

ASX

CHES Replacement

Technical Committee

7 March 2024



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

ARTWORK BY: LEE ANNE HALL, MY COUNTRY MY PEOPLE



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Important Information

Competition Law Reminder

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

Agenda

01 – Welcome, open actions & feedback

02 – Project status

03 – Working group updates

04 – Scope objective backlog update:
Holding Adjustment Codes

05 – Industry engagement & consultation

06 – Forward work plan

01 – Welcome

Open actions and member feedback

Technical Committee

Open actions

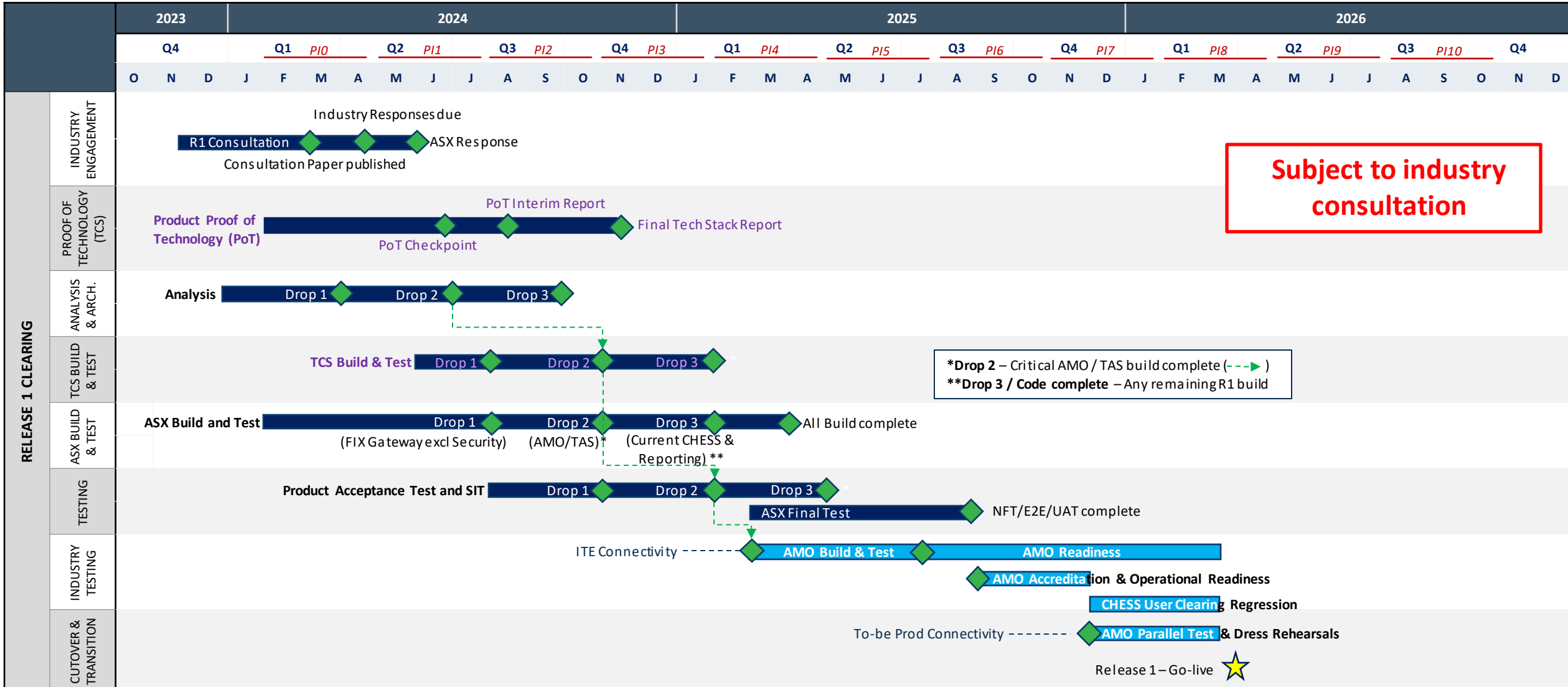
- > **2024 February (1) - Update the project status reporting to include project risks and dependencies**
 - An updated view of the project status and reporting is provided in agenda item 1.

02 – Project status

02 – Indicative Release 1 Project Timeline

High level overview of the proposed timeline, subject to industry consultation

Industry ASX / Vendor Status



Subject to industry consultation

02 – Project Status

March update

> Project update

- The Project continues to scale up resources from delivery partners Accenture and Tata Consultancy Services (TCS).
- Significant work completed to establish and facilitate the project’s ways of working. Over twenty workshops were facilitated by Accenture, covering topics including product backlog structure, project structure, roles and responsibilities, end to end delivery flow, tooling and change control.
- TCS will deliver their code in 3 drops for Release 1. Solution analysis for drop 1 is in progress and TCS will commence build in May with the first drop planned to be delivered in July 24.
- Public release of Consultation Paper on Release 1 by end of Q1 2024.

> Project risks

Area	Description	Mitigation
T+1	If the market prioritises a move to T+1 settlement, significant replanning would be required for the CHES Replacement Project	The Project will monitor the market engagement and provide input as required regarding the optimum plan across CHES Replacement and a potential T+1 cutover.
Proof of Technology (PoT)	ASX is working with TCS to perform a Proof of Technology (PoT), to prove how the product and selected Cloud AWS technology services will scale. There is a risk that the PoT would change the technology platform design for the CHES Replacement solution.	TCS will execute a prioritised set of use cases to give an early indication if any changes in design are required.
Colocation of key resources	Delays in visa processing has resulted in TCS not being onsite which could lead to delays in solution analysis	In February, an ASX team travelled to India for drop 1 solution analysis.

03 – Working group updates



Implementation and Transition Working Group

20 February 2024

03 – Implementation & Transition (I&TWG)

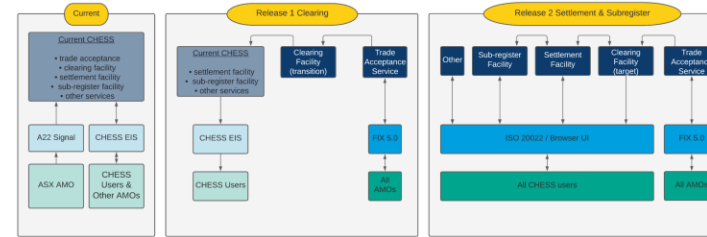
Update from the 20 February Working Group

The I&TWG held 20 February aimed to provide an overview of the upcoming Release 1 consultation, including key topics and areas requesting feedback. Members were provided with:

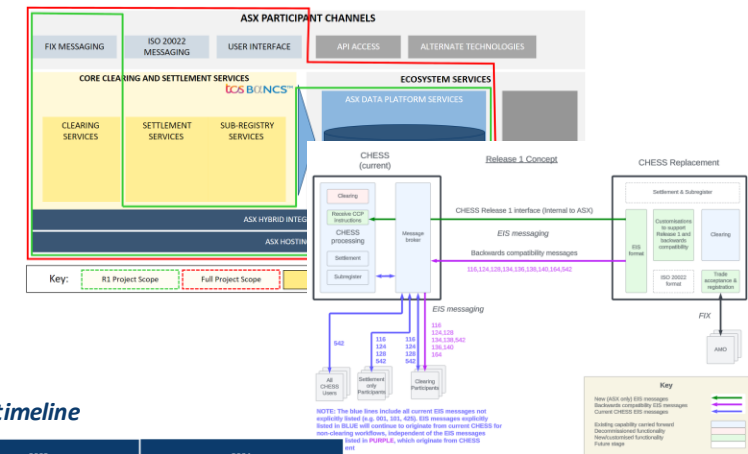
- a recap of the staged implementation approach, including support for the first release to address trade scalability and introduces AMO FIX connectivity, while providing backwards compatibility to minimise impact on CHES users;
- an overview of the Release 1 scope including a conceptual flow of impacted EIS messages, describing how backwards compatibility will be achieved; and
- Feedback was also sought on an overview of the proposed Release 1 Industry Test timeline, indicative scope and supporting documentation plan. Members were provided with a list of documentation, purposes and audiences to be provided by ASX to support the industry test phases.

