



CHES replacement

Business Design Document

Clearing Design

August 2024

DRAFT



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Change log

Version Date	Changes
08/03/2024	Draft distributed following initial BDWG member review and feedback received.
19/08/2024	<p>Document updated to include industry design considerations for Clearing Participants to segregate their positions within a segregated account structure, and to align trade registration, netting and scheduling for settlement industry design considerations with the TCS BaNCS MI product.</p> <p>Updates to the document include:</p> <ul style="list-style-type: none"> • Updated wording and added considerations in Section 3.3 for Clearing Participants maintaining multiple Position Accounts and the association to Settlement Accounts (entrepot). <ul style="list-style-type: none"> – Added Section 3.3.1 that includes industry design considerations for Clearing Participants to optionally segregate their positions. – Added considerations DC_3.4.11 (Section 3.4) and DC_3.7.12 (Section 3.7) to technically enable portability of positions and related settlement obligations. • Updated wording and considerations in Section 3.6 to reflect that segregation of margining and collateral is not proposed for Release 2 of CHES replacement. • Updated wording and considerations in Section 3.4 to reflect the TCS BaNCS MI product process that netting (where applicable) occurs as a continuous process following trade registration rather than as a batch process at the point of scheduling obligations for settlement. <ul style="list-style-type: none"> – Added considerations DC_3.4.10 and DC_3.4.11 and moved considerations DC_3.7.10 and DC_3.7.11 from Section 3.7. • Updated wording and considerations in Section 3.7 to reflect the TCS BaNCS MI product process for scheduling gross and netted obligations for settlement. <ul style="list-style-type: none"> – Removed considerations DC_3.7.4 (specified within updated considerations DC_3.7.2 and DC_3.7.3) and DC_3.7.8 (no longer relevant to this section and similar consideration DC_3.4.7 exists in Section 3.4). – Updated consideration DC_3.7.7 for the system to provide traceability between a settlement obligation and a gross trade/net position. • For each industry design consideration, added whether the consideration is in scope for Release 2 of CHES replacement or outside of CHES replacement. • Revised format and wording changes

Overview

This Business Design Document is intended to complement and inform the corresponding proposals set out in the document titled 'Consultation on the Scope and Implementation of CHES replacement Release 2 (Settlement and Subregister)' ('**Consultation Paper 2**'), published on 2 August 2024. With a view to obtaining industry views on a range of additional scope items for CHES replacement, ASX established the [Business Design Working Group \(BDWG\)](#), which commenced in December 2023.

In a Working Group meeting held on 31 January 2024, the agenda was specifically focused on the design of the clearing facility. This document provides an overview of the discussion points and proposed industry design considerations for new or changed functionality relating to clearing design for the CHES replacement system but does not represent an actual solution design. The industry design considerations set out in this document may provide context to proposals on the topic contained in Consultation Paper 2 and are subject to further analysis, consultation and change. We make no commitment to design the CHES replacement system in accordance with the information set out in this document

CHES replacement background

ASX is committed to contributing to the modernisation of Australia's cash market through the CHES replacement project, to support the market's dynamic nature and respond to evolving needs for scalability, flexibility and innovation.

ASX has proposed that the CHES replacement system will be implemented in two releases:

- **Release 1** will replace the clearing component of CHES and introduce Financial Information eXchange (FIX) messaging for trade registration for all Approved Market Operators (AMOs). ASX on Release 1 and published its on 28 June 2024. ASX is targeting the implementation of Release 1 between mid-March to end-April 2026.
- **Release 2** will replace the settlement and subregister functionality, deliver improved corporate action functionality and make further enhancements to clearing. Release 2 will also introduce global standard ISO 20022 messaging interfaces for Participants, Share Registries and Payment Providers.

This document relates to items proposed to be delivered in **Release 2**.

Document Scope

This document outlines the proposed industry design considerations for implementing the target state clearing functionality for Release 2 of the CHES replacement system.

This document considers the following business and system processes relating to the following clearing functionality:

- Trade novation and registration and trade cancellation
- Clearing participation models
- Account constructs used in clearing
- Netting and scheduling of market trade obligations for settlement.

The industry design considerations in this document provide the technical foundations to enable interoperability between separate clearing and settlement facility operators however they are not intended to provide the industry design considerations to operationalise a market with multiple clearing and/or settlement facilities. Industry design considerations for this paper will be in the context of our cash market clearing and settlement facilities.

Aspects of clearing design that are intended to be considered in future BDWGs / Business Design Documents (if applicable) include:

- Netting eligibility of securities undergoing complex corporate actions (this will be reviewed as part of the BDWG on market claims and diary adjustments which is currently scheduled for September 2024)
- Market trade related settlement obligations (if required by industry stakeholders, further details may be discussed in the BDWG scheduled for August 2024).

Industry design considerations of the settlement and sub-registry components of the solution will also be considered in subsequent BDWGs / Business Design Documents.

