#">39</a>
d. Australian Carbon Exchange initiative update	Noting	Karen Webb	<a href="#">41</a>
e. Customer Impact Plan	Noting	Andrew Jones	<a href="#">42</a>
<b>5. Meeting closing</b>	<b>Action</b>	<b>Presenter(s)</b>	<b>5 mins    Page</b>
a. Open actions	Approval	BC Secretariat	<a href="#">48</a>
b. Forward work program	Noting	BC Secretariat	<a href="#">50</a>
c. Any other business	Discussion	Chair	
d. Next meeting – 18 June 2025	Noting	Chair	

## Business Committee Members (42)

### Chair (1)

Company	Name	Job Title	Apologies
	Paul Rayson	Independent Chair	

### Clearing & Settlement Participants (25)

Company	Name	Job Title	Apologies
ABN AMRO CLEARING	Adrian Rubin	Chief Executive Officer, APAC	
AUSIEX	Patrick Salis	Chief Executive Officer	
BANK OF AMERICA MERRILL LYNCH	Stephen Hacker	Director, Head of Operations	
BARRENJOEY MARKETS	Louise Boreham	Head of Operations	
BNP PARIBAS	Mark Wootton	Head of Custody Product Aust & NZ	
BURRELL & CO HOLDINGS	Saskia Jo	Associate Director – Finance	
CITI	Lyall Herron	Custody & Clearing Product Manager, Australia & New Zealand	
CMC	Andrew Rogers	Director of Broking Business	
COMMSEC	Sheridan Thompson	Executive Manager, Industry Engagement & Operational Resilience	
EUROZ HARTLEYS	Anthony Brittain	Executive Director, Chief Operating & Financial Officer	
FINCLEAR SERVICES	Leigh Conder	Chief Operating Officer	
FNZ CUSTODIANS (AUSTRALIA)	Paul Beal	Head of Capital Markets	
GOLDMAN SACHS	Yen Le	Executive Director	
INSTINET AUSTRALIA	Phil Penrose	Head of Australian Operations	
J.P. MORGAN	Craig Twentyman	Custody Product Head Australia & New Zealand, Executive Director	
MACQUARIE GROUP	James Indge	Cash Equities Business Manager	
MORGANS FINANCIAL	Daniel Spokes	Director, Client Support Services	
MORGAN STANLEY	Carrie Barrack	Country Business Manager	
MORRISON SECURITIES	William Slack	Chief Executive Officer	
OPENMARKETS AUSTRALIA	Rob Forbes	Chief Operating Officer	
RBC SECURITIES AUSTRALIA	Daniel Gray	Managing Director, Head of Business & Client Services, APAC	
PHILLIP SECURITIES (AUSTRALIA) LIMITED	Craig Semmens	Chief Executive Officer	
THIRD PARTY PLATFORM	Lee Muco	Chief Executive Officer	
UBS	Conor Foley	Senior Business Manager	
WEALTHHUB SECURITIES	Anita Mead	Head of High Net Worth, Investment Platforms	

**Settlement Only Participants (3)**

Company	Name	Job Title	Apologies
CERTANE CT	Rose O'Rourke	Operations Manager	
CHIMAERA CAPITAL	Rochelle Pattison	Director	
HSBC	Harpreet Ahuja	Director, Head of Securities Services	Toni Icevski

**Approved Market Operators (4)**

Company	Name	Job Title	Apologies
ASX	Andrew Walton	General Manager, Trading	Apology
CBOE	John Williams	Director, Australian Equity Operations	
NATIONAL STOCK EXCHANGE	Chan Arambewela	Chief Operating Officer	
SYDNEY STOCK EXCHANGE	Steven Larkins	General Manager, SSX Market Operations	

**Industry Associations (6)**

Company	Name	Job Title	Apologies
THE AUSTRALIAN FINANCIAL MARKETS ASSOCIATION	Damian Jeffree	Senior Director of Policy	
AUSTRALASIAN INVESTOR RELATIONS ASSOCIATION	Ian Matheson	Chief Executive Officer	
AUSTRALIAN CUSTODIAL SERVICES ASSOCIATION	Christopher Moore	ACSA Executive Sponsor	
AUSTRALIAN SHAREHOLDERS' ASSOCIATION	Fiona Balzer	Policy & Advocacy Manager	
GOVERNANCE INSTITUTE OF AUSTRALIA	Megan Motto	Chief Executive Officer	
STOCKBROKERS AND INVESTMENT ADVISERS ASSOCIATION	Judith Fox	Chief Executive Officer	

**Registries (3)**

Company	Name	Job Title	Apologies
BOARDROOM	Kornel Toth	Senior Risk, Risk & Compliance	
COMPUTERSHARE	Josh Collard	Senior Manager, Regulatory & Market Initiatives	
MUFG PENSION & MARKET SERVICES	Peter Jackson	Chief Operating Officer	

#### ASX Representatives (14)

Name	Job Title	Apologies
Clive Triance	Group Executive, Securities & Payments	
Tim Whiteley	Chief Information Officer	
Diona Rae	Chief Operating Officer	
Sally Palmer	Deputy General Counsel	
Con Korkofigas	Senior Legal Counsel and Senior Manager	
Diane Lewis	General Manager, Regulatory Strategy and Executive Advisory	
Suzy Munro	General Manager, Securities & Payments Operations	
Sabra Mott	General Manager, Securities & Payments Technology	
Stephen Hammon	General Manager, Business Management & Planning, Securities & Payments	
Triona Quinlan	General Manager, Technology Delivery	
Andrew Jones	General Manager, Equities, Securities & Payments	
Nikki Swinson	General Manager, Participants Compliance	
Karen Webb	Head of Issuer Services, Securities & Payments	
Steven Hannan	Senior Manager, Stakeholder Engagement, Securities & Payments	

#### Invited Guests (1)

Name	Job Title	Apologies
Alan Cameron AO	Independent Chair, Cash Equities Clearing and Settlement Advisory Group	

#### Observers (8)

Company	Name	Job Title	Apologies
ASIC	Benjamin Cohn-Urbach	Acting Senior Executive Leader, Market Infrastructure	
ASIC	Dodie Green	Senior Manager, Market Infrastructure	
ASIC	Liang Chen	Analyst, Market Infrastructure	
ASIC	Derek Scott	Senior Specialist, Market Infrastructure	
ASIC	Nick Hughes	Senior Specialist - Technology, Market Infrastructure Markets Group	
RBA	Kylie Stewart	Senior Manager, Domestic Supervision and Resolution, Payments Policy Department	
RBA	Simon Truong	Lead Analyst, Domestic Supervision and Resolution, Payments Policy Department	

**Auditors (2)**

<b>Company</b>	<b>Name</b>	<b>Job Title</b>	<b>Apologies</b>
ERNST & YOUNG	Roberto Fitzgerald	Partner, Financial Services	
ERNST & YOUNG	Laura West	Senior Manager, Business Consulting	

<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>Minutes of 11 December 2024 meeting</b>
<b>Agenda item no.</b>	1b
<b>Purpose</b>	To present the draft minutes of the previous meeting for approval of the Business Committee
<b>Prepared by</b>	Business Committee Secretariat
<b>Action</b>	For approval
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	Not applicable

#### BACKGROUND

The draft minutes of the 11 December 2024 Business Committee meeting were distributed to members on 07 February 2025 for review with no additional comments received from Business Committee members by 19 February 2025. The draft minutes are published [here](#).

The Business Committee is requested to approve the draft minutes.

<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>Advisory Group update</b>
<b>Agenda Item No.</b>	2a
<b>Purpose</b>	To present any topics to the Committee proposed by the members
<b>Prepared by</b>	Business Committee Secretariat
<b>Action</b>	For noting
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	Not applicable

The independent Chair of the Cash Equities Clearing and Settlement Advisory Group will provide a verbal update at the 12 March Business Committee meeting.



<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>CHES Batch Settlement incident</b>
<b>Agenda Item No.</b>	3a
<b>Purpose</b>	To provide an update on the CHES Batch Settlement incident that occurred on 20 December 2024
<b>Prepared by</b>	Andrew Jones, General Manager, Equities, Securities and Payments
<b>Action</b>	For discussion
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	Not applicable

On Friday 20 December 2024, CHES Batch Settlement could not proceed because a critical step in the settlement process generated an error that prevented completion. ASX was not able to resolve the error before the relevant cut-off time on Friday and therefore rescheduled settlement obligations to the following Business Day, Monday 23 December 2024.

On 23 January 2025, ASX published an [Incident Review](#) to provide customers and external stakeholders an explanation of what occurred in the incident, including a chronology of the management of the incident, the cause and impacts, and the preliminary Action Plan developed in response to the incident. A message from ASX's CEO accompanied the document, apologising for the disruption, confirming that the cause of the issue had been identified and resolved and outlining the high-level next steps following the incident.

In acknowledgement of the disruptive impact on its customers, ASX waived all fail fees for the period from 20 December 2024 to 31 December 2024. ASX also established a \$1 million credit disbursement, which has been allocated in the form of a rebate to Settlement Participants. The credit was reflected in invoices for January 2025.

On 3 February 2025, ASX confirmed that ASIC has commenced an investigation into the incident. ASX's market announcement is available [here](#).

An update on the incident and post incident actions will be provided at the meeting.

<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>CHES Project update</b>
<b>Agenda item no.</b>	3b
<b>Purpose</b>	To provide Business Committee members with a update on the CHES project and industry engagement activities
<b>Prepared by</b>	Triona Quinlan, General Manager, Technology Delivery, ASX Technology
<b>Action</b>	For Noting
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	Not applicable

## BACKGROUND

CHES is the core system that performs the processes of clearing, settlement, asset registration and other post trade services which are critical to the orderly functioning of the market. On 20 November 2023, ASX announced that it had entered into an agreement with Tata Consultancy Services (TCS) for the delivery of its TCS BaNCS for Market Infrastructure (MI) product. ASX has also engaged Accenture to act as a Solution Integrator to support project delivery.

This paper provides the Business Committee with an update on progress against the CHES Project for its information.

## PROJECT OUTLOOK FOR 2025

### Release 1

The key focus areas for the CHES project over 2025 are:

- Launching the Release 1 industry test environment (ITE) to enable commencement of Release 1 industry testing
- Completion of ASX Build and Test for Release 1, including the data and reporting build
- Completion of the Release 1 Industry Test phases such as AMO Build and Test, AMO Readiness, AMO Accreditation and AMO Operational Readiness
- Commencement of Clearing Regression testing, AMO parallel testing and Implementation Dress Rehearsals with industry.

### Release 2

The key focus areas for the CHES project over 2025 are:

- Determining outstanding scope items (including the optional or mandatory nature of functionality and corporate actions) and refining scope objectives
- Analysis of Release 2 requirements
- Delivery of Drop 1 code and commencement of internal testing for Release 2
- Publication of the first two tranches of technical documentation for Release 2
- Assessing industry feedback as a result of the Release 2 timeline checkpoint in Q4 2025.

## RELEASE 1 PROJECT UPDATE

While there were delays in the completion of Release 1 testing and delays in finalising the Data & Reporting integrated plan, significant progress has been made on these two items since the last project update provided to the Business Committee in December 2024.

- **Testing:** Testing for AMO build and test functionality is complete with a test summary report being approved by key members of project leadership. There were no critical severity defects. 3 high severity defects were risk accepted with work arounds in place of which only 1 impacted AMOs. There were 11 medium defects of which a majority are internally facing and therefore will not impact AMOs when they commence testing.
- **Data and Reporting:** There are seven work streams that need to be baselined to finalise the Data and Reporting integrated plan. Baselining of the workstreams that support critical path integrations or external reporting was completed mid-February 2025. The remaining work streams that support internal reporting are to be baselined in late-March 2025.

The project is currently tracking amber driven by re-prioritisation of testing scope post ITE Open increasing delivery schedule pressures for AMO Readiness.

### ITE Open

The Project launched the Release 1 Industry Test Environment (ITE) for commencement of the AMO Build and Test phase on 28 February 2025. Key members of the project approved external access to the ITE on 19 February 2025 based on the following key milestones or activities:

- Delivery of all AMO Build and Test scope
- Completion of testing activities, including functional, security, penetration, and performance testing
- Completion of all assurance reviews relevant to ITE open, with open findings accepted or assessed as no impact
- Sign-off on the implementation readiness assessment
- Support teams are trained and ready to facilitate ITE activities per the agreed support model.

### BaNCS Drop 3

Drop 3 was delivered on 31 January 2025 with testing commencing on 18 February 2025. Drop 3 includes integration to the ASX identity system and reference data system.