The next I&TWG is planned for April which will provide an overview of the key themes of Release 1 consultation feedback.

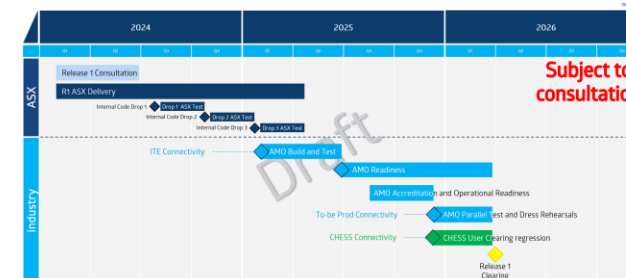
Staged Implementation



Release 1 scope and backwards compatibility



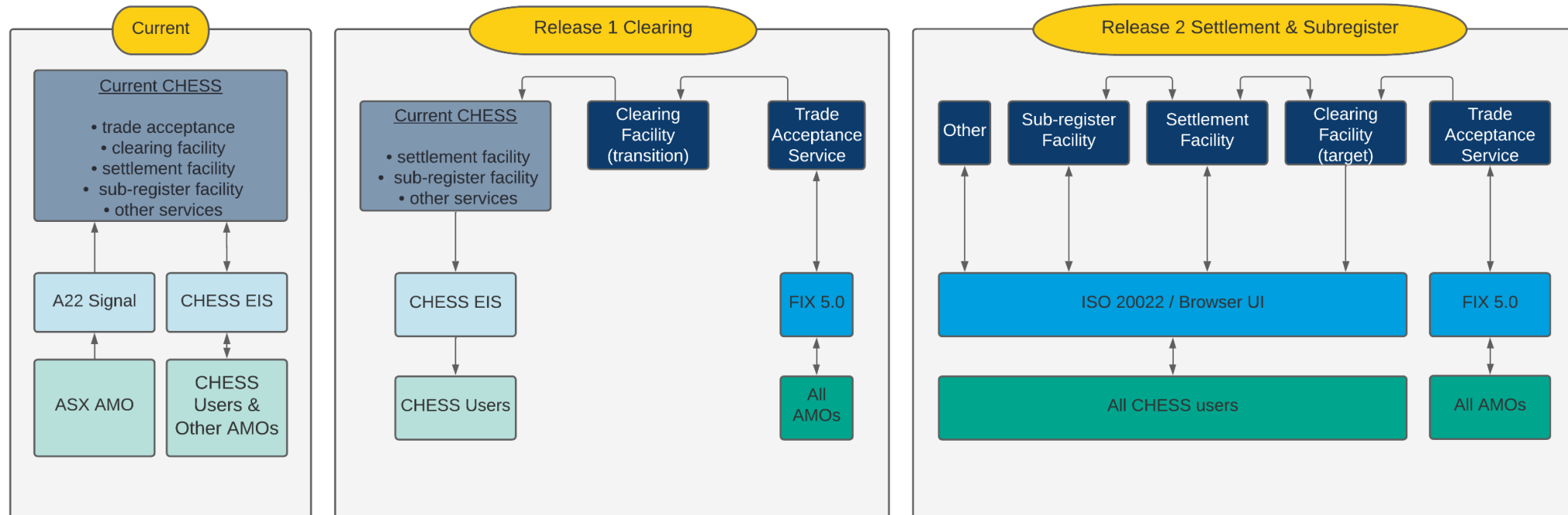
Release 1 Industry Test timeline



03 – I&TWG Staged Implementation Approach

Addressing trade scalability and AMO connectivity via FIX in Release 1

Based on the consultation in the March and April of 2023 Technical Committees, the staged implementation approach (addressing trade scalability and introducing AMO connectivity via FIX in the first release) was accepted on the condition that CHES messaging can achieve backwards compatibility to minimise the impact on CHES Users.

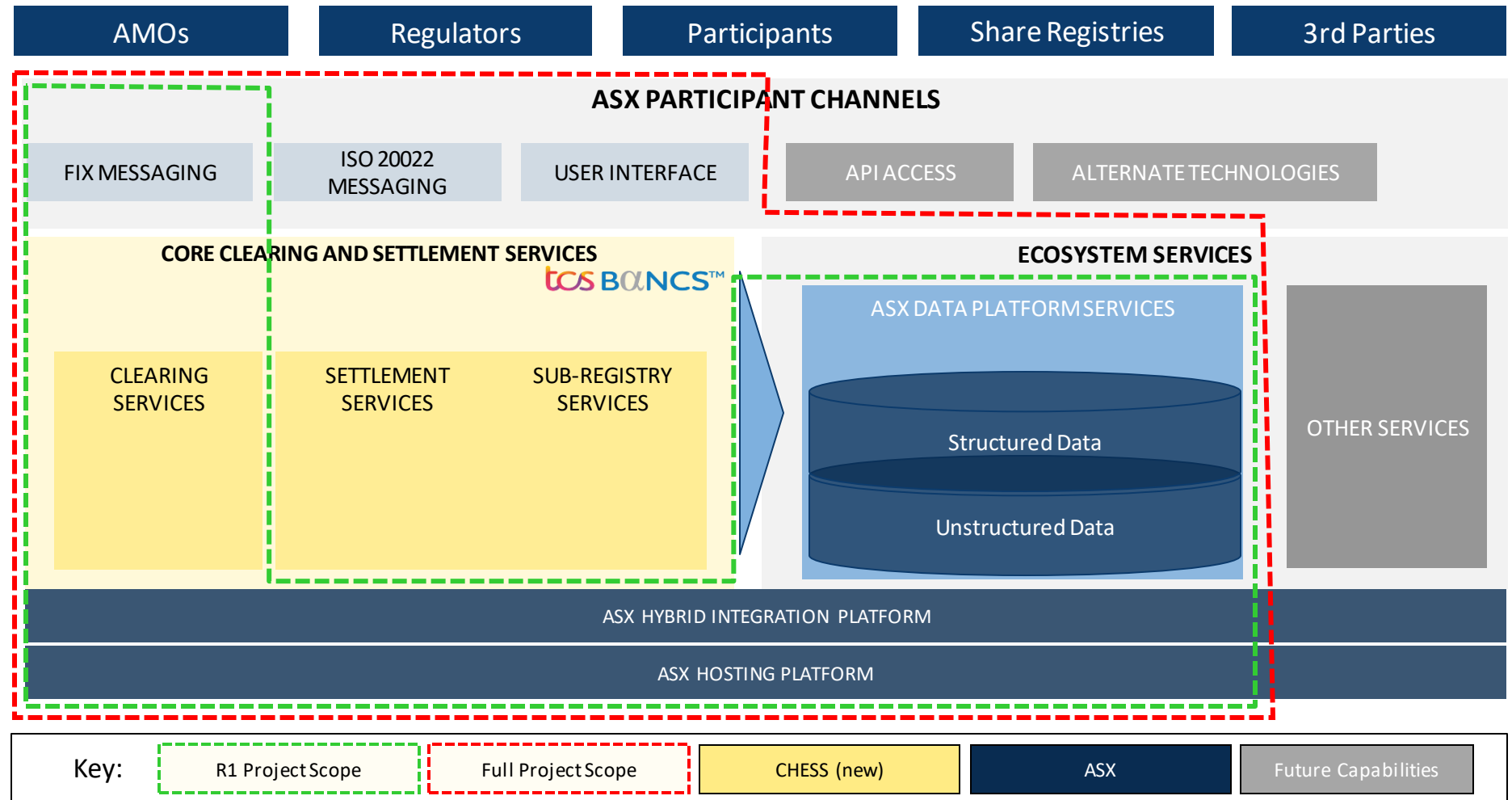


03 – I&TWG Release 1 Scope

Indicative overview

Release 1 is expected to:

- Replace Trade Acceptance Service adopting FIX messaging for trade registration, cancellation and end-of-day price reporting
- Replace clearing service component for CS participants and will establish backward compatibility design for EIS messaging for all clearing workflows only
- Keep non-clearing workflows unchanged ensuring no impact to other CHES User types.