1. Clearing in current CHES

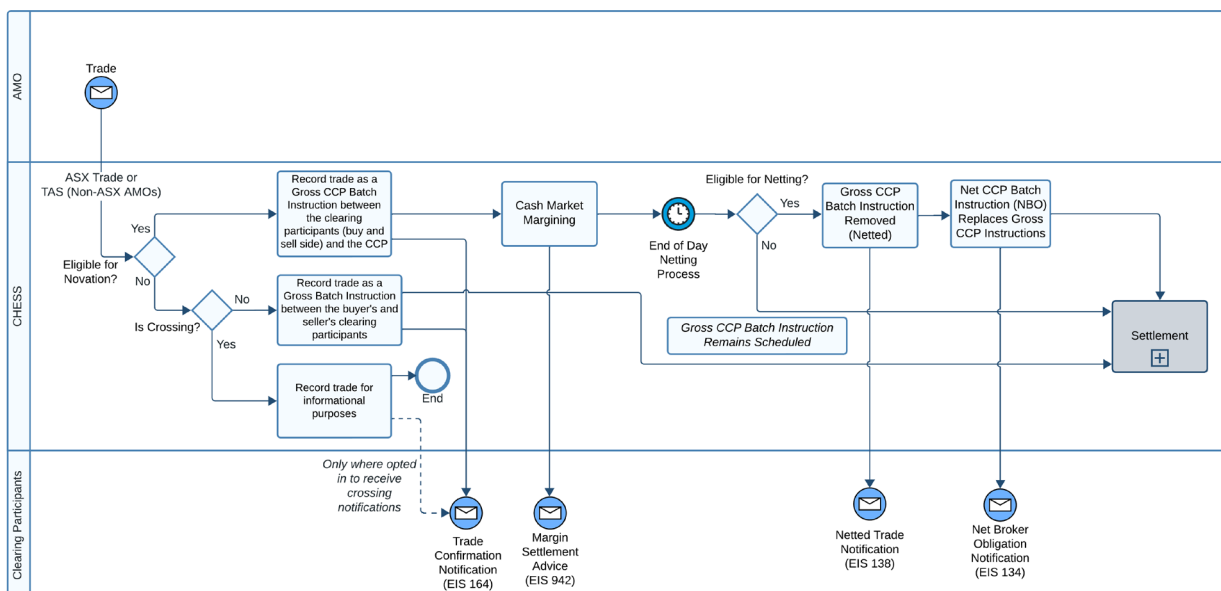


Diagram 1.0: Flow diagram of the key clearing processes in current CHES

1.1. Trade execution

Trades executed on, or reported through an AMO, are submitted to CHESSE to be cleared and settled. Trades are executed on the market based on orders submitted by Trading Participants.

1.2. Clearing participation

A Clearing Participant is an entity that is authorised to clear and settle trades through ASX's clearing (ASX Clear) and settlement (ASX Settlement) facilities. A Trading Participant of an AMO may also be a Clearing Participant and clear and settle their own trades. Alternatively, a Trading Participant may enter into a clearing agreement and have their trades cleared and settled by a third-party Clearing Participant. CHESSE maintains a Trading Participant to Clearing Participant mapping to identify each of the buying and selling Trading Participant's Clearing Participant in the trade registration process.

Clearing Participants will generally operate in CHESSE using a single Clearing Participant Identifier (known as a "Clearing PID"), although for operational reasons (such as where different business lines of a Clearing Participant operate within the same entity), Clearing Participants may operate using multiple Clearing PIDs. Under current arrangements, a Clearing Participant will also act as their own Settlement Participant in CHESSE.

1.3. Clearing and settlement accounts

The key account construct that a Clearing Participant maintains within the clearing PID is the nominated Settlement Account (entrepot). This is the Settlement Account used to facilitate the clearing and settlement of trades.

1.4. Trade novation and registration

Trades submitted for clearing and settlement by an AMO are validated by CHESSE prior to registration. Once the trade is accepted into CHESSE, through a process known as novation, the cash market trade between Trading Participants is legally replaced by two separate transactions, one between the buyer's Clearing Participant and the CCP and one between the seller's Clearing Participant and the CCP.

The transactions are registered as gross novated settlement obligations (i.e. gross CCP batch instructions) that are scheduled to settle two business days after the trade date (T+2). This is subject to limited exceptions such as ETO exercise and assignment trades and special market trades, which settle T+1.

The settlement obligations schedule the delivery of holdings from the selling Clearer's nominated Settlement Account (entrepot) and schedule the receipt of holdings into the buying Clearer's nominated Settlement Account (entrepot). CHESSE notifies Clearing Participants of the gross novated settlement obligations that have been registered.

1.4.1 Crossings

Novation does not take place for cash market trades cleared on both sides by the same Clearing Participant (e.g. a crossing executed by a Trading Participant between two of its clients or between the Trading Participant and one of its clients). A novated settlement obligation is not scheduled for settlement in this instance and the participant is notified for informational purposes. Clearing Participants may opt out of receiving this notification.

1.4.2 Non-novated trades

There is a rare exception where two participants report a trade via an AMO that may be ineligible for novation in the clearing and settlement facility because of its condition code (for example, booking purposes trades with condition code BP). In this flow, a scheduled settlement obligation is created in CHESSE (between the different buyer and seller, with no novation to the CCP) and the participants are notified.

1.5. Trade cancellation

Trades may be cancelled via the trading platforms of an AMO on the trade date. Trade cancellations are notified to CHESSE by AMOs. Clearing Participants are notified of trades that are cancelled.

1.6. Cash market margining and collateral management

ASX calculates a single net margin obligation at the end of each business day for each Clearing Participant, with the calculation based on a Clearing Participant's net of unsettled novated obligations. The margin calculated is recorded against the Clearing Participant's existing collateral and the participant is advised of their margin obligation through a notification. Participants settle their margin obligations through Austraclear.