The Project is currently tracking amber due to the testing scope carried over from Drop 2, increasing delivery schedule pressures for the AMO Readiness phase. The Project plans to mitigate potential impacts to the testing schedule by retaining existing resourcing and have key SME's available from BaNCS in Sydney to support the testing.

### Other Release 1 Updates

The Project team commenced build for ASX's Drop 4 build, targeting delivery by the end of March 2025. Drop 4 delivers internal facing features including parallel test tools to support parallel testing and CHESS User regression build and support, FIX message enquiries and test tools for regression build and support.

From March 2025, the Project will move into the scoping and planning stage of the Major Incident Testing phase. This involves assessing system resilience, validating recovery processes, and ensuring the support model can effectively manage incidents. All critical failure points will be identified and safe recovery methods identified. This is a key phase to demonstrate both technical and operational readiness across support teams, ensuring they are prepared to handle incidents in the lead-up to go-live.

## RELEASE 2 PROJECT UPDATE

Release 2 will be delivered in 5 code drops as outlined in the Release 2 Roadmap shown in Attachment 3 below. Release 2 will open for industry testing from March 2026 onwards.

### Drop 1 and Drop 2 Update

The Release 2 planning has progressed with key milestones and deliverables tracking to plan. The Release 2 team has completed the team structure and ways of working has commenced drafting the business requirements for Drop 1 and the pre-analysis for Drop 2 as planned. The business requirements for Drop 1 business requirements and pre-analysis for Drop 2 is targeted for completion by late-April 2025.

### Other Release 2 Updates

Build for Drop 1 feature scope is scheduled to commence from June 2025. Industry engagement on the feature scope and ISO20022 schema for Drop 2 is planned to commence in April 2025.

## TECHNICAL COMMITTEE AND WORKING GROUPS

Operating on a monthly cadence to a published timeline, the Technical Committee continues to act as the primary engagement channel to communicate information with CHES Users and software providers regarding project status and governance, key risks and issues, scope, implementation options, testing, cutover and migration and readiness activities.

The Technical Committee governs several working groups which provide targeted engagement activities on specific aspects of the CHES project. The working groups currently operating are the Business Design Working Groups (BDWGs), AMO Working Groups (AMOWGs), Implementation and Transition Working Groups (I&TWGs) and the ISO Design Working Groups (ISOWGs).

Since the last Business Committee there have been one Technical Committee meetings held on 05 February 2025 with the next meeting scheduled for 03 March 2025.

At the 05 February 2025 Technical Committee, updates were presented on:

- Progress against the project milestone plan
- Release 1 Industry Testing Environment and Rules and Procedures changes
- Optional or mandatory nature of new functionality and Use of BICs for the CHES project
- Pulse survey results for H2 2024.

Since the 11 December Business Committee ASX has conducted the following working groups:

- One AMOWG covering; Trade condition codes, Release 1 Rules and Procedures changes and introduction of the Release 1 Build and Test forum
- One BDWG covering; Detailed design of Release 2 Drop 1 scope, including accounts and investor information, notification to share registries, invalid investor data, and account and holding reporting
- One ISOWG covering; Release 2 Drop 1 ISO messages and schema and guidelines, including account creation, settlement instructions and unilateral demand transfer, security management and account reporting
- One ITWG covering; Release 1 readiness and ITE open, Release 1 clearing regression overview and Release 2 industry testing.

The Project has also commenced its first monthly Release 1 Build and Test meeting on 13 February 2025. These meetings provide a forum for AMOs and their Software Provider to receive the latest updates on ITE connectivity, confirm the features available for testing, and obtain information on how to contact the ASX project support team during Release 1 industry testing.

Previous Technical Committee agendas, presentation materials and minutes can be found [here](#). Previous Working Group presentation materials can be found [here](#).

## KEY RISKS

At the 11 December 2024 Business Committee, the Project noted five key risks being managed by the project relating to; scope, cloud deployment, delivery and schedule. The risk relating to delays in testing impacting AMO Build and Test has been resolved. The Project is now managing the following key risks and issues.

Area	Description	Mitigation	Impact Date	Inherent Exposure	Residual Exposure
Schedule	Delays in finalising the CHESS Project Data and Reporting Build	<ul style="list-style-type: none"><li>• Work with internal teams to identify a feasible testing approach given planned timeline</li><li>• Onboard additional resources to reduce design and build timeline</li></ul>	31 Mar 2025	High	Medium
Schedule	Increased testing scope for Drop 3 may impact AMO Readiness	<ul style="list-style-type: none"><li>• Document detailed test plan for AMO Readiness and assess the required resource profile to meet the plan.</li><li>• Retain availability of key resources to support testing for Drop 3</li></ul>	31 Mar 2025	High	Medium
Schedule	Release 2 timeline may be impacted due to Release 1 delivery priority	<ul style="list-style-type: none"><li>• Minimise overlap between Release 1 and Release 2 to manage impact on resources required to support both releases</li><li>• Accelerate Release 2 analysis following completion of Release 1 analysis</li></ul>	30 Jun 2025	High	Medium

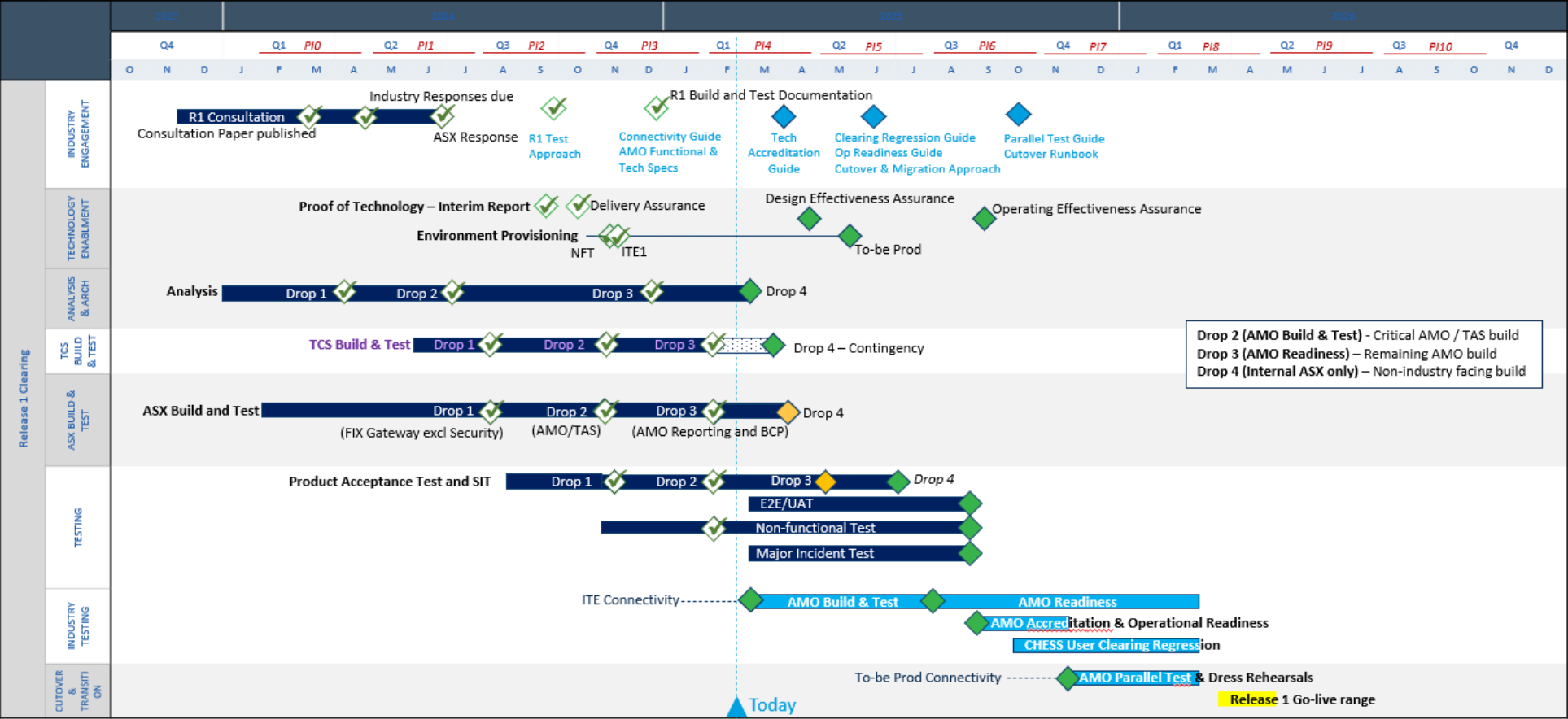
## ATTACHMENTS

**Attachment 1:** Updated Release 1 Indicative Project Timeline

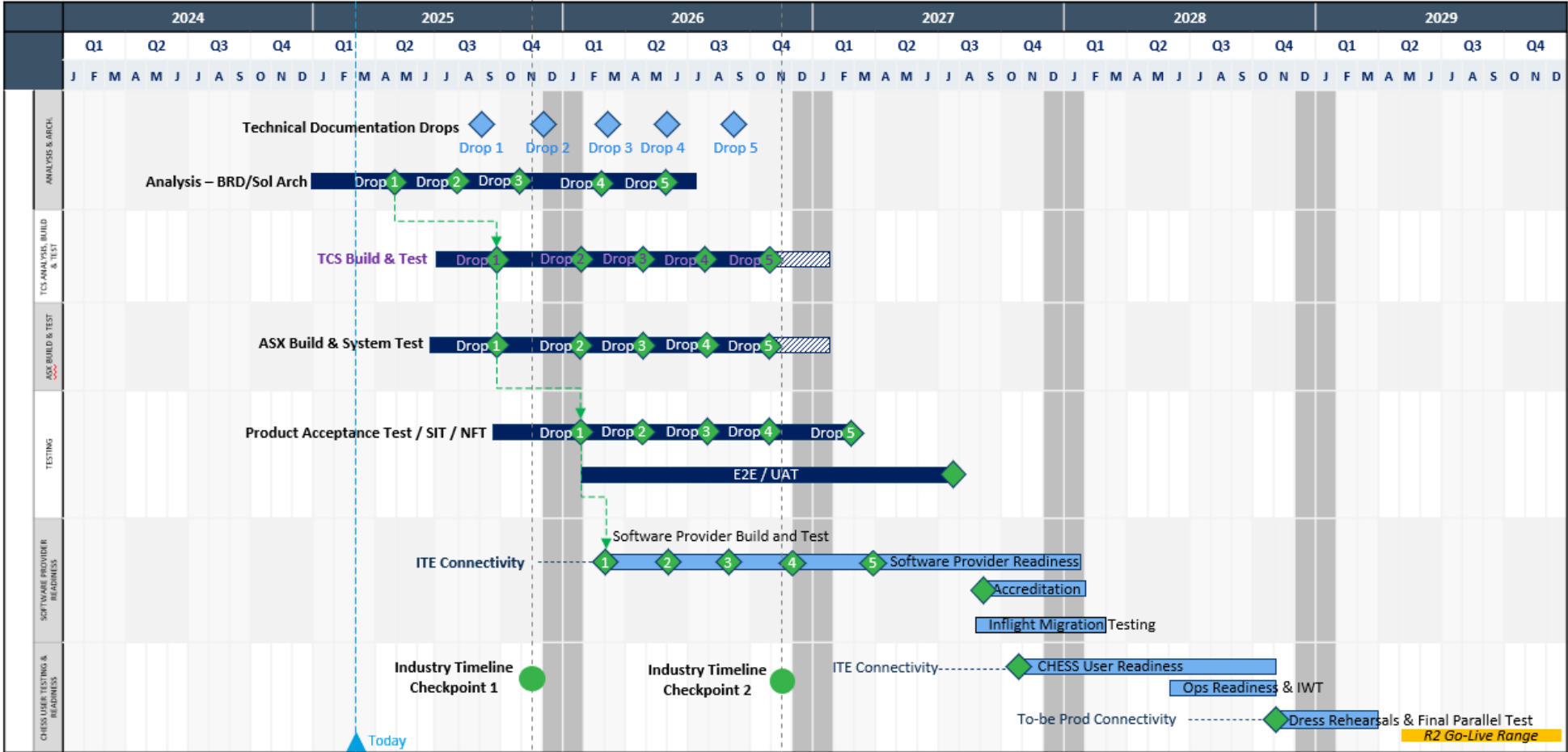
**Attachment 2:** Updated Release 2 Indicative Project Timeline