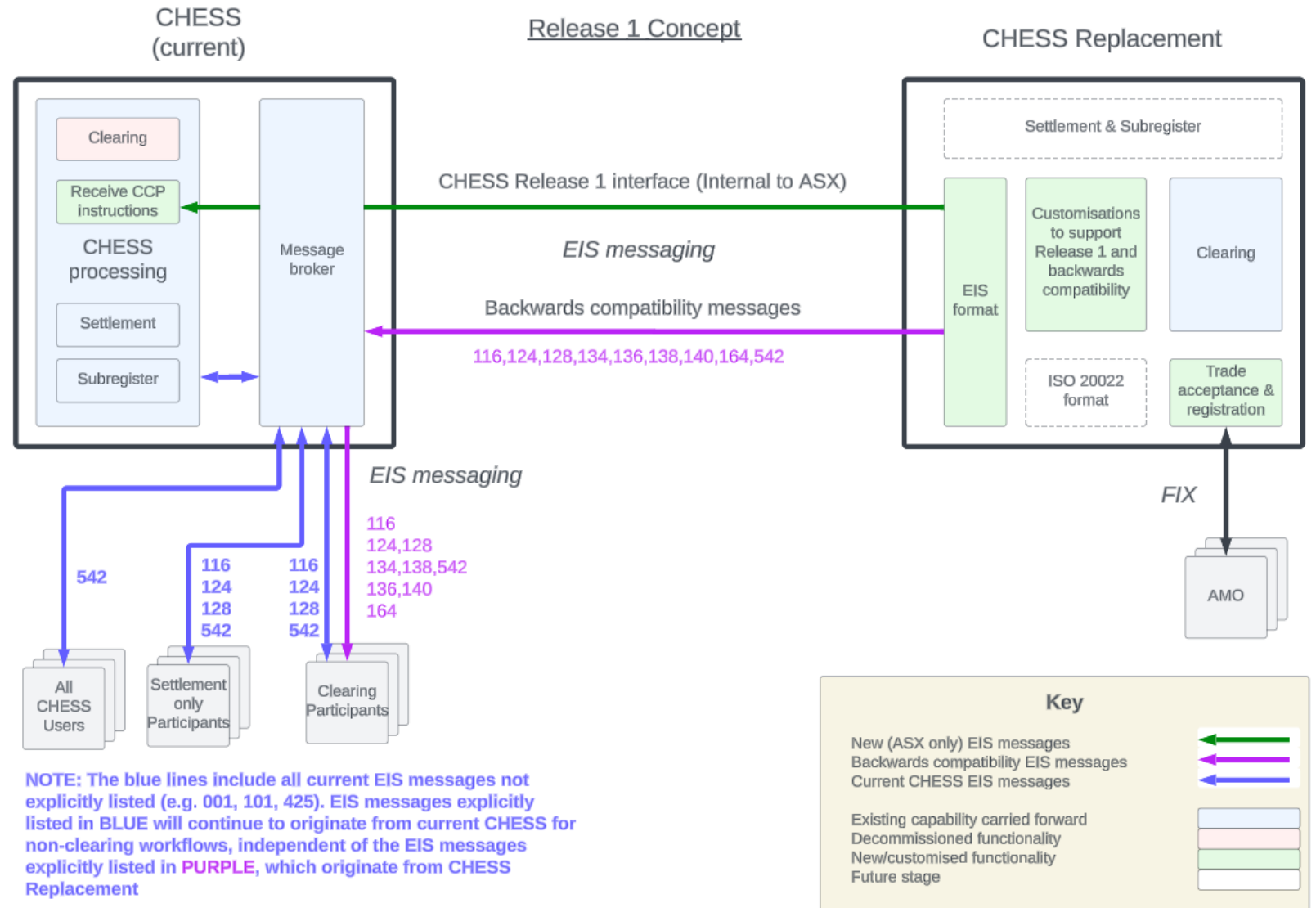


03 – I&TWG Release 1 minimising impact to CHES users

By achieving backwards compatibility

- CHES Replacement system will create and send CHES formatted messages to current CHES for all trade registration and clearing workflows
- Clearing Participants will continue to receive these messages via the existing connectivity with CHES
- All messages originating from non-Clearing workflows continue AS IS between CHES Users and current CHES.

The Consultation Paper for Release 1 provides a list of EIS messages that will be in scope for CHES User Regression test.



03 – I&TWG Release 1 Industry Testing

Release 1 Industry Test Supporting Documentation

ASX intends to share a range of Release 1 documentation and artefacts roughly three months prior to the commencement of the corresponding industry test phase to provide time for AMOs and CS participants to prepare.

Document	Purpose of Document	Audience
Functional and Technical Specifications for AMOs	Provide a detailed specification of all FIX messages including message structures, rules, message flow diagrams etc.	AMOs and their software providers
CHES Replacement Release 1 Industry Test Approach	Describe the detailed approach and responsibilities, timing, entry and exit criteria and expected test outcomes etc.	AMOs and their software providers, and CS Participants
Release 1 Connectivity Guide	Detail the technical connectivity requirements to connect to the CHES replacement system including connectivity method(s), network details and security details.	AMOs and their software providers
Release 1 Technical Accreditation Guide (with detailed accreditation scenarios)	Provide an overview of the CHES replacement Technical Accreditation phase, expectations regarding conduct and expected results including the accreditation process, connectivity scenarios and message scenarios.	AMOs and their software providers
Release 1 Guide to Operational Readiness Phase (with ASX mandated Operational Readiness scenarios)	Outline the Operational Readiness scenarios including mandatory success criteria.	AMOs
Guide to AMO Parallel Test Guide	Provide details of key activities and expectations regarding conduct and expected results including entry and exit criteria.	AMOs and their software providers, and CS Participants
Release 1 Cutover and Migration Approach	Detail the cutover and migration approach, key activities, responsibilities and milestones across the cutover window and dress rehearsal windows.	AMOs and their software providers, and CS Participants
Cutover Runbook	Provide AMOs with key tasks and milestones with an outline of detailed steps including planned timing. The runbook will be used in dress rehearsals and refined as required ahead of the final go-live event.	AMOs



Business Design Working Group

28 February 2024

03 – Business Design Working Group

Upcoming Sessions

	Proposed Topic	Objectives	Proposed Date	Applicable Users
-	Kick-off and Planning	-	11 December 2023	Technical Committee Members
1	Clearing Design – Trade Acceptance and Netting	4.1, 5.3	31 January 2024	AMOs, Clearing Participants, Software Providers
2	SRN Enquiries & Issuer Sponsored Holdings	1.3, 1.4	28 February 2024	Settlement Participants, Share Registries, Software Providers
3	Data & Connectivity	1.6	27 March 2024	Software Providers, Settlement Participants, Share Registries
4	Payments	3.2, 4.5	April 2024	Payment Providers, Settlement Participants, Share Registries
5	Cum Entitlement Balance Design Review	3.4, 5.5	April 2024	Software Providers, Settlement Participants, Share Registries
6	Settlement Design (Matching, Batch Settlement)	4.2, 5.3, 2.1, 2.2	May 2024	Settlement Participants, Payment Providers, Software Providers
7	Registration Details & Investor Information	1.1, 3.6	June 2024	Settlement Participants, Share Registries, Software Providers
8	Corporate Actions – DRP, Entitlements, Distribution Information	3.2, 3.3, 3.5, 3.7, 3.8	July 2024	Settlement Participants, Share Registries, Software Providers
9	Settlement Design cont... (Matching, Non-Batch DVP, Linking, Locking)	1.5, 2.1, 2.2, 2.6, 4.3, 4.4, 4.5	August 2024	Clearing Participants, Settlement Participants, Software Providers
10	Market Claims (Diary Adjustments)	3.1	September 2024	Settlement Participants, Software Providers

Note: indicative order, subject to change based on industry inputs and further planning. Multiple sessions may be required per topic.