ASX utilises a single collateral account in the cash market for each Clearing Participant. A Clearing Participant's margin obligations are recorded against the account as well as payments received in respect of margin obligations. Clearing Participants can also lodge excess cash or non-cash collateral that can be used to meet future margin obligations.

1.7. Netting

At the end of the trading day, a netting process is run where all eligible delivering and receiving gross novated settlement obligations by Clearing Participant and security combination scheduled to settle in 2 business days are netted into a single net cash CCP transaction (known as a 'Net Broker Obligation' or NBO). CHESSE notifies Clearing Participants of the NBO generated and the gross novated settlement obligations that have been netted and are no longer scheduled as a gross line for settlement.

Trades ineligible for netting include securities subject to certain corporate actions, option exercise and special market trades settling the following business day, trades with certain condition codes, and trades executed during a period of deferred settlement for the product, which if eligible for netting, would be netted in the netting process run in the evening 2 business days prior to the settlement date instead of at the end of trade date.

2. Clearing design considerations for CHESSE replacement

2.1. Trade execution

The clearing component that will be implemented in Release 1 will introduce FIX messaging for all AMOs, as well as a more efficient netting process. The scope of Release 1 aims to minimise disruption for Clearing Participants by maintaining the existing CHESSE message interface and business processes, maintaining a familiar operational environment.

Release 2 is intended to further enhance the clearing component by migrating Clearing Participants to ISO 20022 and enabling improvements to business processes and message simplification as outlined below.

ID	Industry design considerations	Scope
DC_2.1.1	Depending on industry requirements to support remaining clearing, settlement and sub-register functionality, FIX interface changes may be required.	Release 2

2.2. Clearing participation

For Release 2 of the CHESSE replacement system, there is no expected change to the following current CHESSE processes where Clearing Participants may:

- Operate with one or more clearing PIDs;
- Be Trading Participants of AMOs and clear their own trades (direct clearing); or
- Be third party Clearers and clear both their own trades and trades of other Trading Participants.

Under current arrangements, a Clearing Participant of ASX Clear will also settle their own trades in ASX's settlement facility (i.e. are a Settlement Participant of ASX Settlement). The modular design of the TCS BaNCS MI product provides the technical foundations to enable separate clearing and settlement participation so that a Clearing Participant could settle trades that they clear or enter into a settlement agency agreement so the trades that they clear then settle through a third party

Settlement Participant. It is not intended that Release 2 of the CHES replacement system will operationalise a Clearing Participant settling through a third party Settlement Participant.

ID	Industry design considerations	Scope
DC_2.2.1	The CHES replacement system (as per current CHES) should enable a Clearing Participant operating in the system with one or more clearing PIDs.	Release 2
DC_2.2.2	The CHES replacement system (as per current CHES) should support configuration per clearing PID that enables Clearing Participants to be direct Clearing Participants or third-party Clearing Participants.	Release 2
DC_2.2.3	The CHES replacement system should support technical configuration per clearing PID that supports a Clearing Participant settling their own trades, or have their trades settled by a third-party Settlement Participant.	Release 2

2.3. Clearing and settlement accounts

The modular design of the TCS BaNCS MI product requires Clearing Participants to maintain a new type of clearing account known as a “Position Account”. Trades will be registered against a Clearing Participant’s Position Account, which would facilitate continuous netting of trades into separate net positions¹ subject to the netting eligibility of the trade.

For context, the concept of settlement (entrepot) accounts will continue to exist in the settlement module. These accounts will need to be maintained by Settlement Participants in the settlement module to facilitate the transfer of title of securities in connection with the clearer’s trades/net positions in an associated Position Account.

Clearing Participants would also have the option of maintaining multiple Position Accounts, which would allow the segregation of house and omnibus or individual client positions. Where multiple positions accounts are maintained, trades will be registered in the system against a Position Account based on trade registration configurations established by Clearing Participants and maintained in the system by us. Clearing Participants can either choose to associate many Position Accounts to a single settlement (entrepot) account or choose to associate Position Accounts to separate Settlement Accounts (entrepots).

Example: Under the current arrangement where a Clearing Participant co-mingles their client positions and any house positions into a single Position Account and acts as their own Settlement Participant, then the participant will need to maintain the following account structure across the clearing and settlement modules.