**Attachment 3:** Release 2 Indicative Drop Roadmap

Attachment 1: Updated Release 1 Indicative Project Timeline



Attachment 2: Updated Release 2 Indicative Project Timeline



### Attachment 3: Release 2 Indicative Drop Roadmap

	Drop 1	Drop 2	Drop 3	Drop 4	Drop 5
Feature Scope	<ul style="list-style-type: none"> <li>&gt; Participant and registry/issuer Setup</li> <li>&gt; Accounts and investor data</li> <li>&gt; Holdings</li> <li>&gt; Unilateral demand transfers</li> <li>&gt; Account and holding reporting</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Trade registration &amp; netting</li> <li>&gt; Settlement instructions</li> <li>&gt; Batch settlement (excluding payments)</li> <li>&gt; AMO security details report</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Payments with limits</li> <li>&gt; Issuer sponsored processes</li> <li>&gt; Holding adjustments</li> <li>&gt; Cum entitlement balance reporting</li> <li>&gt; Claims and adjustments</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Change of controlling participant &amp; portfolio transfer</li> <li>&gt; Batch exceptions (including default management and backout)</li> <li>&gt; RITS integration(s)</li> </ul>	<ul style="list-style-type: none"> <li>&gt; ETO/CMM collateral</li> <li>&gt; Daily margin advice</li> <li>&gt; Offer administration facility</li> <li>&gt; Corporate action elections without payment</li> <li>&gt; Corporate action elections with payment</li> </ul>
User Journeys	<ol style="list-style-type: none"> <li>1. <b>Participants</b> can test the full account lifecycle (create &amp; update, lock and cancel) and communication of investor data</li> <li>2. <b>Participants</b> can perform simple transfers between accounts they administer</li> <li>3. <b>Registries</b> can receive account and holding-related reports</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Participants</b> can receive market trades in ISO20022, novate, net and schedule for settlement</li> <li>2. <b>Participants</b> can match and schedule settlement instructions</li> <li>3. <b>Participants</b> can settle instructions in a daily batch (excluding payment provider and payment services flows), including unit failure</li> <li>4. <b>AMOs</b> can test any changes</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Payment providers</b> can manage payment facilities, authorise funds and utilise cash limit tracking</li> <li>2. <b>Participants</b> and <b>Registries</b> can test issuer sponsored flows</li> <li>3. <b>Registries</b> can process corporate actions including performing holding adjustments</li> <li>4. <b>Participants</b> and <b>Registries</b> can receive corporate actions reporting</li> <li>5. <b>Participants</b> obligations are adjusted to account for fails</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Participants</b> can perform change of controlling participant and portfolio transfers</li> <li>2. <b>Participants</b> and <b>ASX</b> can test batch exception processes (such as default management, backout, extension and cancellation)</li> <li>3. <b>ASX</b> and <b>RBA</b> can commence testing of RITS integration(s)</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Participants</b> can lodge non-cash collateral and ETO cover and adjust margin</li> <li>2. <b>Participants</b> and <b>Registries</b> can test takeovers and buybacks</li> <li>3. <b>Participants</b> and <b>Registries</b> can test option elections without payment (DRP/BSP)</li> <li>4. <b>Participants</b> and <b>Registries</b> can test option elections with payment (Rights, SPPs)</li> </ol>



Indicative Roadmap – Subject to Change



<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>CHES Project Assurance Plan update</b>
<b>Agenda Item No.</b>	3c
<b>Purpose</b>	To provide an update on progress relating to the assurance plan for the CHES project
<b>Prepared by</b>	Michelle Dal Pozzo, Senior Program Manager, Assurance
<b>Action</b>	For Discussion
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	Not applicable

## BACKGROUND

At the Business Committee Meeting in September 2024 an update was provided on the assurance plan for the CHES project including details relating to the scope, design approach, review topics, high level timings and use of assurance providers. Information was also provided on EY's engagement with industry stakeholders as part of its independent role related to assurance activities.

The purpose of this paper is to provide an update on the status of the assurance plan and progress since the September meeting.

## STATUS OF THE ASSURANCE PLAN

Assurance activities are tracking to plan. As at 10 February 2025, 12 reviews have been completed. There is one medium and six low rated findings open. Six reviews are currently in progress.

## ANNUAL UPDATE PROCESS

The process to update the assurance plan on an annual basis has commenced. A key objective of the annual review is to ensure that the assurance plan for Release 1 remains current and aligned with the project's risk profile. The annual review will incorporate more detail on the Release 2 reviews following industry consultation and ASX approval processes in late 2024. The Release 2 part of the assurance plan will be progressively developed as the project continues. Updates to the assurance plan will be agreed and finalised through governance processes by the end of June 2025.

## DECEMBER 2024 LICENCE CONDITION REVIEW REPORT PUBLISHED

EY's independent expert assurance report has been published. Further information relating to the report is provided in the meeting papers for agenda item 5a. The review concluded that the governance mechanisms over the assurance plan and the assurance activities competed in the six-month period ending December 2024 were fit for purpose. No recommendations for improvement were made.

## SUMMARY OF COMPLETED REVIEWS

A summary of completed reviews is shown in the table below.

**Table 1: Summary of Completed Reviews**

Completed Reviews	Purpose of Review	Date Completed
Release 1 Penetration Testing - Part 1 Industry Test Environment (ITE) Review	To test cyber controls associated with the Release 1 solution delivered in the ITE	Jan 25
December 2024 Licence Condition Review	To assess the operating effectiveness of the assurance plan including governance processes and completed reviews	Dec 24
Release 1 Requirements and Design Process Review	To assess the processes and approach used to support requirements definition and design for Release 1	Dec 24
Cloud Platform Part 1 Review	To assess key project management processes supporting delivery of the solution on AWS cloud	Nov 24
Review of Proof of Technology (PoT) Activities	To assess key management and governance processes relating to the PoT activities for Release 1	Nov 24
Project Health Check 1 Review	To assess vendor management, progress measurement and reporting, governance effectiveness, schedule management, and key processes supporting project approval	Nov 24
Industry Consultation Process Review	To assess ASX's engagement approach and processes relating to the industry consultation process for Release 1 and Release 2 including decision governance	Nov 24
Release 1 ASX Industry Test Approach and Planning Review	To assess the quality of ASX's approach and planning for the Release 1 industry test phase, including consideration of industry feedback in developing the approach and plan	Nov 24
ASX Delivery Assurance Inflight Review 1 - Release 1	To assess adherence of Release 1 mandatory project deliverables to the ASX delivery framework	Oct 24
ASX Test policy and standards assessment for Release 1 - Stage 1 Review	To assess compliance of ASX Release 1 test practises (relating to the project's test strategy and test planning activities) against ASX test policies and international standards	Oct 24
June 2024 Licence Condition Review	To assess the design effectiveness of the assurance plan	Jun 24
Light Health Check - Sentiment survey	To gauge internal project stakeholder sentiment on project governance, behaviours, and team performance	May 24

**SUMMARY OF REVIEWS IN PROGRESS**

The following reviews are in progress for Release 1:

- ASX Test policy and standards assessment - Stage 2 Review
- System Security Requirements - Part 1 Design Review
- System Security Requirements - Part 2 Industry Test Environment (ITE) implementation Review
- Resiliency, Capacity and Performance - Part 1 Design Review
- CHES Replacement Application and Interface Controls Design Effectiveness Review
- Data Migration Processes - Part 1 Design Review

<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>Pricing Policy Update</b>
<b>Agenda Item No.</b>	3d
<b>Purpose</b>	To provide an update to the Business Committee on the consultation on the Pricing Policy.
<b>Prepared by</b>	Stephen Hammon, General Manager, Business Planning & Management
<b>Action</b>	For Discussion
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement:</b>	Not applicable

## 1. BACKGROUND

ASX released a consultation paper on 16 September 2024, proposing a new Pricing Policy for cash equities clearing, settlement, and issuer services (CS services). The policy aims to recover only the efficient costs of service provision (including a reasonable rate of return) and ensure fair, transparent pricing. ASX intends to use the Building Block Method (BBM) to determine an annual revenue requirement. Stakeholders were invited to provide feedback by the end of October 2024. ASX also hosted webinars and bilateral meetings to explain the policy and address market concerns.

## 2. REPORT

Since the update to the December 2024 Business Committee on the consultation feedback themes, ASX has reviewed and considered the industry feedback and made refinements to the draft Pricing Policy. These refinements were shared in the education session to Business Committee members on 6 March 2025. This paper provides an update on the consultation feedback themes, how ASX has addressed these and how ASX has been engaging with the industry.

### 2.1. Consultation Themes

The key feedback themes from the consultation are detailed below. The education session on 6 March 2025 for Business Committee members provided further details on the industry feedback and how ASX will address them. Attachment A is the presentation from the industry session for the Business Committee's reference.

#### 2.1.1 Commencement date

Feedback from the consultation requested more time to understand the Pricing Policy in more detail and requested additional information from ASX. To support this, the intended start date of the Pricing Policy has been changed to 1 July 2025.

#### 2.1.2 Materiality threshold

Feedback from the consultation was that the \$1 million materiality threshold proposed, that drives the rebate back to customers in the event of over-recoveries, was too low and would result in unnecessary administrative overhead. ASX was also asked to consider a percentage-based threshold to allow for movements in the revenue and cost base. ASX has taken on this feedback and adjusted the materiality threshold to be 5% of the revenue requirement.

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### 2.1.3 Treatment of under-recoveries

Feedback from the consultation generally supported ASX's recommended option of capitalising under-recoveries, with some support for invoicing customers. With most responses supporting the capitalisation of under recoveries, ASX has proceeded with this option in the Pricing Policy.

### 2.1.4 Fees review triggers

Feedback from the consultation raised a number of different comments on the fees review triggers, including that their structure may result in frequent fee changes and that they did not distinguish between natural fluctuations and structural changes. As a result of the feedback on fee stability, ASX has adjusted the fees review triggers from 5% to 10% relative to the revenue requirement and introduced a 2-year moratorium on any fee changes once fees have been adjusted. Additional fees review triggers were also introduced to ensure that fees are reviewed in a timely manner (at least every 5 years) and when structural changes occur (e.g. regulatory changes, competition and market structure changes).

There was additional feedback requesting more information on the overall fees review process, including how the process will operate once a fees review is triggered and what will be included as inputs into the process. The presentation from the education session sets out more information on this through illustrative examples and timelines.

### 2.1.5 WACC and asset beta

Feedback from the consultation on the proposed asset beta of 1.2 was that it felt high and that it should be lower based upon ASX being the sole provider of clearing and settlement services. ASX shared a summary of the empirical analysis conducted by Incenta, an expert third party that specialises in providing advice on economic regulation and competition economics in the infrastructure sectors, in the education session, as well as through bilateral meetings with respondents who have raised this feedback.

### 2.1.6 Cost visibility and cost controls

Feedback from the consultation was that a robust cost and capital management incentive mechanism was needed to ensure that ASX prudently manages its costs. ASX has taken this feedback into consideration and is introducing an efficiency scheme on operating costs into the Pricing Policy. The efficiency scheme will allow for ASX and customers to equally share in any efficiency gains or losses, whereby ASX will retain or bear 50% of an efficiency gain or loss in operating costs against the operating cost target, with the remaining 50% applied as an upward adjustment (in the case of a cost overrun) or a downward adjustment (in the case of a cost underrun) to the BBM revenue requirement for that financial year. The operating cost target for the following financial year will use the prior year's operating costs (inclusive of 50% of the efficiency gain or loss from that year) as the baseline and then be adjusted for any inflation and one-off expenses to establish a target for operating costs for that year.

Respondents also requested further visibility into ASX's capital investment decisions and cost and revenue projections. ASX will continue to disclose and share relevant and material capital investment decisions with the existing governance committees and forums, including the Risk Consultative Committee, Advisory Group and Business Committee. ASX also shared further information on the existing CHES Project capex guidance and simulated a simple projection of future revenue requirements based on a hypothetical linear revenue growth scenario at the education session.

## 2.2. Industry Engagement

Since the consultation period of the Pricing Policy, ASX has held bilateral meetings with stakeholders across CS services to gather more insight into their feedback and inputs into the amended draft Pricing Policy. ASX also provided an update to the Advisory Group and held the education session for all Business Committee members.

The education session presentation focused on clarifying the context in which the policy is designed and how ASX has refined the draft Pricing Policy in response to industry feedback. The table reproduced below highlighted the material changes from the original draft to the updated draft. The education session was well attended with 26 Business

Committee members. Questions raised in the education session sought clarification on the review period for the asset beta, how the emergence of competition in CS services provision would be determined, the cohorts of stakeholders which provided consultation responses, and the reason why a particular exchange was excluded from the sample of similar exchanges in the asset beta estimation.