03 – Business Design (BDWG) (1/2)

Update from the 28 February Working Group

1.3 SRN Enquiry and Validation

Implement a faster and more efficient SRN enquiry process

Problem

- Unclear and inconsistent approaches to SRN enquiry and validation rules across the industry, resulting in false rejections.
- Strict matching criteria that requires exact CHES registration details make it difficult for brokers to retrieve SRNs.
- Inability to make enquiries on delisted securities.
- Participants initiating 007 or 011 messages (CHES to Issuer transfer/conversion) are often unable to obtain the SRNs immediately. There can be a delay of up to 24 hours, which can inhibit settlement and/or other business processes.
- Multiple messages are required for SRN and balance enquiries, and SRN enquiry messages don't allow multiple SRNs to be returned.
- Limitations in the message has resulted in incorrect information in the SRN enquiry response including balances that include locked/restricted holdings.

Industry Proposed Solution

- Standardise, document and get industry agreement on registries matching rules to improve response rates and improve market clarity.
- Registries to return exact registration details or provide more information regarding the search error (provided it does not enable phishing of SRNs and SRN details).
- Standardise the validation and matching criteria between all Registries.
- Reduced SLAs for response times, where practical/viable.
- Expand SRN enquiry message to permit bulk/multiple requests.
- Extend SRN responses to include additional supplementary information (e.g. available, locked and total holdings).

Business Benefits & Risks

Business Outcomes/Benefits

- Remove friction for Participants wish to transfer/convert holdings between sub-registers.
- Reduce rejection rates for issuer conversions.
- Reduce duplicate issuer sponsored holder records.
- Timely creation of SRN for cross border transfers.

Risk/Challenges

- Controls need to be in place to protect against broad matching and SRN phishing.

03 – Business Design (BDWG) (2/2)

Update from the 28 February Working Group

1.4 Issuer Sponsored Holding Locks

Reduce settlement risk in relation to issuer sponsored sales

Problem

- Brokers do not have line of sight of any issuer sponsored holding locks and do not know until the transfer request is rejected. This impacts settlement and may result in fail fees.
- Brokers will only transfer stock into the accumulation HIN upon a trade, there is risk associated with uncoordinated timings between issuer/broker sponsored settlements.

Proposed Solutions

- Permit a broker to request a temporary lock on Issuer Sponsored Holdings.
- Give brokers visibility on locks that apply to SRN holdings.

Business Benefits & Risks

Business Outcomes/Benefits

- Reduce risk in relation to Issuer Sponsored Sales
- Greater alignment in processes between CHES and Issuer sponsored securities.

Risk/Challenges

- Design considerations to consider:
 - Would it anticipate immediate 'give-up' of the stock be required?
 - Would the holding lock be lifted and transfer affected before batch settlement?
 - Would it compress the time the Registries have to affect the movement of shares?
 - How long would the lock exist?
- Brokers need an agreement to take stock on before settlement and taking ownership until settlement (e.g. corporate actions, updates).



04 – Scope objectives backlog update

Holding Adjustment Codes

04 – CHES Replacement Scope Objectives

Prioritised backlog

Functionality	Ref	Scope Objective	Status	Update
Changes to Netting Process	4.1	Review the design for netting in the context of the solution	January BDWG	Business Design Document prepared, feedback received and incorporated. Final draft to be shared with BDWG attendees following the meeting. Other TC members can request a copy.
Interoperability	5.3	Ensure the solution is designed to enable potential future interoperability between CCPs, SSFs and/or sub-registers	January BDWG (Clearing) May BDWG (Settlement)	As above Further engagement planned for May BDWG on settlement design
SRN enquiry and validation	1.3	Implement a faster and more efficient SRN enquiry process	February BDWG	28 February BDWG completed. Business Design Document in drafting to be shared in the next 1-2 weeks.
Issuer sponsored improvements	1.4	Reduce settlement risk in relation to issuer sponsored sales	February BDWG	28 February BDWG completed. Business Design Document in drafting to be shared in the next 1-2 weeks.
Payments	NEW – 2.8	Payment processes for corporate actions, batch and non-batch DvP settlement processes	March ESPPSC, April BDWG	Payment Providers to be engaged at ESPPSC in March, including a survey. Further discussions with participants planned for BDWG in April.
Continuous holding balance	1.6	Provide more efficient, reliable and faster access to holding information	March BDWG	Planned for March BDWG on data access & connectivity
Registry HIN Validation	NEW – 1.7	Provide the ability for Share Registries to validate account details to facilitate CHES allotment of investor accepted offers	March BDWG	Planned for March BDWG on data access & connectivity
Cum entitlement balances	NEW – 5.4	Review use cases for Cum Entitlement balances and assess its continued effectiveness for the Australian market	April BDWG	New objective to evaluate opportunities to improve or re-design the current entitlement transfer process in context of the solution.
Changes to settlement process	4.2	Review the design for settlement in the context of the solution	May BDWG	Planned for May BDWG on settlement design
Risk Enhancements	NEW - 4.7	Risk and default management review and potential ASX risk enhancements	May BDWG	Planned for May BDWG on settlement design
Bilateral Matching Improvements	2.1	Reduce operational risk by ensuring participants are able to submit and match transactions in the system as soon as practical whilst minimising the likelihood of incurring a failed settlement (e.g. being able to separately match and schedule a transaction)	May BDWG August BDWG (cont.)	Planned for September BDWG on settlement instructions (matching, non-batch DVP, linking, locking)
Bilateral Matching Improvements	2.2	Reduce operational risk by minimising mismatches and failed matches by increasing the data sharing and matching fields available and/or making use of information available in upstream systems	May BDWG August BDWG (cont.)	Planned for September BDWG on settlement instructions (matching, non-batch DVP, linking, locking)
Registration details and investor information	1.1	Standardise, improve and better synchronise the data sharing between participants and share registries	June BDWG	Planned for June BDWG on registration details and investor information

Proceed to CHES replacement design

04 – CHES Replacement Scope Objectives (cont...)

Prioritised backlog

Functionality	Ref	Scope Objective	Status	Update
Corporate action election and acceptance processing	3.2	Provide standardised straight through processing capability for corporate action elections and cost-effective associated payments	July BDWG	Planned for July BDWG on corporate actions (DRP, entitlements and distribution information). Engagement on Payments via ESPPSC starting March.
Corporate action election and acceptance processing	3.3	Reduce operational risk in relation to DRP standing instructions	July BDWG	Planned for July BDWG on corporate actions (DRP, entitlements and distribution information)
Electronic notification of payment advice	3.5	Provide standardised electronic transmission of corporate action distribution information to create opportunities for automation and process improvement.	July BDWG	Planned for July BDWG on corporate actions (DRP, entitlements and distribution information)
Bid Offeror Automation	NEW – 3.10	Provide an electronic Bid Offeror finalisation process in relation to Takeovers & Buybacks.	July BDWG	Planned for July BDWG - Corporate Actions (DRP, entitlements and distribution information)
Linking Bilateral Settlements	4.3	Settlement Linking – review and evaluate solution design	August BDWG	Planned for August BDWG on settlement instructions (matching, non-batch DVP, linking, locking)
Settlement Lock for CHES Holdings	4.4	Settlement Locking – review and evaluate solution design	August BDWG	Planned for August BDWG on settlement instructions (matching, non-batch DVP, linking, locking)
Non-batch DvP Bilateral Settlement	4.5	Bilateral Non-Batch DvP Settlement – review and evaluate in the context of payment processes	August BDWG	Planned for August BDWG on settlement instructions (matching, non-batch DVP, linking, locking). Engagement on Payments via ESPPSC starting March.
Electronic Dividend Claims	3.1	Review and enhance the current processes for automated claims (diary adjustments) to ensure it continues to meet the market needs.	September BDWG	Planned for September BDWG on market claims (diary adjustments)