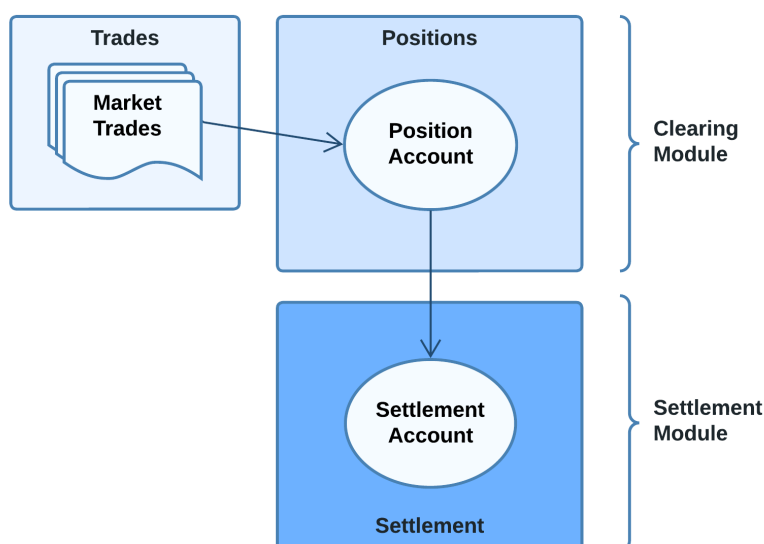


Diagram 2.0: Position Account to Settlement Account (entrepot) association

ID	Industry design considerations	Scope
DC_2.3.1	The CHES replacement system should support the setup and maintenance of one or more Position Accounts per clearing PID.	Release 2
DC_2.3.2	The CHES replacement system should register trades in the system against either a single Position Account maintained by the Clearing Participant, or where multiple Position Accounts are maintained by the Clearing Participant, then the Position Account identified based on trade registration configurations established by Clearing Participants and maintained in the system by us.	Release 2

¹ Single delivery or receipt position (securities and funds) to/from the CCP (per trade date, settlement date, security and Position Account combination)

ID	Industry design considerations	Scope
DC_2.3.3	The CHES replacement system should support configuration that associates a Position Account to a Settlement Account (entrepot) to be used to effect the transfer of securities for the Clearing Participant's obligations in their Position Account.	Release 2
DC_2.3.4	The CHES replacement system should support associating multiple Position Accounts to a single Settlement Account (entrepot), or associating Position Accounts to separate Settlement Accounts (entrepots).	Release 2

2.3.1 Account Segregation

The CHES replacement system will provide position account functionality, which will enable the separation of house and client cash market positions during the trade settlement cycle. This functionality provides the technical foundations for the segregation of a Participant's positions from those of that Participant's clients. It also provides the foundations to segregate collateral held by the central counterparty in relation to margin obligations on positions.

Currently in CHES, house and client cash market positions are commingled with arrangements in place that provide materially equivalent protection of client assets to those that would be provided by house and client segregation of positions and collateral. These arrangements are supported by the ASX Clear and ASX Settlement Operating Rules, which provide for the strict segregation of client cash and securities during the trade settlement cycle. The ASX Clear Operating Rules also prohibit Clearing Participants from using client collateral to meet its margin obligations to the central counterparty on cash market positions (whether entered into on behalf of the client or otherwise). These protections will remain applicable in the CHES replacement system.

For Release 2 of CHES replacement, we propose that Clearing Participants may continue to commingle house and client positions into single Position Account and that these client protections remain in place. Following interest shown by some industry stakeholders and leveraging the TCS BaNCS MI product Position Account functionality, we propose to allow Clearing Participants to optionally maintain multiple Position Accounts for segregating their house and client positions.

The FIX interface for accepting trades will allow AMOs to provide details to the CHES replacement system (specified by Trading Participants on orders submitted to the AMOs) which include:

- Trading Participant identifier (i.e. Trading Id);
- Order capacity (i.e. principal, agency, mixed); and
- Client identifier (i.e. the origin of the order).

The trade registration configurations in the CHES replacement system would be used to allocate a trade to a Position Account on a straight through basis based on these details provided on the trade. Positions could also be re-allocated to another Position Account by Clearing Participants at a net level as part of a new post trade allocation process.

The Position Account functionality also provides the technical foundations for the segregation of margin and/or collateral. However, changes to the way that margin is calculated and collateralised is outside the scope of the CHES replacement project and would be delivered separately.

The table below outlines three models for segregation planned to be supported in Release 2. In some cases, this would need to be supported by additional data provided by AMOs.:

Segregation models	Trades allocated to a Position Account based on:
Segregated house and omnibus client positions	<p>Trades would be registered against a Position Account based on the 'order capacity' field added in Release 1 and provided on the trade.</p> <ul style="list-style-type: none"> • House (principal): trades executed for the firm's own account • Omnibus Client (agency): trades executed on behalf of one or more clients • Unallocated (mixed): trades that are not initially allocated to a house or client account and can be allocated at a net level as part of a post-trade allocation process.
Individual client segregated positions	<p>Trades can be registered against segregated position accounts set up for individual clients if they are identified on the trade based on the 'client identifier' field as such at the point of execution and notified on the trades.</p>
Segregated positions for third party clearers	<p>Trades can be registered against segregated Position Accounts for each trading Participant (based on the existing 'trading Participant' field provided on the trade) in cases where a third party is responsible for clearing.</p>