Component	Original Proposal	Post-Feedback Outcome
Commencement Date	1 Jan 2025	1 July 2025
Materiality Threshold	\$1m (relative to revenue requirements)	5% (relative to revenue requirements)
Treatment Options for Under-Recoveries	Two options (capitalise vs invoice under-recoveries)	Capitalise material under-recoveries
Fees Review Triggers (FRTs)	2 FRTs @ 5% (relative to revenue requirements)	2 quantitative @ 10% + qualitative + other FRTs
WACC / Asset Beta	Asset beta = 1.2	Original proposal
Cost Controls	Cost and capital management	Efficiency scheme to be incorporated

### 2.3. Next Steps

ASX has commenced the finalisation of the Pricing Policy following the engagement and feedback from the industry. ASX will continue to engage with stakeholders in bilateral meetings to further clarify the Pricing Policy and answer any further questions. ASX will maintain consistent communication and provide updates to the Advisory Group and the Business Committee in the next quarter's meetings, and present the updated Pricing Policy for consideration.

ASX intends to publish its response to the consultation feedback in late May, with a memorandum of the policy changes following the consultation period. The finalised Pricing Policy will be published following approval through ASX's governance processes.

## ATTACHMENT


**Attachment A:** BC Education Session presentation slides

<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>Cost and Revenue Allocation Model review</b>
<b>Agenda Item No.</b>	3e
<b>Purpose</b>	To update the Committee on the scope of the audit of the Cost and Revenue Allocation Model, which is intended to comply with legislation released by the Australian Securities and Investment Commission (ASIC) for clearing and settlement services (the “ASIC CS Services Rules 2025”).
<b>Prepared by</b>	Business Committee Secretariat
<b>Action</b>	For Discussion
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	For Noting

Ali Richardson (PWC) and Lucy Dickens (PWC) will provide an overview of the Cost and Revenue Allocation model review at the 12 March Business Committee meeting.

## ATTACHMENTS

**Attachment 1:** Cost and Revenue Allocation Model Review



# ASX Limited

## Cost and Revenue Allocation Model Review

February 2025

# Cost and Revenue Allocation Model

ASX has drafted a Cost and Revenue Allocation Policy (the “Policy”), and implemented this in the Cost and Revenue Allocation Model (the “Model”), which are intended to comply with legislation released by the Australian Securities and Investment Commission (ASIC) for clearing and settlement services (the “ASIC CS Services Rules 2025”). The legislation requires ASX to take all reasonable steps to ensure that the pricing of its Covered Services is transparent, fair and reasonable.

One of the steps required is to maintain and publish a model for the internal allocation of costs, including the cost of allocated capital, and policies to govern the transfer of prices between the relevant Clearing and Settlement Service Provider and Associated Entities, that ensures:

1. where possible, costs are directly allocated to the services which give rise to the costs; and
2. shared costs are allocated based on appropriate, proportionate and transparent metrics.

In assessing whether shared costs are allocated based on ‘appropriate, proportionate and transparent metrics’ we will consider whether the basis for the allocation is appropriate given the nature of the expense. For example, certain expenses may be allocated based on the proportion of full-time employees or proportion of software licenses per line of business, and other asset-based expenses may be allocated in accordance with which line of business receives the benefits of the underlying assets.

We will review the Model prepared by ASX and prepare a final report to be provided to the Clearing and Settlement boards and to be published on the ASX website.

## Extracts from the *ASIC CS Services Rules 2025*

### Requirements for the Cost Allocation Model

Without limiting the steps, a CS Service provider must take under subrule (1), a CS Service Provider must:

(e) maintain and publish a model for the internal allocation of all costs (including the cost of allocated capital, and policies to govern the transfer of prices between the relevant CS Service Provider and Associated Entities) incurred by the CS Service Provider and Associated Entities that:

(i) allocates such costs both:

(A) between the relevant CS Service Provider and Associated Entities; and

(B) to the services which give rise to those costs; and

(ii) ensures:

(A) where possible, costs are directly allocated to the services which give rise to the costs; and

(B) shared costs are allocated based on appropriate, proportionate and transparent metrics;

### Requirements for the Cost Allocation Model Report

1. A CS Service Provider must engage an independent person with appropriate skills, knowledge, and experience to conduct a review and prepare a written report (Cost Allocation Model report) about the extent to which the CS Service Provider’s model for the internal allocation of costs referred to in paragraph 2.2.1(2)(e) ensures the matters specified in subparagraph 2.2.1(2)(e)(ii).
2. A Cost Allocation model report must be:
  - a) prepared before any change is made to the CS Service Provider’s model for the internal allocation of costs referred to in paragraph 2.2.1(2)(e); and
  - b) completed and provided to the board of the CS Service Provider as soon as reasonably practicable after it has been prepared, and in any event no later than 2 months after the completion of the report; and
  - c) made publicly available as soon as reasonably practicable after it has been provided to the board, and in any event no later than one month after it has been provided to the board.



<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>Electronic statements take-up update</b>
<b>Agenda Item No.</b>	3f
<b>Purpose</b>	To provide members with an update on current status of electronic statement take-up, and the Statements Working Group
<b>Prepared by</b>	Karen Webb, Head of Issuer Services, Securities and Payments Resan Ovat, Senior Manager, Issuer Services, Securities and Payments
<b>Action</b>	For discussion
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	Not applicable

## BACKGROUND

ASX continues to observe an increase in holders (investors) that have opted in to electronic communications, with participants further incentivised through the availability of the optional HIN pricing model effective 1 August 2024. The new Statements Working Group has met six times since August. Further details are outlined in this paper.

## ELECTRONIC STATEMENTS TAKE-UP AT 28 FEBRUARY 2025

- € ASX presented take-up statistics (@end October 2024) to the Business Committee meeting in December.
- € Take-up statistics continue to be a key topic of discussion at the Statements Working Group.
- € ASX notes the following factors evident in the statistics for the months of December 2024, January and February 2025.
  - ~ Continued positive impact from an electronic CHESS Statements opt-in facility enabled by a large retail broker from 30 November 2024, with default opt-in set at time of HIN creation. This is also contributing to a gradual increase in the total number of HINs (+~1% month on month).
  - ~ The total number of HINs opted into electronic communications is increasing gradually (now at 9.8% of total non-zero and zero holdings), and the percentage of non-zero HINs opted in remains steady at about 35% of the total non-zero and zero holdings.
  - ~ Further gradual increases in the number of CHESS Holding Statements electronically delivered to holders (15.7% in February 2025).

Statistic Description		Dec 2024		Jan 2025		Feb 2025	
Total number of holding statements (paper and electronic)		1.58m~		1.52m~		1.56m~	
# CHESS Holding Statements <sup>1</sup> electronically delivered to holders		12.5%		15.6%		15.7%	
# CHESS Holding Statements mailed to holders		87.5%		84.4%		84.3%	
# additional holders opted into electronic communications (compared to end of previous month) - zero and non-zero holdings		52,999		67,650		53,526	
Total # HINs opted into electronic communications from ASX Settlement	Breakdown - non-zero vs. zero holdings	Non-Zero	Zero	Non-Zero	Zero	Non-Zero	Zero
		219,766	402,292	242,055	447,653	262,672	480,562
	Total - non-zero and zero holdings	622,058 (8.4%)		689,708 (9.2%)		743,234 (9.8%)	
Total # HINs	Breakdown - non-zero vs. zero holdings	Non-Zero	Zero	Non-Zero	Zero	Non-Zero	Zero
		3,248,983	4,199,559	3,268,543	4,249,720	3,285,816	4,291,057
	Total - non-zero and zero holdings	7,448,542		7,518,263		7,576,873	

1 Refers to the CHESS Holding Statements generated at the month end, as opposed to the weekly demand statement numbers.

Breakdown of electronic communications preference (email purpose)	HINs - zero and non-zero holdings (number and percentage breakdown)		
	Dec 2024	Jan 2025	Feb 2025
Email Purpose 'A' - Preference for electronic communications from ASX Settlement and Issuers	338,391 (54%)	365,051 (52%)	386,471 (52%)
Email Purpose 'B' - Preference for electronic communications from ASX Settlement only	283,667 (45%)	324,657 (47%)	356,763 (47%)
Email Purpose 'C' - Preference for electronic communications from Issuers only	8,576 (1%)	8,596 (1%)	8,528 (1%)

- At the last Business Committee meeting ASX noted it had published a market notice in October 2024 to provide a clarificatory change to the ASX Settlement Operating Rule procedure dealing with holder details shared with issuers across electronic communication preference options.
- ASX has subsequently written to each share registry to highlight this change requesting their due regard to the communication preference.

## STATEMENTS WORKING GROUP

The Statements Working Group has now met six times. Two additional participants, Burrell and FNZ, have joined the working group.

### Fraud Prevention

A standing agenda item has now been added to the meetings regarding updates from other key groups such as the Business Committee, SIAA Fraud Working Group, and the newer Industry Fraud Risk Working Group. The sharing of information across these groups is considered vital to ensure well informed and coordinated actions on this topic.

At the last meeting held on 25 February members provided feedback in response to an action requesting consideration of the impact of potentially removing or limiting the communication of SRN and HIN numbers. Member discussion noted:

- Whether the disclosure of SRNs and HINs in Issuer / ASX Settlement communications (beyond an initial communication) is necessary or desirable to identify holdings; and

- € The need for consistency in the type(s) of communications where SRN/HIN should be displayed in full versus in redacted form, instructions on retention of the HIN/SRN and the portion of the HIN/SRN to be redacted, noting this impacts communications by ASX, participants and registries/issuers.
- € This topic will continue to be discussed at the next meeting in April, with an association member to present feedback from a member survey.

#### **Increasing the take up of electronic communications**

The two meetings held this year have focused on teasing out the significant problems or blockers to the take up of electronic communications particularly by existing holders (by participants on behalf of holders) and potential solutions.

Members generally agree that:

- € The transition of existing holders to electronic communications is hampered by each participant's interpretation of ASX Settlement Operating Rule 8.18.1, that requires prior written authority from holders for changes to registration details, including email address and email purpose (email purpose categories are outlined in the above statistics section).
- € If participants were to run a campaign of positively contacting holders to seek their opt-in (i.e. written consent, for example, opt-in flash-screen at login to online broker platform), the response rate would be low, based on previous campaign experience.
- € If the rule were changed to not require prior written authority, participants could more easily bulk opt-in holders, providing holders with the option to subsequently opt out if they wished. This option is considered the most likely to achieve a significant increase in the take up of electronic communications.

ASX is exploring potential changes to ASX Settlement Operating Rule 8.18.1 requirement for prior written authority from holder for changes to email purpose (e.g. to receive communications electronically rather than by post). ASX has presented a number of options to the group and will follow up this discussion at the next meeting in April.

A secondary, but related discussion continues with members regarding the categories of email purpose available, the selections being made by participants on behalf of holders, and any changes required.

ASX continues to note new, open and closed actions of the group.

The group will meet again twice before the June 2025 Business Committee meeting, with a planned schedule of 8 meetings during 2025, subject to group activities.

<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>Share Sale Fraud Working Group Update</b>
<b>Agenda Item No.</b>	3g
<b>Purpose</b>	To update the Committee on establishment of new working group with industry and regulatory agencies to respond to recent increased share sale fraud activity
<b>Prepared by</b>	Con Korkofigas, Senior Manager and Senior Legal Counsel
<b>Action</b>	For Discussion
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	Not applicable

## BACKGROUND

ASX has worked closely with the Stockbrokers and Investment Advisers Association (SIAA) and various other industry representative bodies and organisations in relation to recent increased share sale fraud activity, including in seeking greater engagement between regulatory agencies and industry on this issue.

## JOINT INDUSTRY LETTER

On Thursday 19 December a joint industry letter was sent to ASIC and AUSTRAC in relation to steps being taken by industry individually and collectively to respond to the recent increased fraudulent share sale activity and assistance sought from the regulatory agencies on this issue.

The ten signatories to the letter represented a broad spectrum of Australian equity market industry stakeholders, covering:

- € **Investors:** Australian Shareholders' Association (ASA)
- € **Issuers:** Australasian Investor Relations Association (AIRA) and Governance Institute of Australia (GIA)
- € **Participants and other intermediaries:** Australian Financial Markets Association (AFMA) and SIAA
- € **Share Registries:** Boardroom and MUFG Corporate Markets (previously Link Market Services)
- € **Financial markets and CS facilities:** ASX Limited and ASX Settlement (ASX)
- € **Statutory Compensation Fund (National Guarantee Fund):** Securities Exchanges Guarantee Corporation (SEGC) trustee of the National Guarantee Fund (NGF).