04 – Current CHES & Further Consideration Scope Objectives

Prioritised backlog

	Functionality	Ref	Scope objectives for evaluation in current CHES	Status	Update
Evaluate in current CHES	Corporate actions – holding adjustments	3.7	Ensure holding adjustment reason codes are up to date and being used correctly	March TC for update	Potential improvements in current CHES to be presented in March TC
	ETF Creations & Redemptions	1.5	Reduce operational risk in relation to the current ETF creation/redemption workflow	March TC for update	Potential improvements in current CHES to be evaluated alongside 3.7
	Corporate actions – bank account information	3.6	Evaluate whether ASX can help with the transmission of bank account information in relation to bid offers	May TC for update	Potential improvements in current CHES to be presented in May TC
	Corporate actions – sub-register state	3.8	Make sub-register state more readily available to participants to help improve processes in relation to de-listings	Future TC	Factored in to CHES Replacement scope Potential improvements in current CHES to be presented in future TC (TBD)
	Settlement Improvements	2.6	Scheduled Settlement CHES to CHES Transfer Request (MT107) - support usage within a participant group structure	Future TC	Factored in to CHES Replacement scope Potential improvements in current CHES to be presented in future TC (TBD)
	Functionality	Ref	Scope objectives in backlog for further consideration	Status	Update
Further consideration required	House/Client Segregation	5.2	House/client segregation consultation and potential impacts to the CHES Replacement Project	January BDWG	Discussed in the 31 January BDWG on Clearing design – Trade acceptance and netting Further bilaterals required, followed by further working groups if needed.
	Standing Instructions	2.3	Reduce operational overhead in relation to payment provider authorisations by allowing for automated approvals in the system within cash limits.	March ESPPSC, April BDWG	Planned for discussion in March BDWG on payments and ongoing review in the ESPPSC
	Preliminary Payment Notifications	2.4	Provide more certainty by enabling more frequent and/or configurable access to preliminary payment data.	March ESPPSC, April BDWG	Planned for discussion in March BDWG on payments and ongoing review in the ESPPSC
	Bilateral Matching Improvements	2.5	Bilateral Matching – use of Transaction Basis (on and off-market)	April TC for update	Potential improvements in current CHES to be presented in April TC
	Registration Details and Investor Information	1.2	Foreign restricted securities - review and simplify the current processes for holdings and transfers	Future TC	To be presented at a future TC, timing to be advised
	Settlement Improvements	2.7	Deferred settlement securities – review process to ensure/improve settlement efficiencies	Future TC	To be presented at a future TC, timing to be advised
	Cum Entitlement Balance Transfer	3.4	Evaluate opportunities to facilitate the transfer of entitlements (pre and/or post Record Date) ensuring this does not impact issuer schedules.	On hold	To be assessed based on outcomes of April BDWG on Cum Entitlement Balances
	Proxy voting	3.9	Standardised electronic proxy voting	Future backlog	Improvements in CHES Replacement to be evaluated at a later stage
	T+1	5.1	T+1 consultation and potential impacts to the CHES Replacement Project	In progress via T+1 WG	In progress via separate engagement on T+1

04 – Scope Objective Industry Feedback Recap

Holding adjustment codes

3.7 Corporate Action Efficiencies

Ensure holding adjustment reason codes are up to date and being used correctly

Problem

- Inconsistencies in the reason codes used in CHES adjustment messages makes it difficult for participants to understand why an adjustment has been made.
- The previous CHES Replacement project had addressed this issue with new holding adjustment reason codes, the problem is in relation to an interim solution required for current CHES.
- Manual operational and technical processes are required when participants receive holding adjustments without a specific reason code.

Proposed Solutions

- Review current list of holding adjustment reason codes and their usage.
- Refine the list of holding adjustment reason codes to ensure all known use cases are covered.
- Proposal to update and add new holding adjustment reasons so the intention is clear why a holding adjustment has been made.
- Ensure reason codes used are aligned to workflows where a reason code exists.

Business Benefits & Risks

Business Outcomes/Benefits

- Having consistent use of reason codes will increase efficiency.
- Will provide greater visibility to Participants for adjustments made to holdings.
- Reduction in overhead processes due to manual rectification of adjustments.

Risk/Challenges

- Operational and technical considerations.

1.5 ETF Creations and Redemptions

Reduce operational risk in relation to the current ETF creation/redemption workflow

Problem

- There are inefficiencies in the current ETF creation and redemptions process.

Proposed Solution

- Proposal for the introduction of a new reason code for ETF created holding adjustments so Participants are aware of why the holding adjustment occurred.

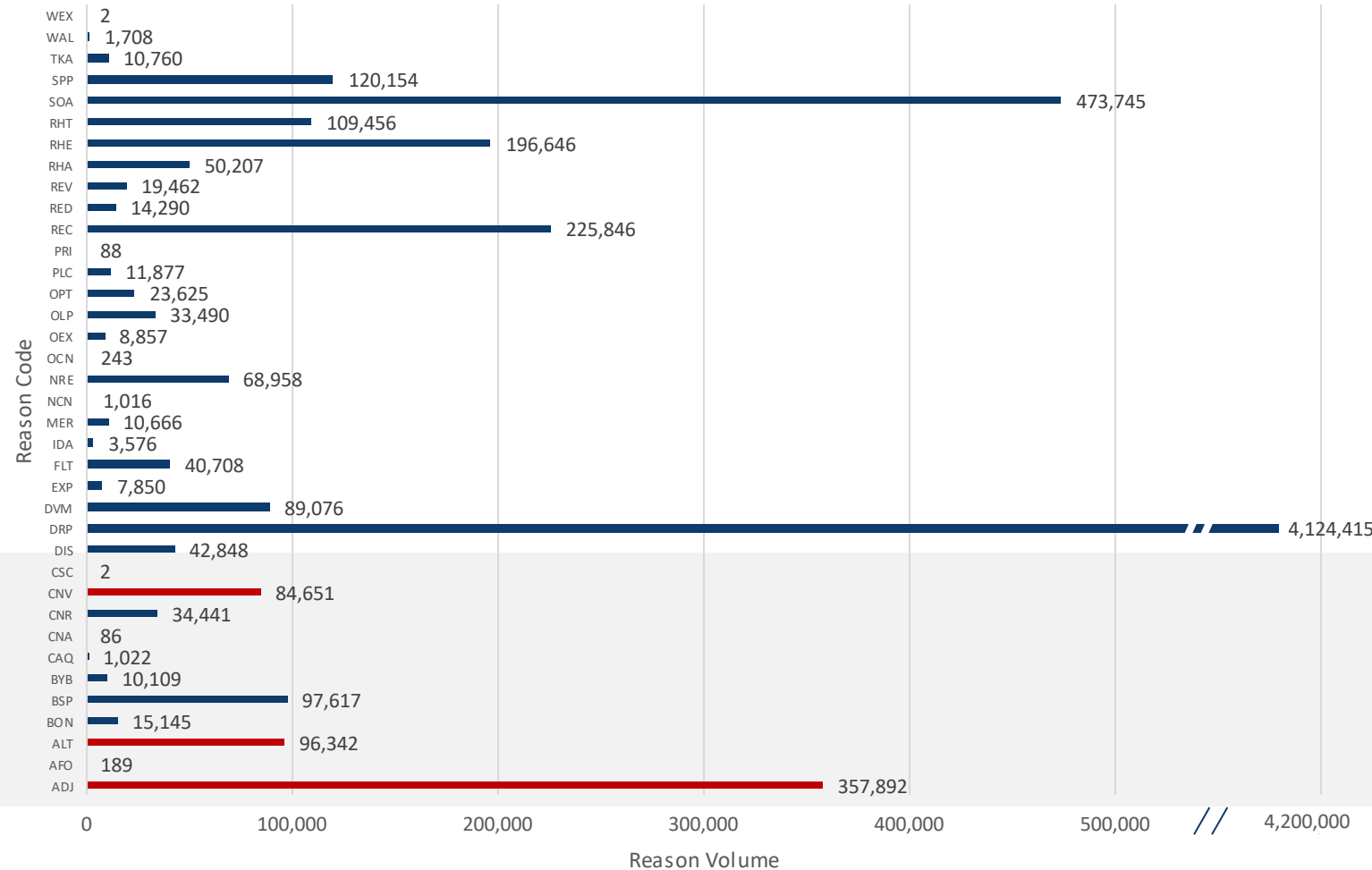
Business Benefits & Risks

- Improve operational efficiency in relation to ETF transactions.