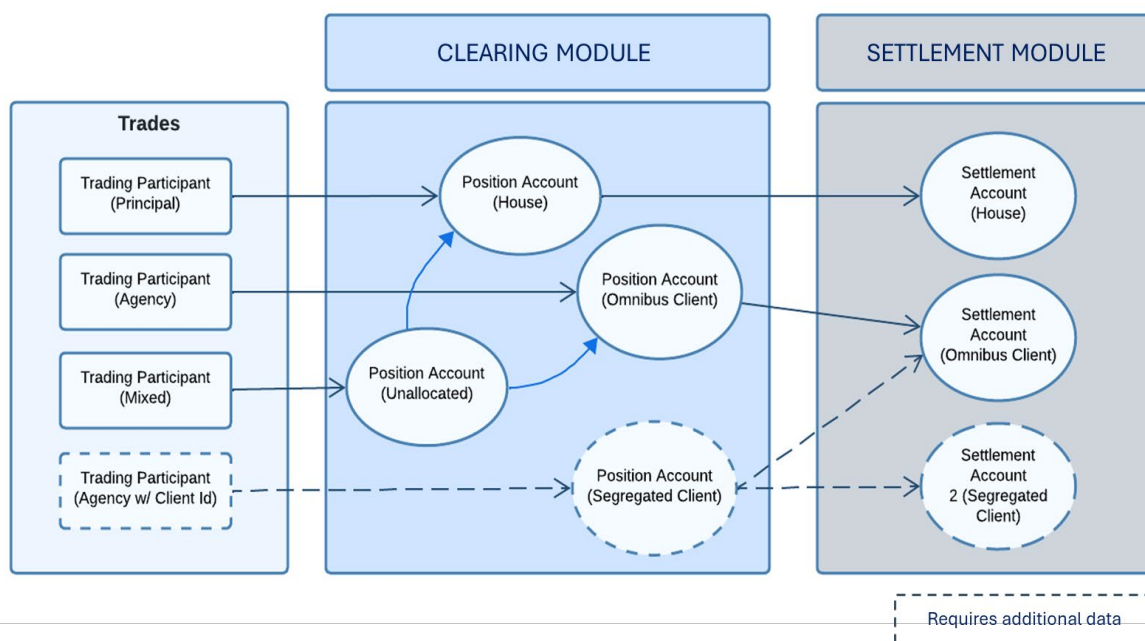


Diagram 2.3.1A: Position Account structure for house, and omnibus and individual client segregation

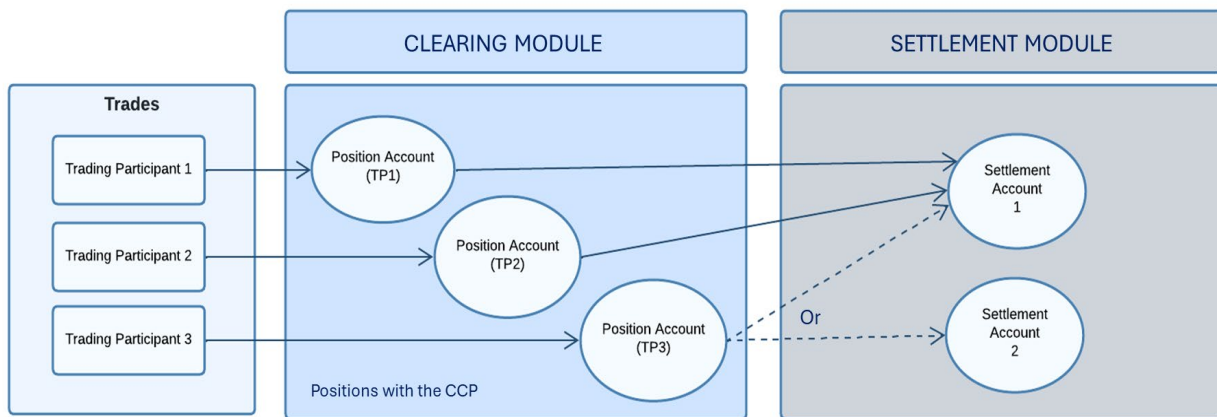


Diagram 2.3.1B: Position account structure for segregated positions for third party clearers

ID	Industry design considerations	Scope
DC_2.3.1.1	The CHES replacement system should optionally allow Clearing Participants to segregate their positions per the following models: <ul style="list-style-type: none"> • Segregated house and omnibus client positions; • Individual client segregated positions; or • Segregated positions for third party clearers 	Release 2
DC_2.3.1.2	The CHES replacement system should support a trade acceptance interface allowing the following details provided on the trade: <ul style="list-style-type: none"> • Trading Id • Order Capacity • Client Identifier 	Release 1
DC_2.3.1.3	The CHES replacement system should support the allocation of a trade to a Position Account on a straight through basis based on the following details provided on the trade: <ul style="list-style-type: none"> • Trading Id • Order Capacity • Client Identifier 	Release 2
DC_2.3.1.4	The CHES replacement system should support Clearing Participants re-allocating positions between Position Accounts at a net level as part of a post-trade allocation process.	Release 2