Key callouts in the letter were requests to ASIC and AUSTRAC that they:

- € Participate in an expanded industry fraud risk working group kicking off in February 2025 covering the signatories to the letter, their member organisations and others.
- € Assist industry to join the evidentiary dots across fraud reports to the regulatory agencies by individual industry members or investors.
- € Work together and with state and federal police to support specialised financial crime investigation and enforcement on a coordinated basis across the reports of fraud.

The letter also requested AUSTRAC liaise with industry in developing its guidance on permitted information sharing by reporting entities under the revised 'tipping off' restrictions coming into effect in March 2025.

## SHARE SALE FRAUD WORKING GROUP

Both ASIC and AUSTRAC responded positively to the joint letter, agreeing to participate in the working group and to present at its first meeting on aspects covering how reports of suspected fraud can be more effective and upcoming changes and guidance to the “tipping off” offence under AML/CTF requirements.

The working group - to be referred to as the Share Sale Fraud Working Group, will seek to assist industry in detecting, preventing, or mitigating against the increased fraudulent share sale activity seen recently by:

- € enhancing knowledge and information sharing and collaboration amongst industry;
- € facilitating potential uplift in industry members processes from such learnings; and
- € advocating for actions whose implementation requires support beyond industry members.

Recognising the limitations in actions that industry can take on its own, the working group also seeks to help facilitate industry and the regulatory agencies working together to take steps to:

- € support information sharing; and
- € join the evidentiary dots across individual investor and industry reports being generated.

About 50 attendees from nearly 20 organisations attended the first meeting of the Share Sale Fraud Working Group held on 11 February, including ASIC Commissioner Simone Constant who attended in person and led ASIC’s presentation to the group. In addition to hearing from ASIC and AUSTRAC, the first meeting also heard from industry representatives on examples of fraudulent share sale activity they had identified and mitigation actions they had taken. The meeting also provided an opportunity to hear from all attendees on what they wanted from the working group as well as miscellaneous items on the operation of the group going forward. The working group is proposed to meet every two months, with the next meeting to occur in April.

<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>Securities Lending Reporting Working Group update</b>
<b>Agenda Item No.</b>	3h
<b>Purpose</b>	To update the Committee on the output of the Securities Lending Reporting Working Group convened in November 2024
<b>Prepared by</b>	Business Committee Secretariat
<b>Action</b>	For discussion
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	Not applicable

An update on the creation and output of the Securities Lending Reporting Working Group and next steps in relation to the existing securities lending reporting framework will be presented at the 12 March Business Committee meeting.

<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>TNF Australasia Meeting 2025</b>
<b>Agenda Item No.</b>	3i
<b>Purpose</b>	To provide a verbal update on the industry conference
<b>Prepared by</b>	Business Committee Secretariat
<b>Action</b>	For Discussion
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	Not applicable

#### BACKGROUND

ASX will provide a verbal update on the TNF Australasia Meeting that was held at the Australian Securities Exchange on 04 and 05 March 2025.

<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>Independent Assessment of the Assurance Plan for the CHESS Project</b>
<b>Agenda Item No.</b>	4a
<b>Purpose</b>	To advise the Business Committee that EY's independent expert assurance report has been published and for the EY Partner to answer any questions on the report
<b>Prepared by</b>	Michelle Dal Pozzo, Senior Program Manager, Assurance
<b>Action</b>	For Noting
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	Not applicable

## BACKGROUND

Members can access EY's independent expert assurance report via ASX's [website](#). This is the seventh independent expert report on the assessment of ASX's assurance plan for the implementation of the CHESS project.

The objective of the December 2024 independent assessment was to evaluate the governance processes over the assurance plan and to assess the appropriateness of the completed assurance activities for the CHESS project to determine whether the assurance plan continues to be "fit for purpose". The independent expert defines "fit for purpose" as the extent to which the coverage, nature, timing, extent, governance and change management of the assurance plan is suitable for the size and complexity of the project.

The independent expert report concluded that the governance mechanisms over the assurance plan and the assurance activities in the six-month period ending December 2024 were fit for purpose. No improvement recommendations were identified.

This report is a continuation of the six-monthly independent expert reviews performed over assurance activities on the CHESS project, with assessment outcomes reported publicly.

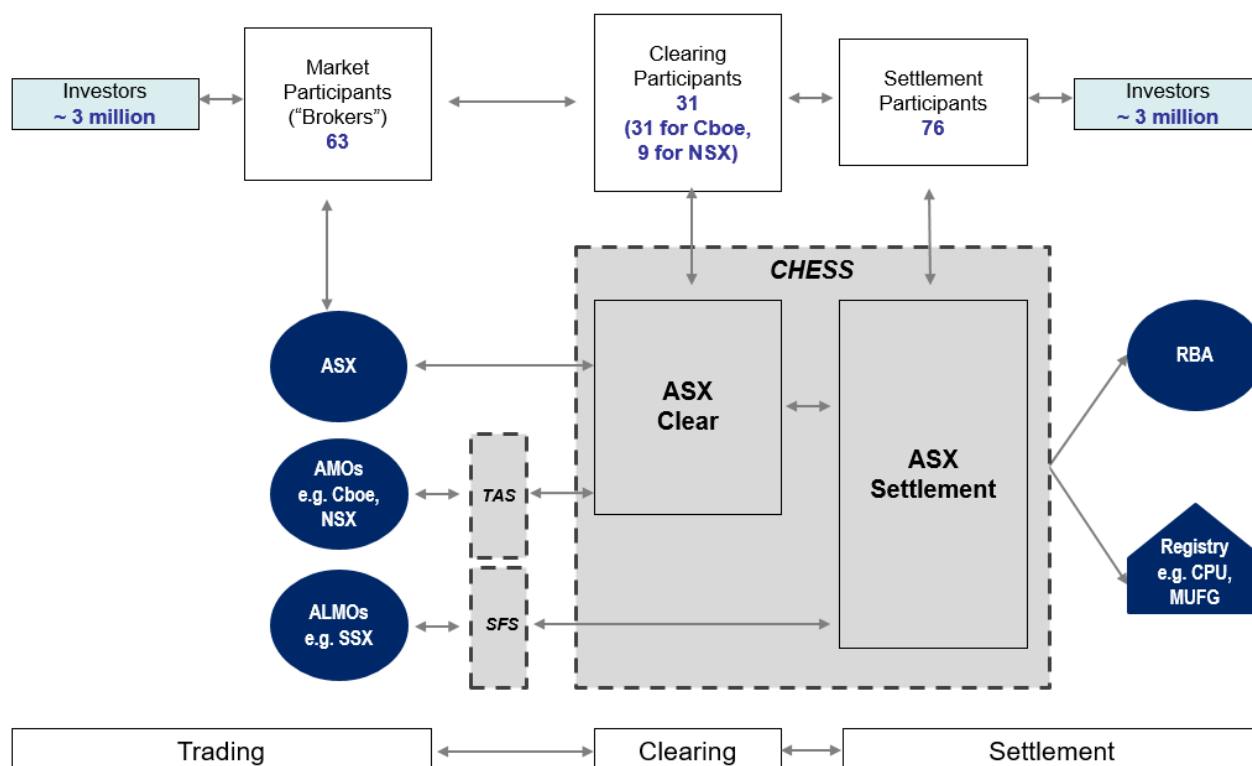
The EY Partner will attend the meeting to answer any questions on the report.



<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>Operational performance - cash market clearing and settlement services</b>
<b>Agenda item no.</b>	4b
<b>Purpose</b>	To report on key performance metrics for ASX's clearing and settlement services
<b>Prepared by</b>	Suzy Munro, General Manager, Securities & Payments Operations
<b>Action</b>	For noting
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	Not applicable

## OVERVIEW

# Market Structure Overview



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The clearing and settlement of equities performs a critical role in the operation of Australia's financial markets, helping to reduce counterparty and systemic risk, and provide transaction efficiency and certainty for end investors.

Core processes that provide these benefits include novation, netting and settlement.

## **SERVICE AVAILABILITY**

ASX's critical processes of novation, netting and settlement are supported in ASX's core system CHES. A key metric for monitoring system availability is the percentage of system uptime as measured against target availability times. The service availability target for CHES is 99.80%.

ASX calculates system availability at the system level and on this basis, the average monthly system availability for CHES was 100% during the December 2024 quarter and March 2025<sup>1</sup> quarter.

However, during the CHES Batch Settlement incident on 20 December 2024, there was an interruption to the full suite of settlement messages between 11:30 to shortly after 19:30. During the incident, the CHES system remained available with clearing (Trade Registration) and some settlement activities continuing throughout the impacted period. The Settlement Facility's normal DvP Batch Settlement process could not be achieved on 20 December 2024 and all novated and non-novated instructions scheduled to settle in CHES Batch Settlement were rescheduled to 23 December 2024 at 19:30. This will be discussed further as part of agenda item 4b.

## **TRADE ACCEPTANCE SERVICE AND SETTLEMENT FACILITATION SERVICE**

The CHES system performs the clearing and settlement functions for the Trade Acceptance Service (TAS) for Cboe and NSX to submit trades into CHES and the Settlement Facilitation Service (SFS) for SSX.

The Trade Acceptance Service and Settlement Facilitation Service availability target is 99.80% (the same as CHES).

The average monthly system availability for the TAS and SFS was 100% during the December 2024 quarter and March 2025<sup>2</sup> quarter.

During the CHES Batch Settlement incident on 20 December 2024, there was no interruption to the system availability for the TAS and SFS and Clearing in the form of Trade Registration continued without interruption.

## **SETTLEMENT PERFORMANCE**

A performance metric for monitoring the CHES settlement batch is the fail performance, which is a measure of the failed settlement instructions that occurred during Batch.

CHES Batch Settlement did not complete on Friday 20 December 2024 due to an error occurring during the batch process. The issue could not be resolved on the day and ASX cancelled Batch Settlement, rescheduling all settlement obligations for Friday 20 December 2024 to Monday 23 December 2024.

The summary statistics for settlement performance, that would otherwise factor in a fail rate of 100% on Friday 20 December 2024, have been adjusted to exclude this date from the calculation, as it is not an accurate reflection of the settlement efficiency for the market.

The daily average fail performance was lower at 0.100% in January 2025, compared to 0.131% average for the previous twelve months between February 2024 and January 2025, and 0.195% over the 3-year period from February 2022 and January 2025.

Equity Post Trade Operations review daily settlement data for recurring trends in the settlement failure rate to monitor and ensure that there are no systemic issues.

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<sup>1</sup> As of 31 January 2025

<sup>2</sup> As of 31 January 2025

Month	January	December <sup>3</sup>	November	October	September	August
Average Fail Rate	0.100%	0.232%	0.109%	0.154%	0.108%	0.085%
Maximum Fail Rate	0.336%	0.895%	0.169%	0.408%	0.274%	0.170%
Minimum Fail Rate	0.035%	0.037%	0.043%	0.053%	0.026%	0.038%
Average Value Based Fail Rate	0.056%	0.178%	0.050%	0.050%	0.053%	0.028%
Average Initial Fail Rate	0.017%	0.024%	0.018%	0.021%	0.017%	0.015%
Average Fail Rate (ex unilaterals)	0.071%	0.205%	0.082%	0.101%	0.079%	0.062%
. of days Fail rate > 0.50%	0	3	0	0	0	0
Batch Settlement Extensions	0	1	0	0	1	1
Fall back of Payment Provider	0	1	0	0	0	0
Batch Settlement Reschedule	0	1	0	0	0	0

## REPORTING ON CLEARING AND SETTLEMENT SERVICE PERFORMANCE

The key metrics for novation, netting efficiency and settlement efficiency for the three consecutive quarters to November 2024 are reported in Attachment A. This is supported by charts demonstrating a longer reporting period in Attachment B.

## RISKS OR ISSUES

The information above does not raise any specific risks of issues. The AMO risk profile is reported in the separate Business Update paper.