04 – Reason code usage for Holding Adjustment (MT425)

To notify an adjustment to a holding balance

Count by Reason Codes used on MT425s during Sep 22 to Nov 23 (Inclusive)



Reason Codes

WEX	Warrant Exercise	EXP	Imminent Expiry of Security used as Collateral
WAL	Warrant Allotment	IDA	Forfeiture of Partly Paid Shares
TKA	Takeover Consideration Allotment	FLT	Float
SPP	Share Purchase Plan	DRP	Dividend Plan Allotment
SOA	Scheme of Arrangement	DVM	Divestment
RHT	Renounceable Rights Issue Allotment	DIS	Distribution in Specie
RHE	Renounceable Rights Entitlement Allotment	CNR	Convertible Note Redemption / Maturity
RHA	Renounceable Rights Accepted	NCN	Convertible Note Conversion
REC	Reconstruction	CNA	Convertible Note Allotment
PLC	Placement	CAQ	Compulsory Acquisition by Offeror
OCN	Options Conversion	MER	Company Merger
OLP	Option Lapsed	CSC	CHES Subregister Closed
OEX	Option Exercised	BYB	Buy-Back
OPT	Option Allotment	BSP	Bonus Share Plan
NRE	Non-Renounceable Issue Allotment	BON	Bonus
PRI	Non Pro Rata Balance	REV	Allotment Reversal
RED	Miscellaneous Redemption	AFO	Adjustment of Foreign Ownership
CNV	Miscellaneous Conversion	ADJ	Adjustment
ALT	Miscellaneous Allotment		

Proposal to reduce usage of CNV, ALT and ADJ

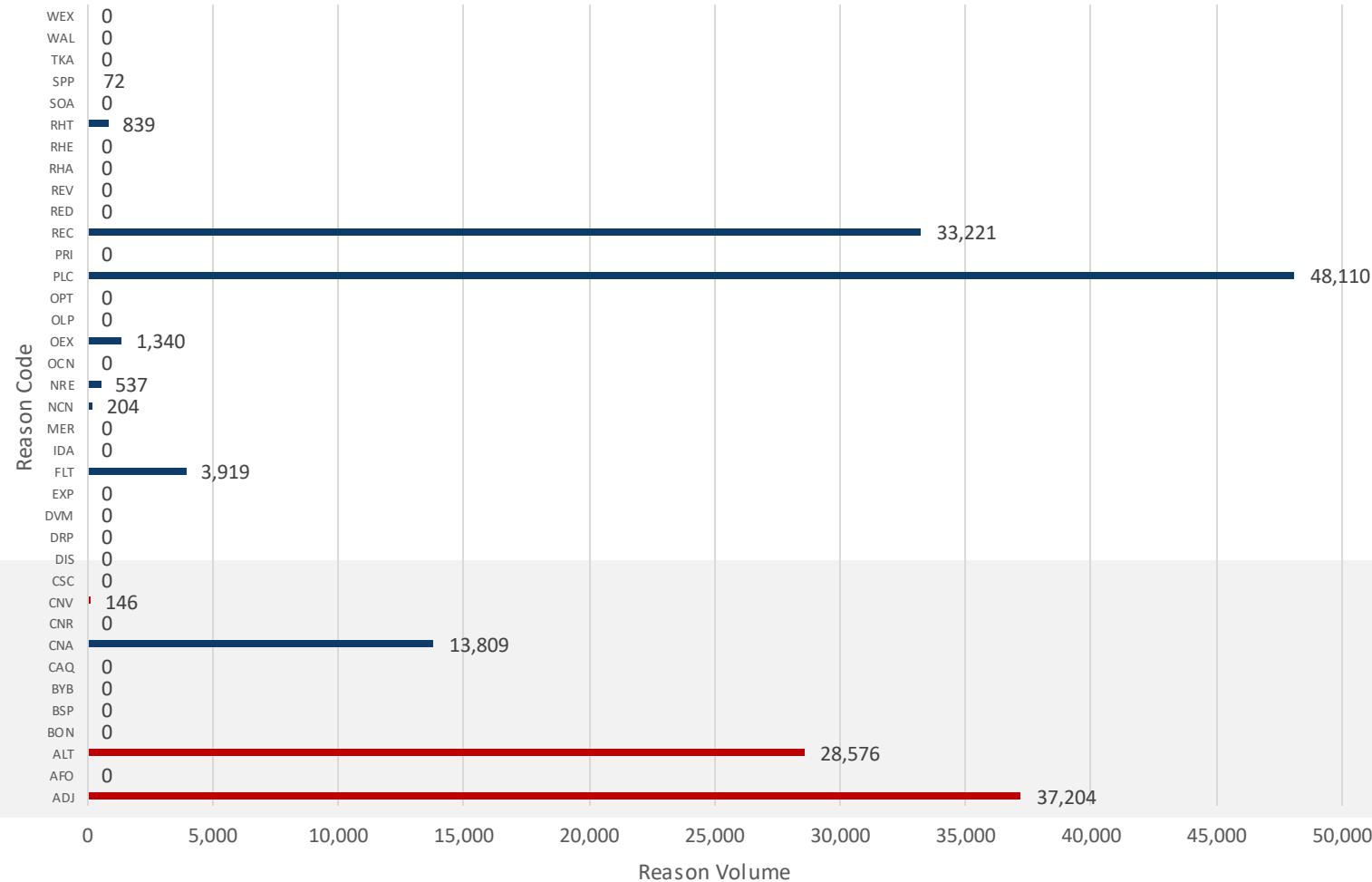
Reason codes CNV, ALT and ADJ account for ~8% (538,885) of total MT425 adjustments.

Total of 6,387,065 transactions over a 15 month period.

04 – Reason code usage for Securities Transformation (MT421)

To notify the reduction of one holding with a corresponding increase in another CHESS holding

Count for Reason Codes used on MT421s during 26-Sep -22 to Dec 23 (Inclusive)



- WEX Warrant Exercise
- WAL Warrant Allotment
- TKA Takeover Consideration Allotment
- SPP Share Purchase Plan
- SOA Scheme of Arrangement
- RHT Renounceable Rights Issue Allotment
- RHE Renounceable Rights Entitlement Allotment
- RHA Renounceable Rights Accepted
- REC Reconstruction
- PLC Placement
- OCN Options Conversion
- OLP Option Lapsed
- OEX Option Exercised
- OPT Option Allotment
- NRE Non-Renounceable Issue Allotment
- PRI Non Pro Rata Balance
- RED Miscellaneous Redemption
- CNV Miscellaneous Conversion
- ALT Miscellaneous Allotment