2.4. Trade novation, registration and netting

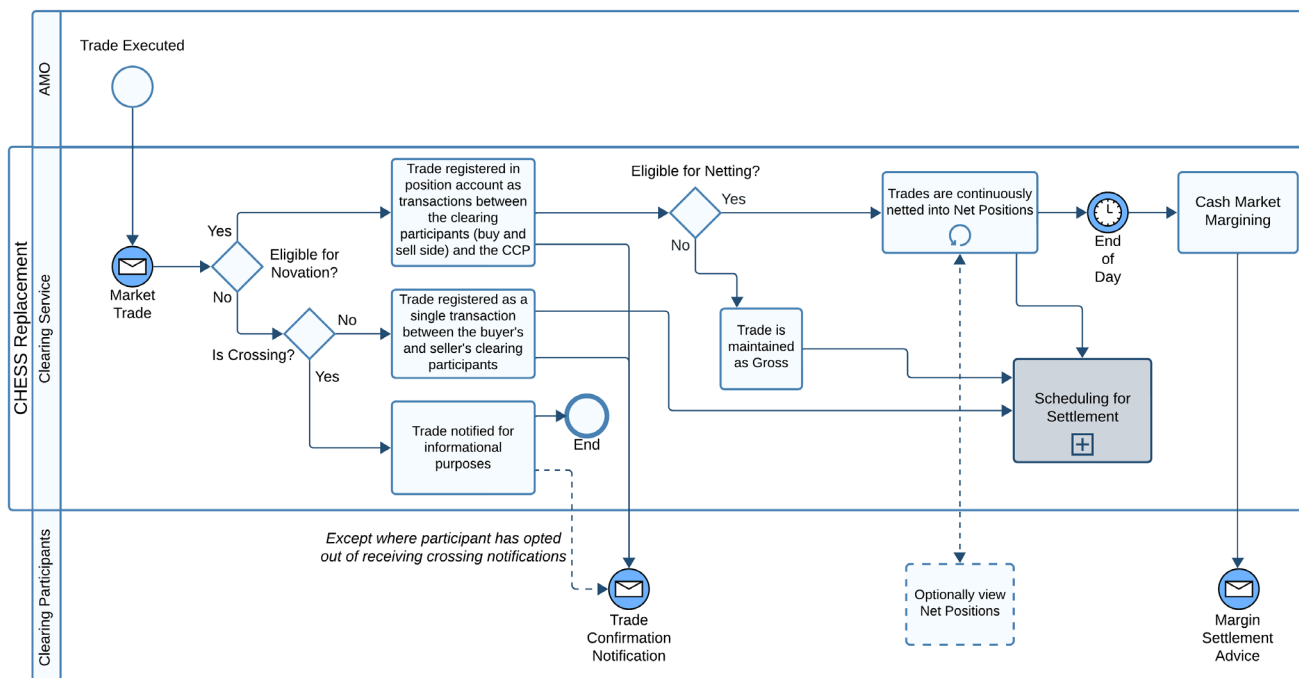


Diagram 2.4: Flow diagram for the proposed trade novation, registration, and netting processes in CHES replacement

There is no intention to change the current CHES processes for the novation of the trade in Release 2 of the CHES replacement project. However, unlike current CHES, it is proposed that the system will generate obligations for settlement in a subsequent process. At the point of trade registration, trades would be recorded against a Clearing Participant's Position Account (as outlined in section 2.3). For each novated market trade recorded against a Position Account, the CHES replacement system will continuously net the trades subject to the netting eligibility criteria effectively updating the net positions with the CCP. Based on feedback provided in the BDWG, we will seek to minimise the criteria of trades ineligible for netting and intends to net all trades on trade date.

Crossings will continue to be notified for informational purposes and netting or novation ineligible trades requiring settlement will continue to be scheduled for settlement on a gross basis and will not form part of a net position per Position Account.

Under the current T+2 settlement regime, we propose that trades registered two or more business days prior to settlement will be netted separately to trades registered the day prior to settlement.

While current CHES provides a notification (EIS 138) for each netted trade, to ensure the new solution remains scalable into the future, we are not seeking to replicate this message for CHES replacement in Release 2, but to assist with any reconciliation issue, we propose that the trade confirmation message will indicate whether the trade was netting eligible and therefore included in the continuous net.

ID	Industry design considerations	Scope
DC_2.4.1	The CHES replacement system should support the novation of a market trade that is cleared on the buying and selling sides by different Clearing Participants (subject to condition code or other exception) and record the transactions against the buyer's and seller's Clearing Participant's Position Accounts (based on trade registration configurations).	Release 2
DC_2.4.2	The CHES replacement system should support the notification of crossings for informational purposes except where the clearing participant has opted out of receiving the notification.	Release 2
DC_2.4.3	The CHES replacement system should support the registration of market trades ineligible for novation as a bilateral transaction between the buyer's and seller's Clearing Participant.	Release 2
DC_2.4.4	The CHES replacement system should support configuration for clearing participants to "opt-out" of receiving notifications for the registration of crossings.	Release 2
DC_2.4.5	The CHES replacement system should support the notification of trade registration to Clearing Participants. Should it be determined that a netting ineligibility criteria remains a requirement for Release 2, the netting eligibility or ineligibility of the trade registered should be provided on the trade notification.	Release 2
DC_2.4.6	The CHES replacement system should support the generation of settlement instructions as a subsequent process to trade registration (subject to exceptions).	Release 2
DC_2.4.7	The CHES replacement system should continuously net market trades (subject to netting eligibility) into a net position per Position Account, settlement date, and security combination with trades registered two or more business days prior to settlement netted separately to trades registered the day prior to settlement.	Release 2

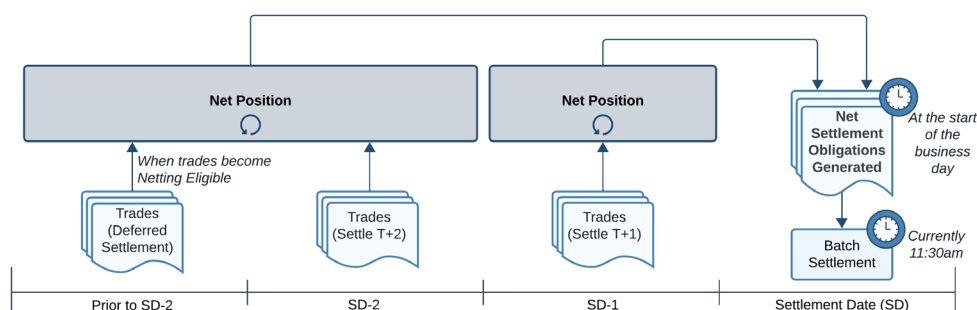


Diagram DC_2.4.7: Netting of trades based on when they are registered in the system.