## ATTACHMENTS

**Attachment 1:** Summary metrics relating to the performance of the ASX Clearing and Settlement service

**Attachment 2:** Performance of the ASX Clearing and Settlement services from January 2022 to January 2025

<sup>3</sup> Data for the 20 December 2024 is not included in the calculations due to the CHES Batch Settlement incident that required all obligations to be rescheduled

## ATTACHMENT 1 – SUMMARY METRICS RELATING TO THE PERFORMANCE OF THE ASX CLEARING AND SETTLEMENT SERVICE

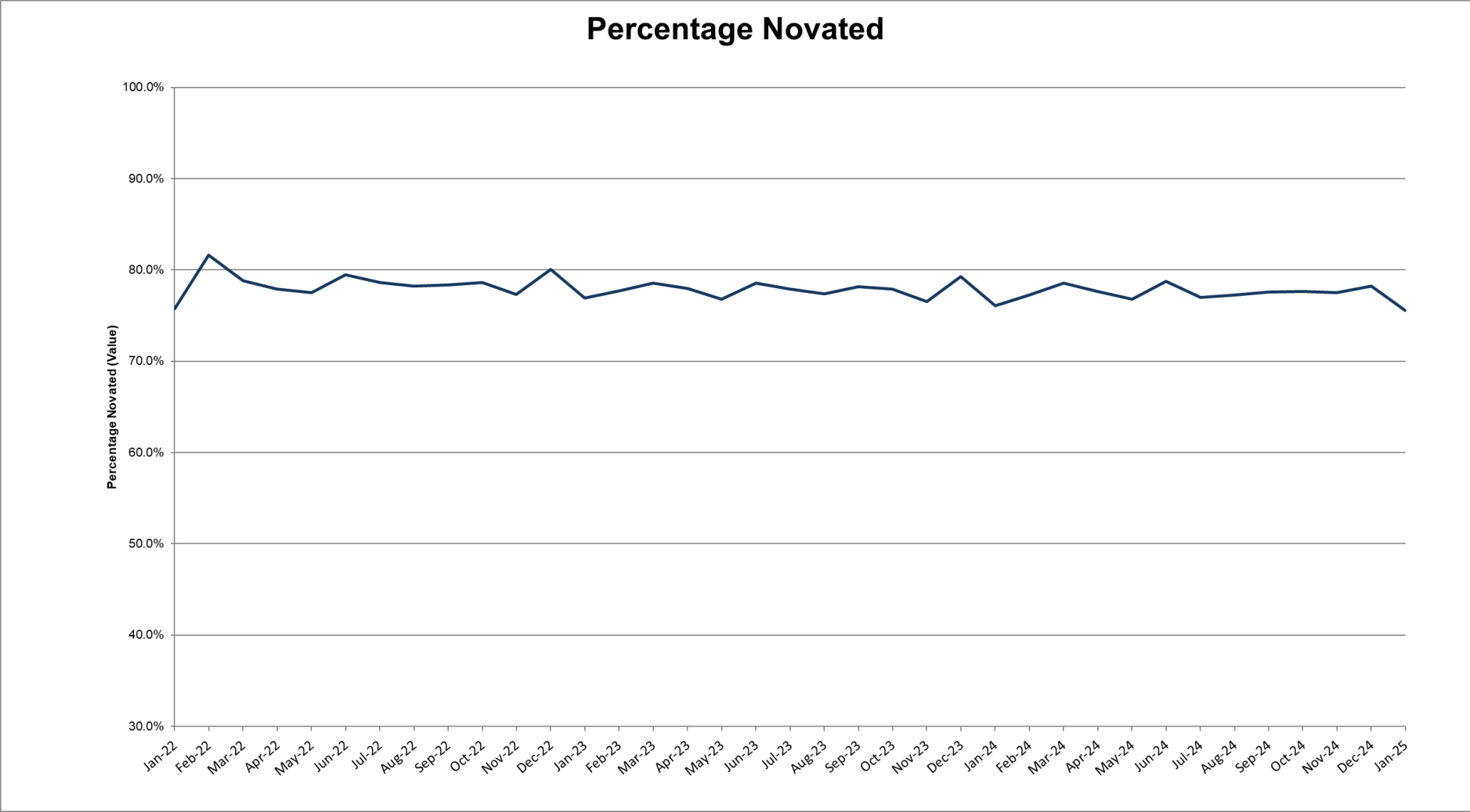
	March 2025 Quarter <sup>1</sup>	December 2024 Quarter <sup>2</sup>	September 2024 Quarter
System Availability (CHES)	100%	100% <sup>3</sup>	100%
System Availability (TAS)	100%	100%	100%
<b>Trade registration</b>			
Total Trades Accepted (ASX)	32,525,197	10 ,689,415	114,451,72
Total Trades Accepted (Cboe)	10,906,361	3, 3 2,263	40,2 6,003
Total Trades Accepted (NSX)	5	114	121
Daily Average Trades across all AMOs	2,08 ,1 2	2,255,028	2,314,595
Highest Daily Trade Registration across all AMOs	2,64 ,5 8	2,813,2 5	3,077,393
Highest Consecutive 2 Days Trade Registration across all AMOs	5,003,9 6	5,33 ,133	6,042,187
<b>Clearing</b>			
Daily Average Traded Value (On and Off Market) *	\$8.26 billion	\$10.90 billion	\$11.44 billion
Daily Average Cleared Value *	\$6.24 billion	\$8.48 billion	\$8.84 billion
Percentage Novated *	75.5%	7. %	7. 2%
Netting Efficiency (Value) *	6. 6%	71.4%	70.5%
Netting Efficiency (Volume) *	98.9%	99.0%	99.0%
Daily Average Cleared Value Post-Netting	\$2.02 billion	\$2.42 billion	\$2.60 billion
<b>Settlement</b>			
Total Settlements (SSX)	0	0	0
Total Value of Settlements (SSX)	0	0	0
<b>Batch Settlement</b>			
Daily Average Settled Value (Including Non-Novated)	\$9.24billion	\$13.67 billion	\$14.19 billion
Settlement Efficiency (Value)	99.94%	99.91%	99.94%
Average Daily CHES Fail Rate (% Rescheduled to the next settlement date)	0.100%	0.13 %	0.098%
Average Value Based Fail Rate (% Rescheduled to the next settlement date)	0.05 %	0.089%	0.062%

<sup>1</sup> As of 31 January 2025

<sup>2</sup> Data for the 20 December 2024 is not included in the calculations due to the CHES Batch Settlement incident that required all obligations to be rescheduled

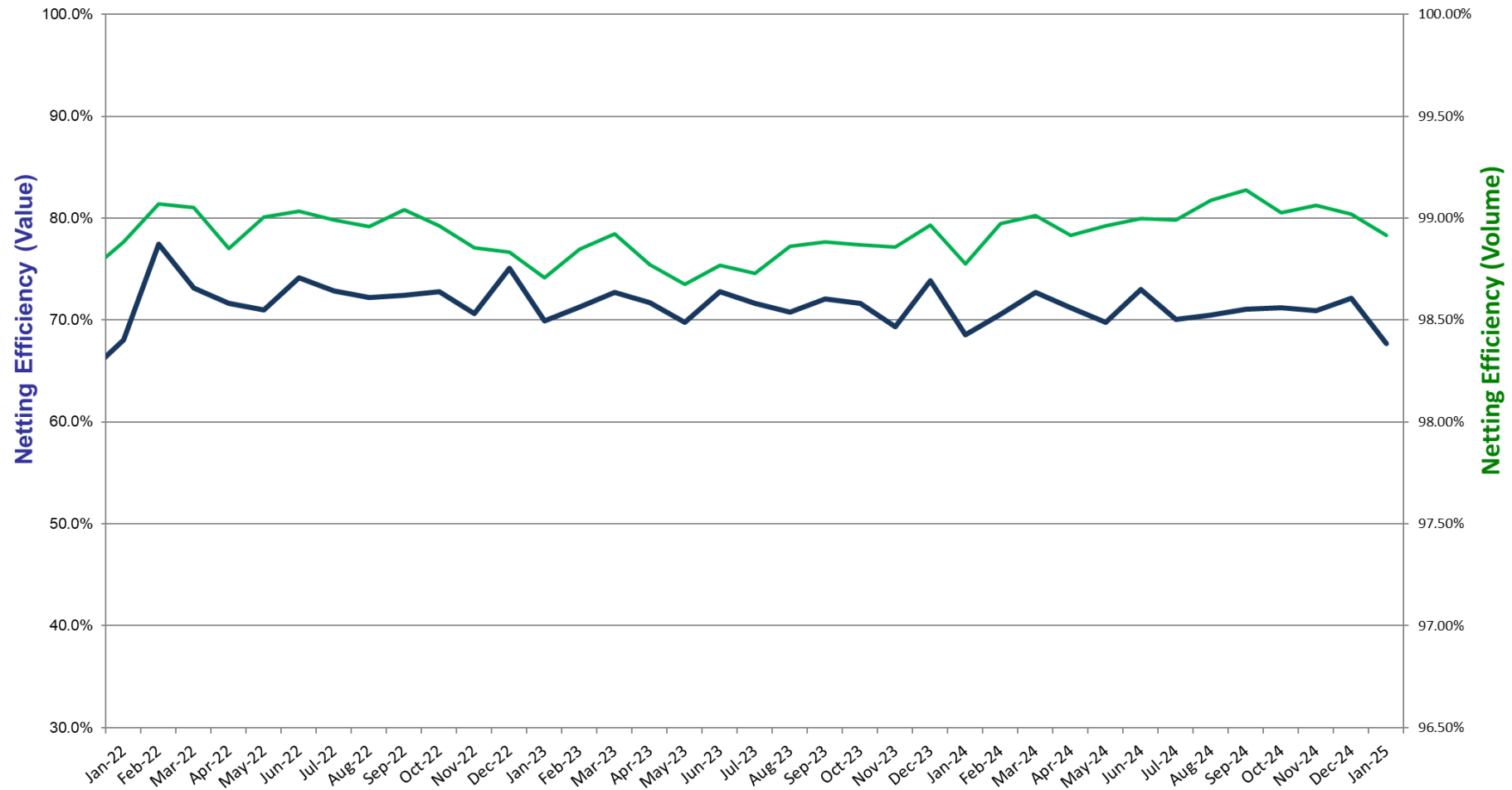
<sup>3</sup> ASX calculates system availability at the system level. The CHES Batch Settlement incident on 20 December 2024 prevented the normal DvP Batch Settlement process from completing and all novated and non-novated instructions were rescheduled to 23 December 2024 at 19:30, completing at 19:43 representing an 8 hour, 13 minute interruption to the availability of the full suite of non-Batch settlement messages.

ATTACHMENT 2 – PERFORMANCE OF THE ASX CLEARING AND SETTLEMENT SERVICES FROM FEBRUARY 2022 TO JANUARY 2025



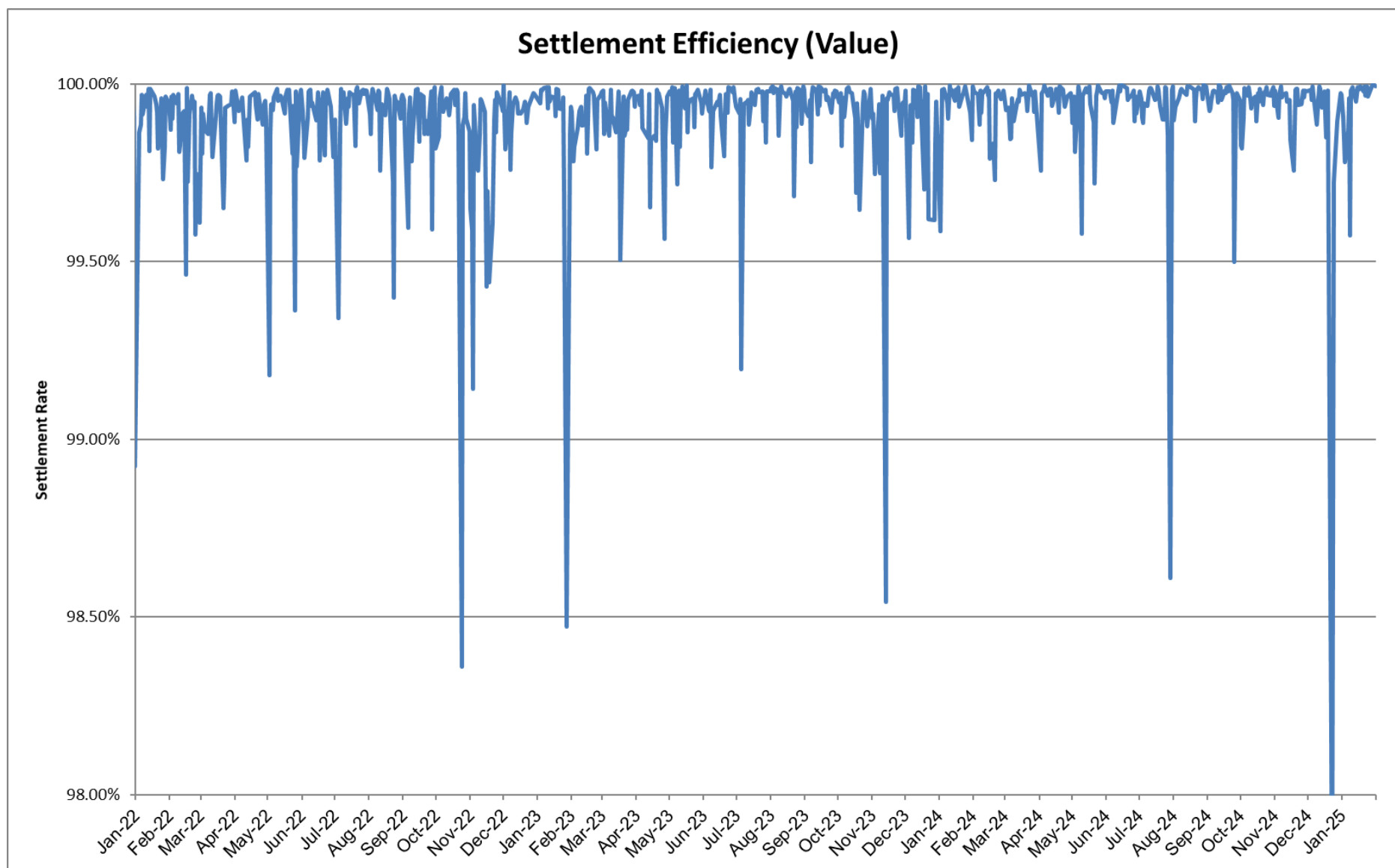
Commencing March 2022 quarter, Traded Volume now includes transactions (for all AMOS) with settlement status “I” (e.g. crossings, informational)