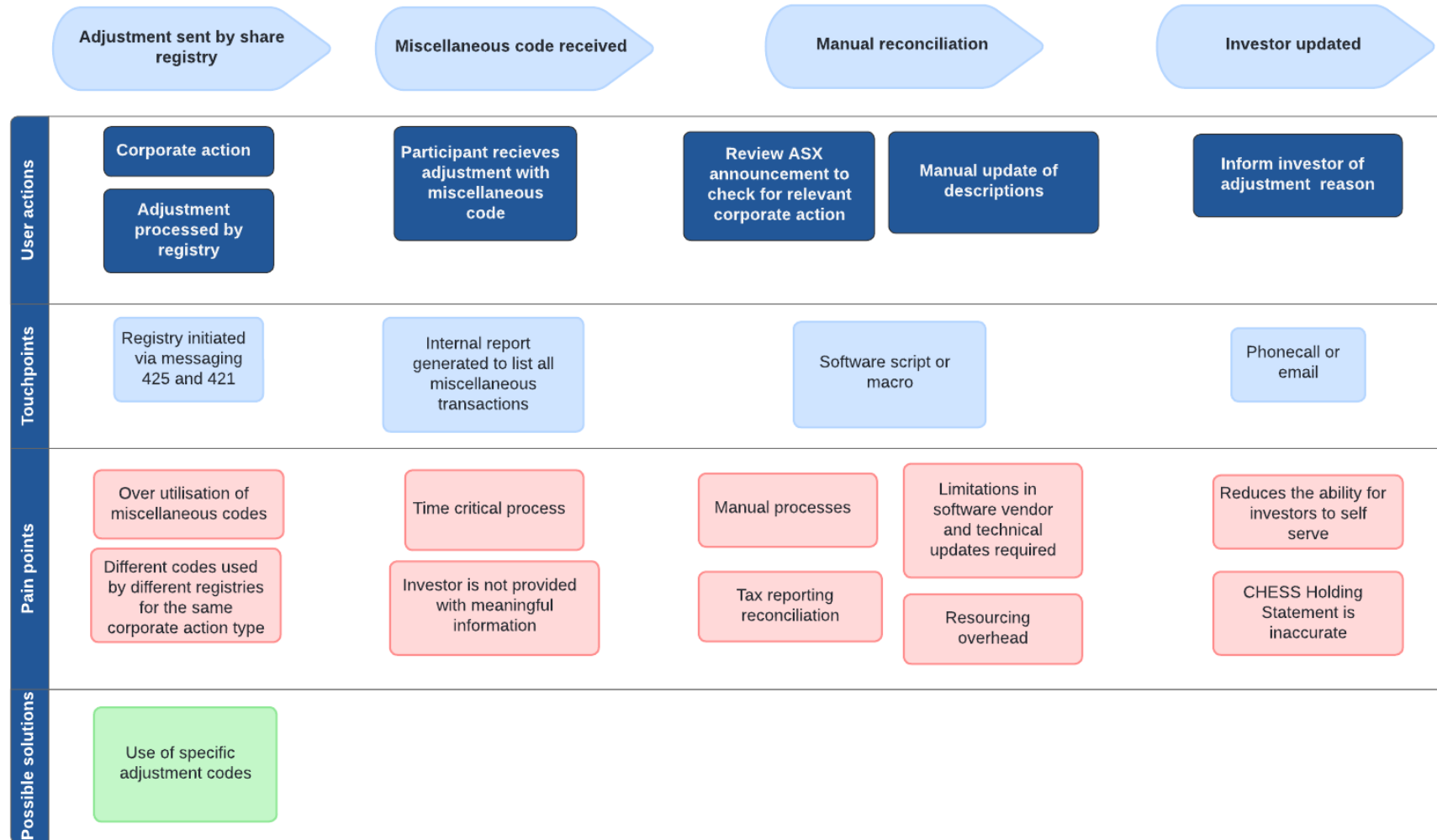
Proposal to reduce usage of CNV, ALT and ADJ

Reason codes CNV, ALT and ADJ account for ~40% (65,926) of total MT421 adjustments.

Total of 167,977 transactions over a 15 month period.

04 – Customer user journey

Miscellaneous holding adjustment transaction



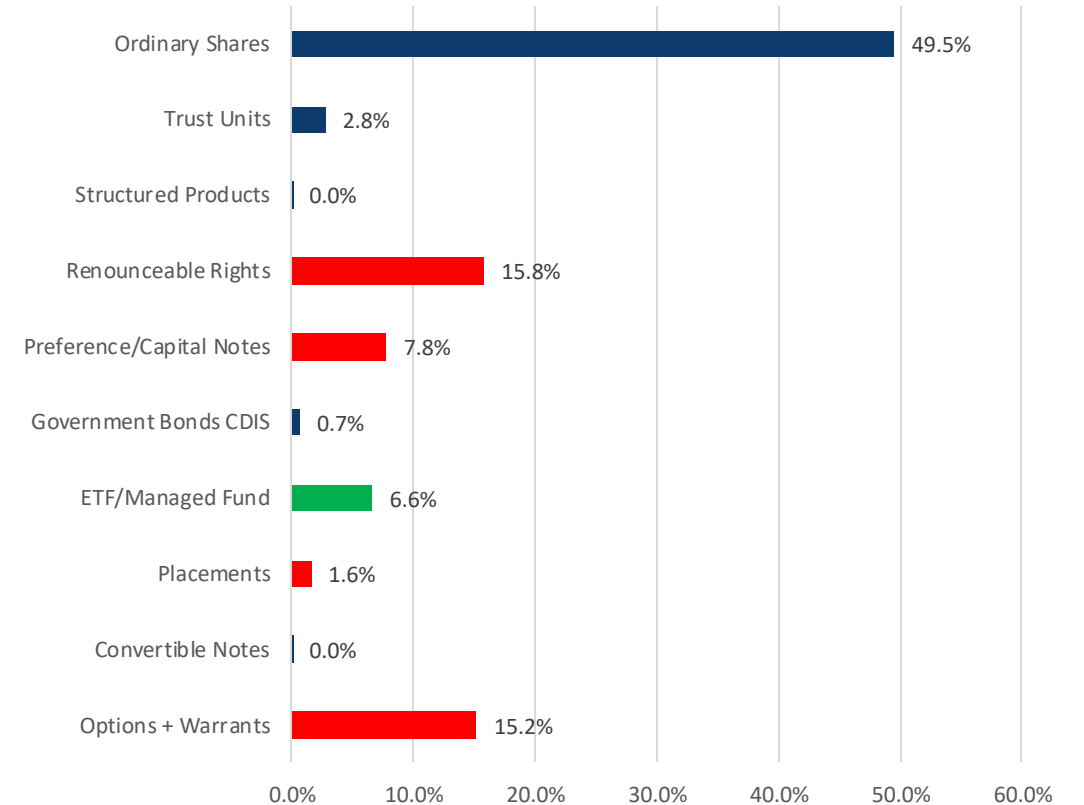
04 – MTD425 ADJ Statistics

Use of ADJ by volume and security type

Top 5 Holding Adjustments by volume between Sep 22 to Nov 23

Date	Holding Adjustment Volume	Adjustment Announcement	Code used	Alternative code available?
15/12/2022	23,592	Scheme of arrangement implemented	ADJ	SOA – Scheme of arrangement
21/10/2022	11,215	Transfer of shares due to voluntary administration	ADJ	New code required?
07/06/2023	16,213	Non renounceable entitlement offer	ADJ	NRE – Non renounceable issue offer
28/11/2023	11,932	Scheme of arrangement implemented	ADJ	SOA – Scheme of arrangement
09/06/2023	27,790	Redemption of Undated Capital Notes	ADJ	RED – Miscellaneous Redemption

% of ADJ Transactions by Security Type



04 – Suggested changes for discussion

Reduce usage of miscellaneous reason codes

ASX is requesting feedback regarding any use cases that are outside of the current reason code list.

- In the previous CHES Replacement project, the proposal was to remove 7 existing holding adjustment codes and add 4 new ISO codes.
- The suggested changes to be discussed for current CHES are to reduce or remove the usage of 3 miscellaneous codes and add 1 new code. This provides opportunities for the industry to extract resourcing and automation benefits prior to Release 2, with minimal changes to existing workflows.

Proposal:

Reduce or remove the usage of three miscellaneous holding adjustment reason codes:

- 1. ADJ – Miscellaneous Adjustment:** Used where no specific reason code is applicable (e.g. unusual corporate actions)
- 2. ALT – Miscellaneous Allotment:** Used for allotment of securities where no specific reason code is applicable.
- 3. CNV – Miscellaneous Conversion:** Used for conversions of securities other than convertible notes.

Add one new holding adjustment reason code:

- 1. ETF – Exchange traded Fund**
 - The new code would be used for the creation or redemption of exchange traded fund related units.
 - This is intended to be a pass through value that will not drive any business logic.

04 – Next Steps

Action items to be confirmed in future Technical Committees

Proposed next steps:

- Members to provide feedback to ASX regarding any feedback or use cases that are outside of the available reason code list
- Bilaterals with registries to work through processes, use cases and flow on effects of the proposed changes
- ASX to provide draft solution proposal to TC members for feedback
- Present final solution to TC (and BC if required) for endorsement
- Any changes in current CHESS must be prioritised against ASX's regulatory obligations and technical change roadmap



05 – Industry engagement & consultation

05 – Public consultation

Q&A

Consultation Paper 1

- Formal consultation with stakeholders will commence in Q1 CY24.