DC_2.4.8	The CHES replacement system should support a mechanism that allows Clearing Participants to optionally view their net positions. This could include: <ul style="list-style-type: none"> • Ability to view net positions via the UI • A new workflow to request the net positions • Configuration to make the net positions available to Clearing Participants at set frequencies. 	Release 2
DC_2.4.9	The CHES replacement system should provide Clearing Participants with a consolidated view of the net position against the CCP per trade date, Position Account, settlement date, and security combination.	Release 2

ID	Industry design considerations	Scope
DC_2.4.10	We should explore the possibility of adding a netting eligibility flag to the trade confirmation notification that could assist with reconciling a netting eligible trade to a net position.	Release 2
DC_2.4.11	ASX should explore minimising the criteria of trades that are in-eligible for netting ² .	Release 2
DC_2.4.12	ASX should explore the possibility of: <ul style="list-style-type: none"> Altering end of day timings to register “as at” trades (including late trades and exchange traded option exercise trades) on the actual trade date; and Instructing settlement obligations for trades/positions in deferred settlement securities on the resultant/ordinary security code. 	Release 2
DC_2.4.13	The CHES replacement system should have the technical capability to port gross trades and net positions between Clearing Participants.	Release 2

2.5. Trade cancellation

It is intended that Release 2 of the CHES replacement system will continue to support trade cancellations notified via the trading platforms of AMOs on the trade date.

ID	Industry design considerations	Scope
DC_2.5.1	The CHES replacement system should only accept trade cancellations from AMOs on the trade date of the trade being cancelled.	Release 2
DC_2.5.2	The CHES replacement system should remove a cancelled trade from contributing to the net position of a Position Account.	Release 2
DC_2.5.3	The CHES replacement system should not instruct a cancelled trade (non-crossing) for settlement on a gross or net basis.	Release 2
DC_2.5.4	The CHES replacement system should notify Clearing Participants of a trade cancellation (except for crossings where the participant has opted out of a notification).	Release 2

2.6. Cash market margining and collateral management

For Release 2 of CHES replacement we do not propose changing the cash market margining and collateral management process in current CHES.

ID	Industry design considerations	Scope
DC_2.6.1	The CHES replacement system will continue to calculate and collect margin on the net of unsettled obligations (gross trades and net positions) across all Position Accounts.	Release 2
DC_2.6.2	The CHES replacement system should facilitate segregation in margining and collateral.	Outside of CHES replacement

² Any changes in the approach to excluding securities from netting for certain corporate actions will be considered as part of the BDWG for market claims and diary adjustments.

2.7. Scheduling for settlement

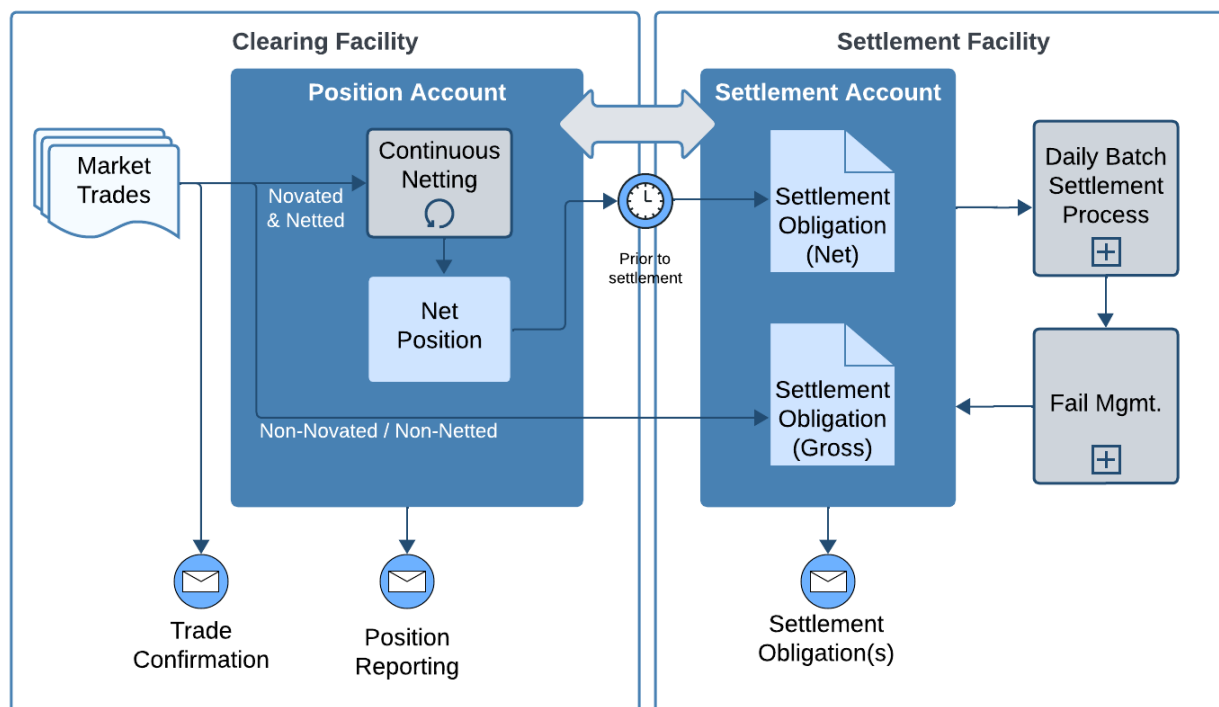


Diagram 2.7A: High Level flow for the scheduling of market settlement obligations