## Netting Efficiency (Value and Volume)



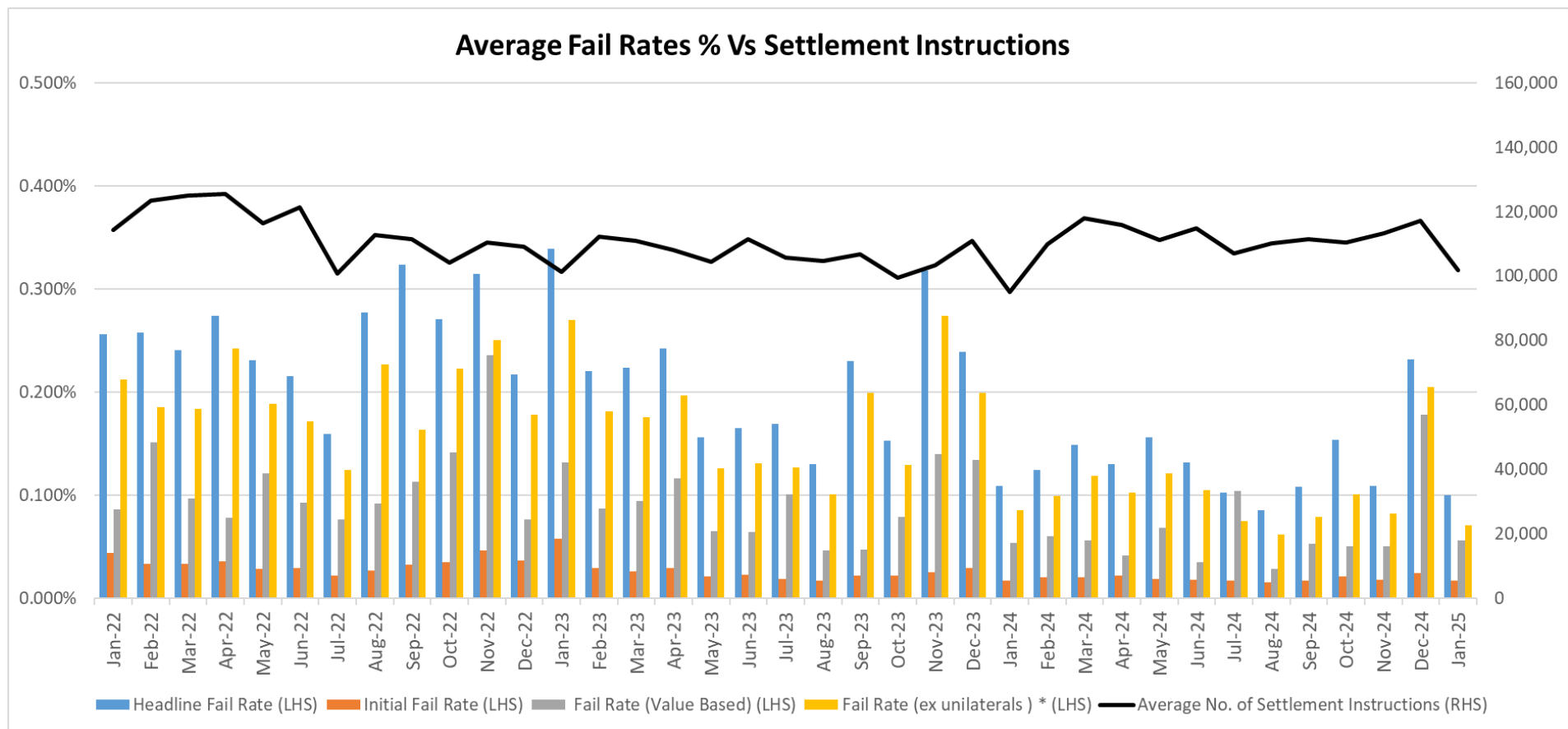
Commencing March 2022 quarter, Traded Volume now includes transactions (for all AMOS) with settlement status "I" (e.g. crossings, informational)

<sup>1</sup> Data for the 20 December 2024 is not included in the calculations due to the cancellation of Batch Settlement and reschedule of all obligations.



Commencing March 2022 quarter, Traded Volume now includes transactions (for all AMOS) with settlement status "I" (e.g. crossings, informational)

\* Data for the 20 December 2024 is not included in the calculations due to the cancellation of Batch Settlement and reschedule of all obligations.



1 Data for the 20 December 2024 is not included in the calculations due to the cancellation of Batch Settlement and reschedule of all obligations.



<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>Maintaining the stability of existing CHES</b>
<b>Agenda item no.</b>	4c
	To provide Business Committee members with an update on the programme of work to ensure existing CHES continues to provide the level of service, reliability and resilience required by the market until CHES replacement is implemented
<b>Prepared by</b>	Sabra Mott, General Manager, Securities & Payments Technology Andrew Jones, General Manager, Equities, Securities and Payments
<b>Action</b>	For noting
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	Not applicable

## OVERVIEW

There was a significant incident that occurred on December 20, 2024. The CHES Batch Settlement did not complete on Friday 20 December 2024 because a critical step in the settlement process generated an error that prevented completion. The issue could not be resolved on the day and ASX cancelled Batch Settlement, rescheduling all settlement obligations for Friday 20 December 2024 to Monday 23 December 2024. Refer to [Incident Review](#) report for further details shared by ASX on 23 January 2025.

## OUTLOOK

- ASX continues to invest in the ongoing supportability and maintenance requirements of current CHES.
- The actions following the Batch Settlement incident are underway to prevent reoccurrence and will be folded into the current CHES program of work (where appropriate).
- The Annual “Special Report” roadmap related to CHES was refreshed for FY25-26 and provided to ASIC on 24 June 2024, and an Audit Report prepared by EY. ASX’s focus is to deliver the 34 initiatives outlined in the “Special Report”. 29 out of the 34 have been completed as of 12 February 2025. EY continues to provide assurance with respect to the roadmap related to CHES.
- The Annual refresh of the CHES “Special Report” roadmap is on track with a completion date of June 2025.
- Initiatives planned in FY25 for awareness and/or that would have customer impact considerations are:

<b>Initiative Short Description</b>	<b>Customer Impact (Y/N)</b>	<b>Indicative Date</b>
ASX Trade Service Release 15.	N	Q2 2025
No functional change introduced to CHES.		
Introduction of new condition code “SC” will be available for optional testing in CHES customer test environment prior to the ASX Trade release		
The CHES Backend Operating system will be upgraded	N	March 2025

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CHESS User Global Settlement section (add “PR” code)	N	March-April 2025
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Members are invited to raise any questions in respect of this paper either before the 12 March 2025 Business Committee meeting or during the Questions Session of that meeting.

<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>Australian Carbon Exchange initiative - update</b>
<b>Agenda Item No.</b>	4d
<b>Purpose</b>	To provide members with an update on the Australian Carbon Exchange initiative
<b>Prepared by</b>	Karen Webb, Head of Issuer Services, Securities and Payments
<b>Action</b>	For Noting
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	N/A

The Clean Energy Regulator (CER) has received over 30 responses to its October 2024 [discussion paper “Enabling deep, liquid, transparent and accessible carbon markets in Australia”](#).

The CER is reviewing responses in consideration of next steps and its own response to market. ASX has continued to engage with the CER during this review process.

<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>ASX Customer Impact Plan</b>
<b>Agenda item no.</b>	4e
<b>Purpose</b>	To provide a quarterly update on the ASX Customer Impact Plan
<b>Prepared by</b>	Business Committee Secretariat
<b>Action</b>	For discussion
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	Not applicable

The Customer Impact Plan was updated following ASX's quarterly planning in December 2024. Material changes from the previous version include:

- Trading information updated to align to 2 market announcements:
  - SR15: [ASX Trade – SR15 Industry Wide Testing and Go-Live Dates](#)
  - Bond Trading: [ASX Bond Futures Delinking and Tick Change Testing Schedule](#)
- Refinements to separate out the Derivatives Trading and Derivatives Clearing Participants to make it easier to read and improved formatting of the legend in response to feedback.

#### **Attachment 1: ASX Customer Impact Plan**

# ASX Customer Impact Plan

A plan showing only activities where ASX customers are required to participate or supply resourcing and/or budget, to deliver the outcome.

Enterprise Enablement  
Quarterly Update  
January 2025

# Legend for ASX Customer Impact Plan

## PROJECTS

**ASX 24 SR4:** Service Release providing a small functional change to Bond Futures contracts during the week of the quarterly roll

**ASX Trade SR15:** Service Release providing new features and industry standard protocols benefitting customers

**ASX 24 and ASX Trade WAN Upgrades:** building new network infrastructure that will provide connectivity into both ASX Trade and ASX 24 Platforms

**CHESS Replacement Project** ('CHESSR'): will deliver clearing services via Release 1 (R1) and settlement, sub-register and additional clearing enhancements in Release 2 (R2)

**Exchange Traded Derivatives (ETD) Futures Clearing (Genium) Replacement:** project to replace the futures clearing system, Genium with NRTC (Nasdaq Real Time Clearing)

**Exchange Traded Derivatives (ETD) TradeAccept Replacement:** project to replace off-market reporting

**Over-the-Counter (OTC) Clearing Platform (Calypso) Upgrade:** is delivering a Clearing Platform Upgrade from version 13 to version 18

## WORKING GROUPS

**AMO Working Group** (CHESS Replacement): Release 1 of CHESS Replacement focusses on the clearing component, which primarily impacts Approved Market Operators (AMOs). The AMO Working Group captures feedback across key aspects of Release 1, specifically on scope & design, and readiness

**ASX 24 Market Working Group:** a new industry working group to commence from February 2025 concerning ASX 24 market and the ASX 24 Trade platform

**ASX Equities Market Working Group:** an industry working group concerning ASX Equities markets and the ASX Trade Platform

**ASX CLF - the ASX Clear (Futures) Working Group:** provides business updates with participants on strategic plans, design, operation and development for ASXCLF including ClearStar program and underlying projects of ETD TradeAccept and ETD Futures Clearing (Genium) replacement project

**Business Design Working Group** (CHESS Replacement): The Business Design Working Group's purpose is to capture inputs from industry stakeholder representatives to help define additional scope, industry acceptance criteria and business design

**Equity Market Working Group:** serves as a primary forum for consistent engagement with stakeholders concerning ASX equities market and the ASX Trade platform

## WORKING GROUPS continued...

**Implementation & Transition Working Group** (CHESS Replacement): The I&T WG's purpose is to communicate and capture inputs from industry stakeholder representatives on the implementation, testing, accreditation, transition and readiness of CHESS Replacement to help shape market wide plans