- Consultation Paper 1 seeks feedback on:
 - The staged implementation approach to CHES replacement: the high level project plan and indicative timeline for Release 1 and Release 2, including the design, scope and timing for each of the releases.

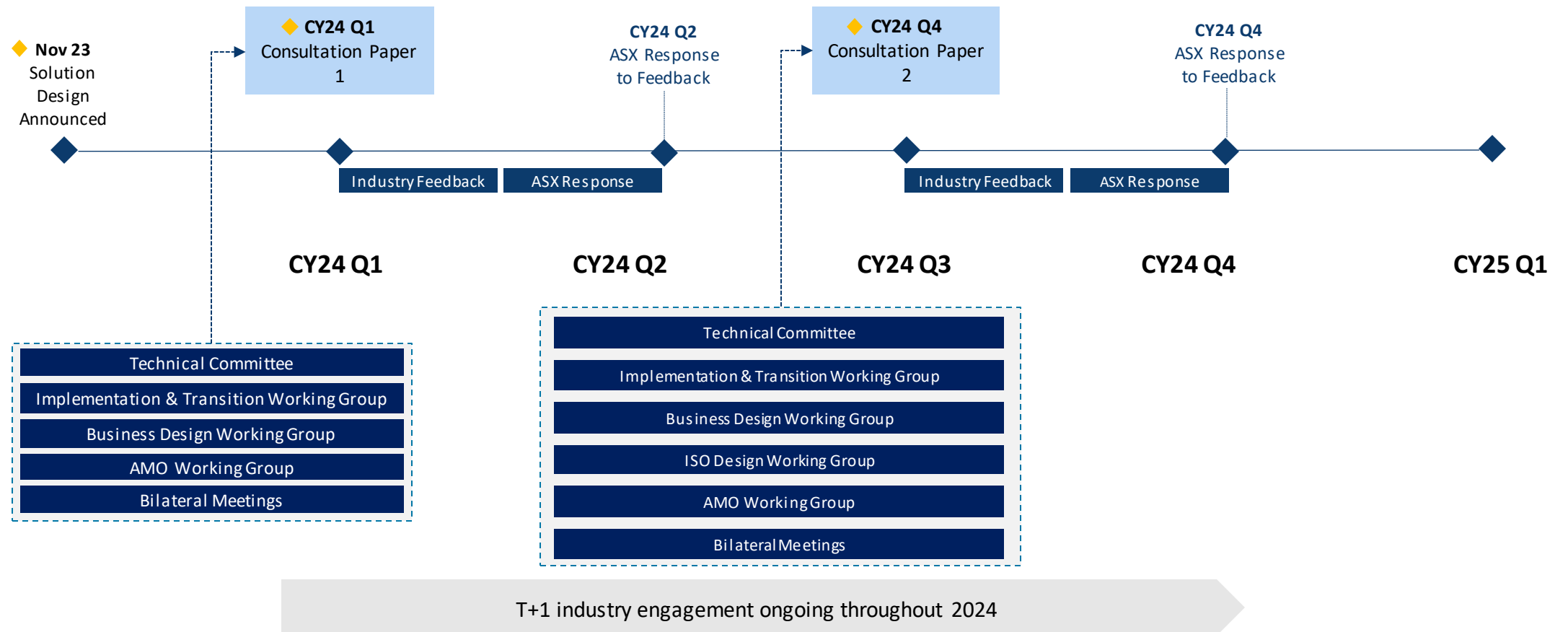
 - The scope and approach to Release 1: key project activities, timelines, and milestones, as well as other matters including the proposed approach to system development and testing, user testing, technical accreditation, and operational readiness.

- Consultation Paper 1 responses will be due ~**mid/late-April**.

05 – Public consultation

Consultation timeline

Formal consultation with stakeholders will commence in the first quarter of 2024 and cover the high-level project plan and an indicative timeline for the releases, including the design, scope, and timing for each of the releases.



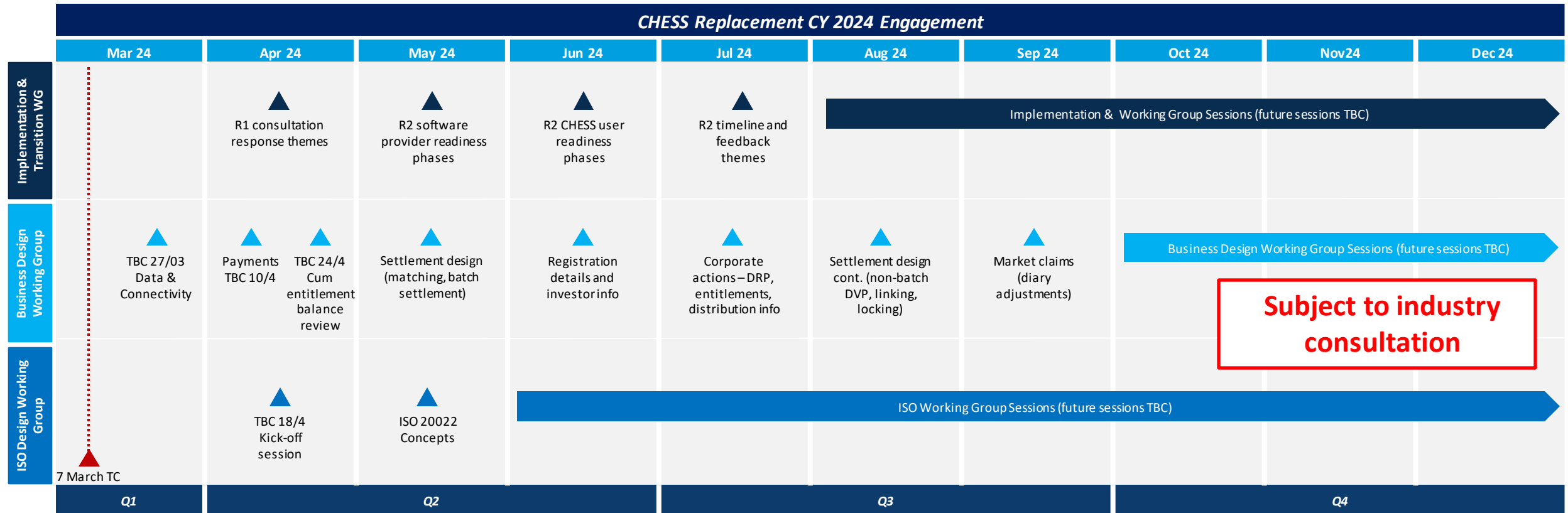


06 – Forward engagement calendar

06 – Upcoming engagement

What's on the horizon

CHES Replacement CY 2024 Engagement



Note: Indicative working group engagement plan. Topics and dates subject to change based on industry requirements and feedback.

06 – Forward plan

CY2024 Committee Schedule

TC Meeting	Date	Time
April meeting	Wednesday 3 April	2pm – 4pm
May meeting	Wednesday 8 May	2pm – 4pm
June meeting	Thursday 6 June	2pm – 4pm
July meeting	Wednesday 10 July	2pm – 4pm
August meeting	Wednesday 7 Aug	2pm – 4pm
September meeting	Wednesday 11 Sept	2pm – 4pm
October meeting	Wednesday 9 Oct	2pm – 4pm
November meeting	Wednesday 6 Nov	2pm – 4pm
December meeting	Thursday 5 Dec	2pm – 4pm

BC Meeting	Date	Time
March meeting	Wednesday 20 March	12pm – 2pm
June meeting	Wednesday 26 June	12pm – 2pm
September meeting	Wednesday 18 Sept	12pm – 2pm
December meeting	Wednesday 11 Dec	4pm – 6pm



Q1 pulse survey to be issued to members following the March TC



ASX

Q&A



Observer feedback

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Thank you.