For Release 2 of the CHES replacement system ASX plans to leverage the capability of the TCS BaNCS MI product which registers and continuously nets eligible trades into net positions at the Position Account level and then prior to settlement (typically at the start of the settlement date) generate materialised net settlement obligations. Market trades ineligible for netting or novation will be scheduled as a gross settlement obligation following registration of the trade (subject to exceptions such as deferred settlement trades). The settlement entrepot account associated to the Position Account in which the trades are registered will be used to settle net and gross settlement obligations.

ASX proposes to generate net settlement obligations based on the number of Position Accounts associated to Settlement Accounts (entrepots) as below:

Account association	Net Settlement Obligation
Single Position Account to a Settlement Account (entrepot)	Single net settlement obligations are generated for each net position in the Position Account due to settle in the next settlement cycle.
Multiple Position Accounts to a Settlement Account (entrepot)	Single net settlement obligations are generated that net all like net positions (e.g. with the same trade date, settlement date, security combination) across the multiple Position Accounts due to settle in the next settlement cycle.

ASX proposes that Settlement Participants receive notifications for the settlement obligations scheduled to settle with the option for Clearing Participants to also be notified of their obligations instructed for settlement. This provides the technical foundations to support a separated Clearing and Settlement Participant model and minimises duplication in notifications where the Clearing Participant act as their own Settlement Participant.

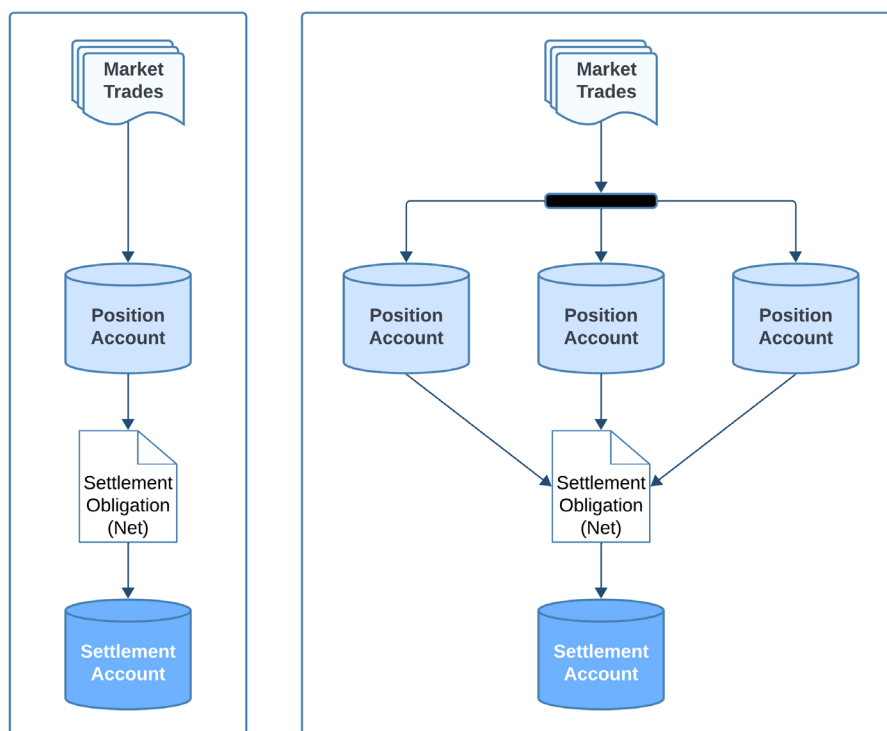


Diagram 2.7B: Net settlement obligations generated based on the single or multiple Position Account to Settlement Account (entrepot) associations.

ID	Industry design considerations	Scope
DC_2.7.1	The CHES replacement system should support a process to generate net settlement obligations for the net positions prior to the batch settlement cycle in which they are scheduled to settle.	Release 2
DC_2.7.2	The CHES replacement system should generate a net settlement obligation against a Settlement Account (entrepot) that nets all like net positions in all Position Accounts associated with the Settlement Account (entrepot).	Release 2
DC_2.7.3	The CHES replacement system should generate a gross settlement obligation against a Settlement Account (entrepot) for market trades ineligible for netting or ineligible for novation registered in a Position Account associated with the Settlement Account (entrepot) (following registration of the trade).	Release 2
DC_2.7.5	The CHES replacement system should notify Settlement Participants of the net and gross (i.e. non-netted) settlement obligations that are generated and scheduled for settlement.	Release 2
DC_2.7.6	The CHES replacement system should optionally notify Clearing Participants of the net and gross settlement obligations that generated and scheduled for settlement.	Release 2
DC_2.7.7	The CHES replacement system should support a mechanism that provides Participants traceability between a settlement obligation and the related net position(s) or gross trades.	Release 2

ID	Industry design considerations	Scope
DC_2.7.9	Where a trade cancellation is received by the CHES replacement system and a gross settlement obligation has already been instructed for Settlement, this settlement obligation should be cancelled and notified to the applicable Settlement Participant.	Release 2