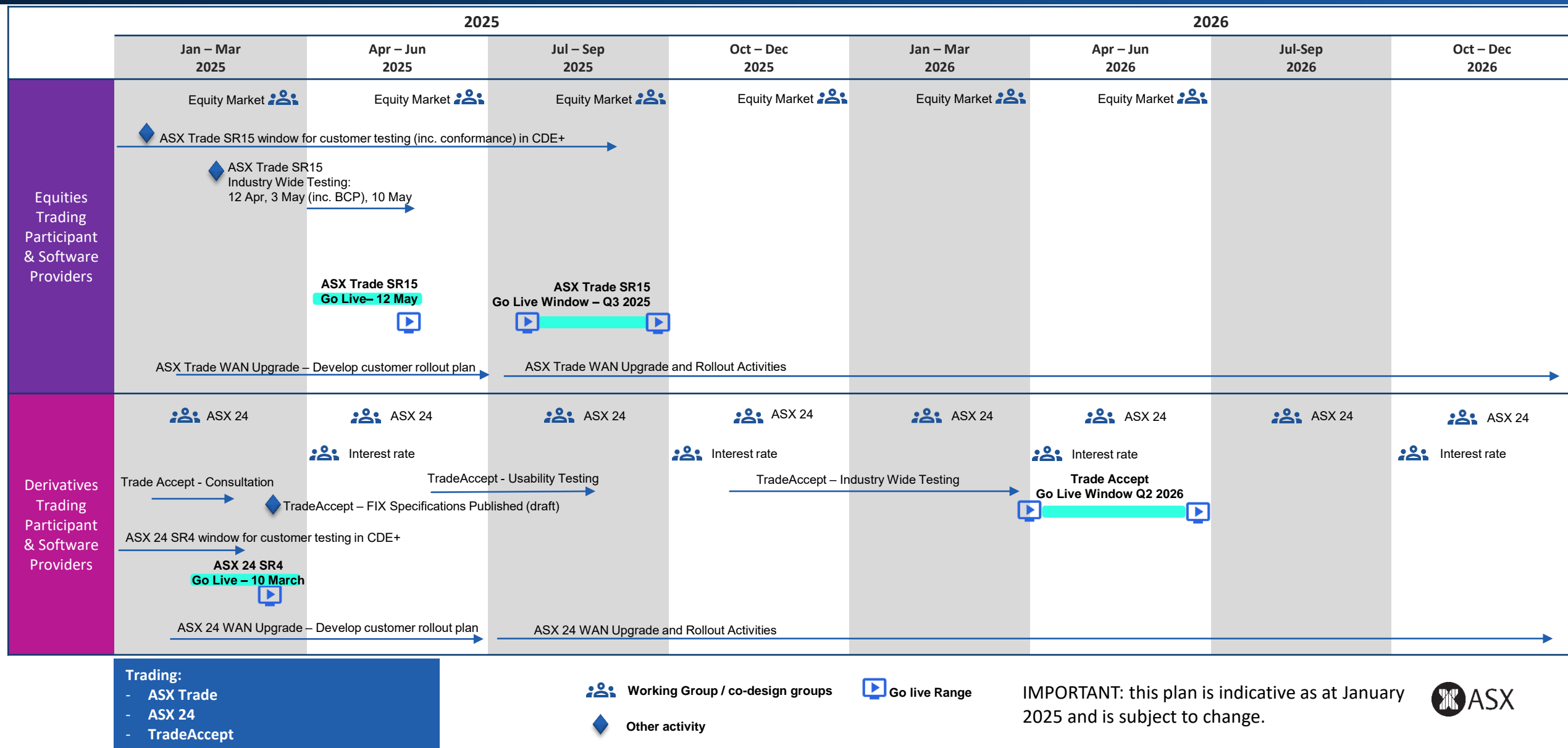
**Interest Rate Working Group:** ASX led industry working group to elicit stakeholder feedback focused on relevant interest rates topics and to share product updates

**ISO Design Working Group** (CHESS Replacement): A key forum to communicate, understand and collaborate on the implementation of ISO 20022 in Australia's equity post trade environment

**Technical Committee** (CHESS Replacement): A monthly sub-committee of the ASX Business Committee for the industry to review and provide input to elements of CHESS Replacement such as project planning and design assumptions.

# Proposed Customer Impact Plan

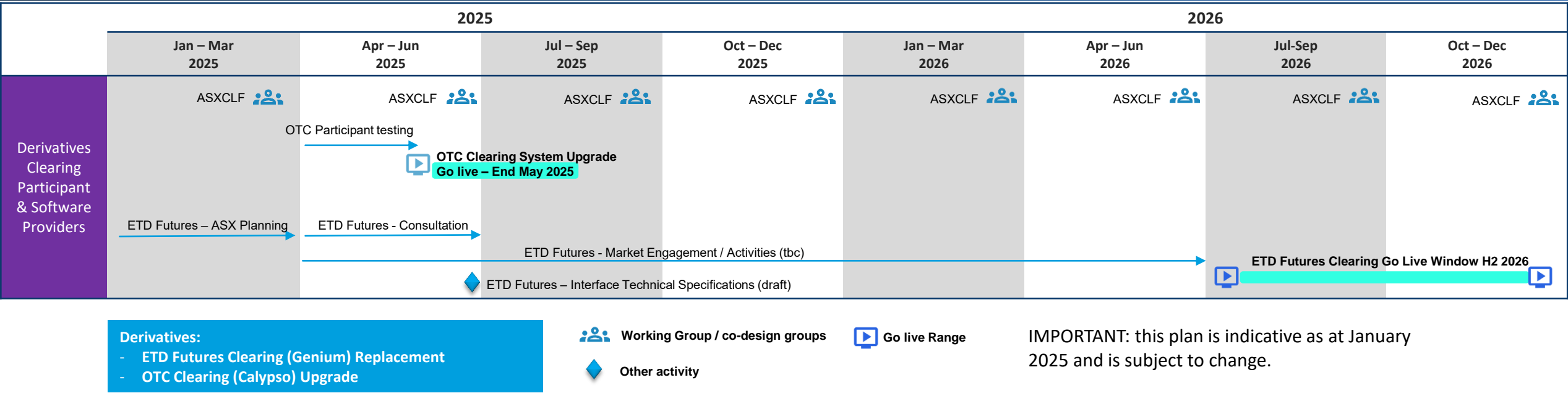
## As at January 2025





# Proposed Customer Impact Plan

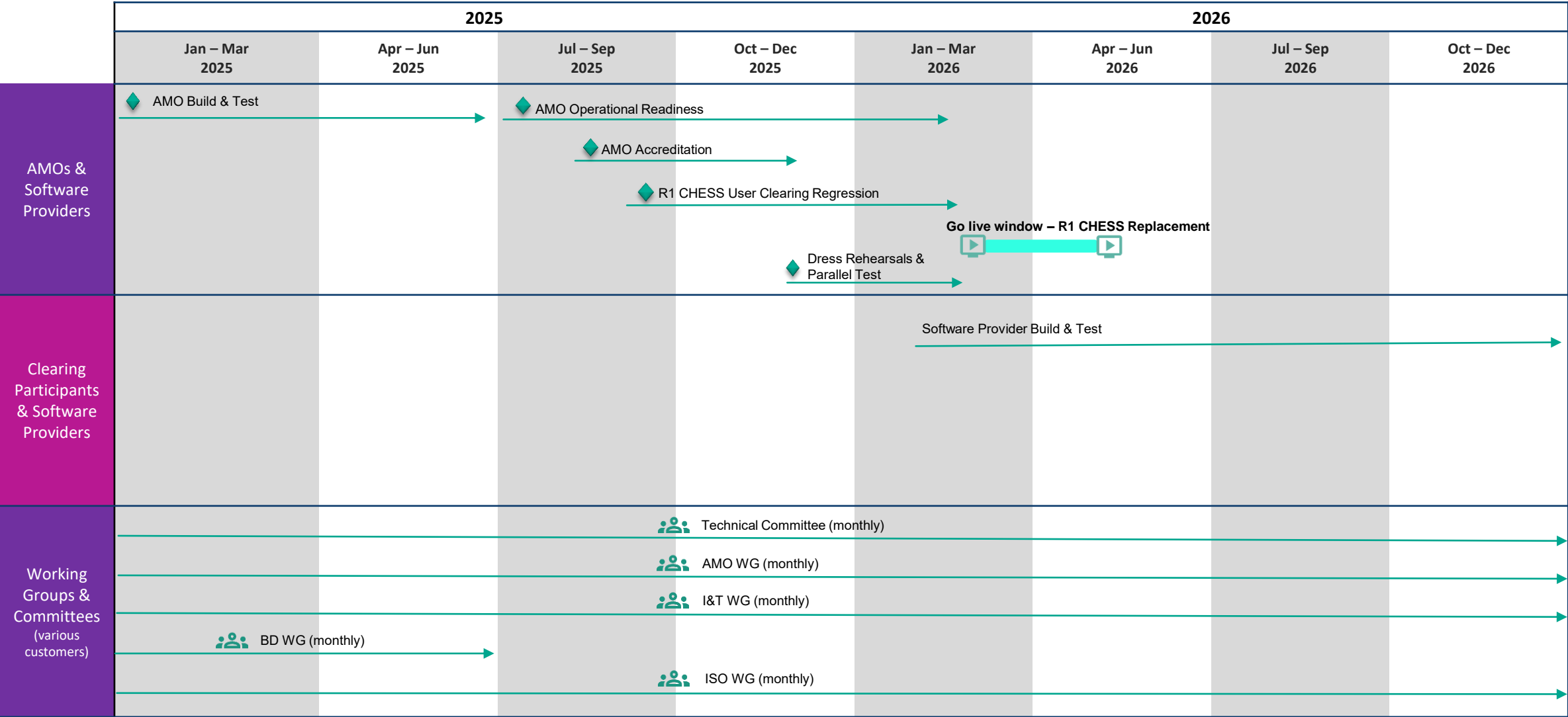
## As at January 2025





# Proposed Customer Impact Plan

As at January 2025



CHESS Replacement

- Working Group / co-design groups
- Go live Range
- Other activity

IMPORTANT: this plan is indicative as at January 2025 and is subject to change.



<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>Open actions</b>
<b>Agenda item no.</b>	5a
<b>Purpose</b>	To provide responses to open actions and recommend their closure, where applicable
<b>Prepared by</b>	Business Committee Secretariat
<b>Action</b>	For approval
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	Not applicable

#### BACKGROUND

One new action was raised at the 11 December Business Committee meeting (**action 24-12-1**) for ASX to hold an industry information session prior to publication of ASX's response to the Pricing Policy.

ASX plans to hold the Pricing Policy information session on 06 March 2024 with an update to be provided at the 12 March Business Committee meeting as part of agenda item 3d.

## ACTION ITEMS

Item number#	Action	Due date	Status	Owner	Response
24-12-1	ASX to hold an industry session prior to publication of ASX's response to the Pricing Policy consultation to demonstrate how feedback has been addressed, covering key items including the recovery of capital costs and efficiency dividends	March 2025	Open	ASX (Stephen Hammon)	An information session on the Pricing Policy is planned to be held on 06 March 2025. An update will be provided as part of agenda item 3d.

## KEEP IN VIEW ITEMS

Topic	Action	Due date	Status	Owner
eStatements and Holding Statements	ASX to 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	March 2025	Open	ASX
Australian Carbon Initiative	ASX to provide an update at each Business Committee meeting on the Australian Carbon Initiative.	March 2025	Open	ASX
Customer Impact Plan	ASX to provide the Customer Impact Plan to the Business Committee after it's been updated following ASX's Quarterly Planning	March 2025	Open	ASX

For historical action items please refer to archived minutes [here](#).

<b>Committee</b>	Business Committee
<b>Meeting date</b>	12 March 2025
<b>Agenda title</b>	<b>Forward work program</b>
<b>Agenda item no.</b>	5b
<b>Purpose</b>	To update the Business Committee on the forward work program for 2025
<b>Prepared by</b>	Business Committee Secretariat
<b>Action</b>	For noting
<b>Proposed recommendation to Boards of ASX Clear and ASX Settlement (if applicable):</b>	Not applicable

## BACKGROUND

The Business Committee is scheduled to meet four times in 2025 with the next meeting planned for 18 June 2025.

Other than the standard items (minutes of previous meeting etc.) and subject to input from members on additional items or items to be removed, the forward work program for 2025 Business Committee meetings is expected to be:

<b>Date</b>	<b>Topics</b>
<b>18 June 2025</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</li> <li>⌘ Optional versus mandatory nature of new functionality for the CHES project</li> <li>⌘ Pricing Policy</li> <li>⌘ Membership review</li> </ul>
<b>17 September 2025</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>⌘ eStatements Update</li> <li>⌘ Annual Report on Cash Equity Clearing and Settlement Services Developments</li> </ul>
<b>10 December 2025</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>⌘ FY26 Annual Growth Threshold and FY25 Management Accounts</li> <li>⌘ Review terms of reference</li> <li>⌘ T+1 update</li> <li>⌘ Forward work program for 2026</li> <li>⌘ End of year drinks</li> </ul>

ASX plans to further engage with Business Committee members between meetings to invite for suggestions on topics for inclusion or removal in the forward work program. Please contact the Business Committee Secretariat at [BC.Secretariat@asx.com.au](mailto:BC.Secretariat@asx.com.au) should you have any proposed agenda topics for consideration.