



# CHES Replacement Technical Committee

26 July 2023

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



# Housekeeping: trouble shooting

- Please mute yourself when not speaking
- Please use the 'raise hand' feature on MS Teams if you would like to ask a question
- Please introduce yourself when talking for the benefit of all members
- Meeting is being recorded for the purposes of minute taking
- Dial in details (audio only):
  - [+61 2 7208 4607](tel:+61272084607)
  - [Phone Conference ID: 486 431 578#](tel:+61272084607486431578)
- Presentation materials were distributed before the meeting

# 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.

Welcome,  
agenda & open actions

# Agenda

- 
- Welcome and open actions
- 
- Member feedback from last meeting
- 
- Project status and governance
- 
- Project scope – playback of the second and third scope refinement sessions
- 
- Discussion and feedback on approach to recommendations on scope
- 
- Forward work plan
- 
- Observer playback
-

# Open actions

## Captured from previous Technical Committees

| Item #        | Action   | Follow-up  | Due            | Status                   | Owner      |
|---------------|--|--|----------------|--------------------------|------------|
| 2023 Apr (2)  | ASX to review the SGX implementation approach.   | Written update included with June minutes.                                     | 26 July 2023   | Open -><br><b>Closed</b> | ASX        |
| 2023 June (1) | ASX to include the solution's messaging protocol (e.g. EIS versus ISO messaging) as a TC topic.  | To address as part of the connectivity options Technical Committee agenda item | 4 October 2023 | Open                     | ASX        |
| 2023 June (2) | Members to provide feedback on the Technical Committee to their respective Business Committee representatives for the BC review of the Technical Committee. (future of tech committee) | Agenda item of 19 July Business Committee                                      | 5 July 2023    | Open -><br><b>Closed</b> | TC Members |

# Member feedback from the last meeting



# Market feedback


## Clarifying CHESSE Replacement questions

- ASX announced changes to its executive leadership team. Clive Triance is expected to commence in August.  
(ASX Market Announcement: ASX Makes Changes to Executive Leadership Team on 20 June 2023)
- ASX confirmed that no decision has been made to determine the solution for the replacement of CHESSE from the range of possible technologies and partners being considered.  
(ASX Media Release: ASX Corrects Speculation on CHESSE Replacement Solution on 29 June 2023)

# Project status & governance

# Redesign plan update

## Plan for solution design

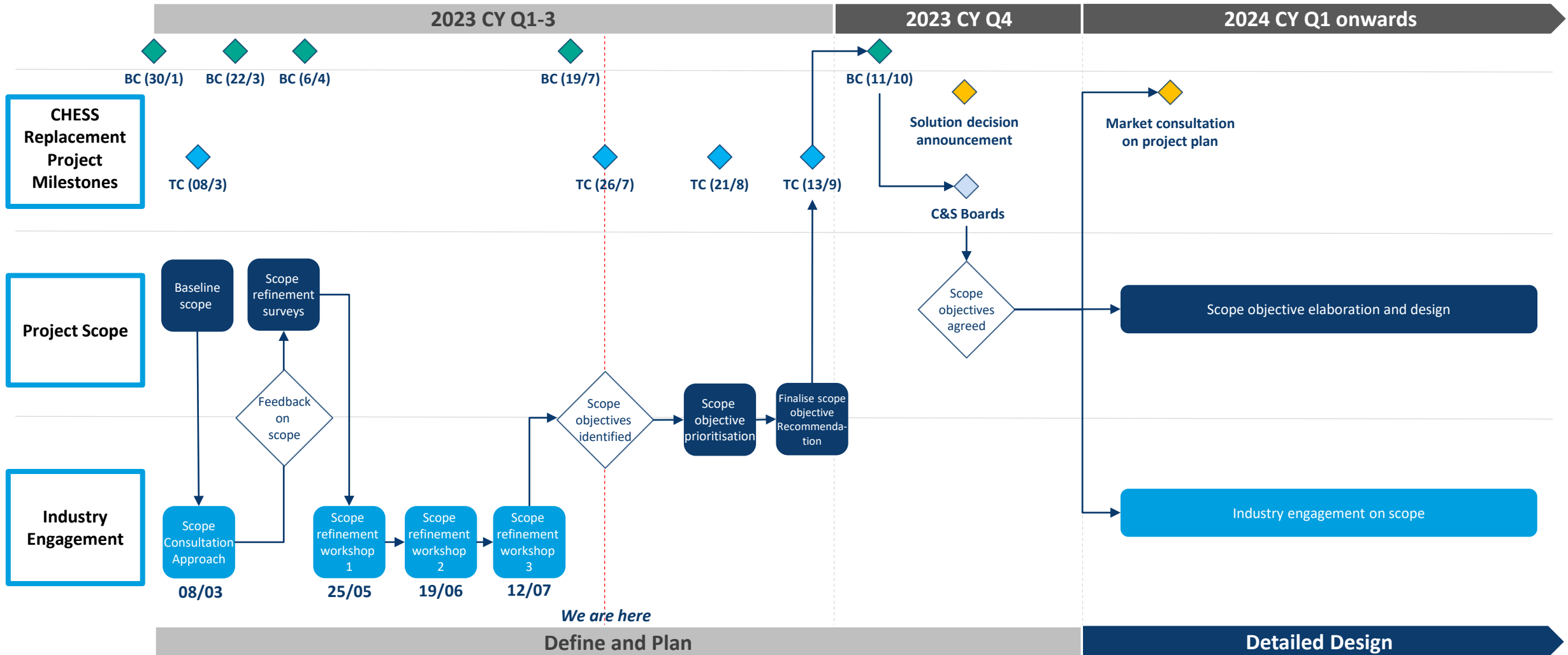
|                                    | CY Q1   | CY Q2   | CY Q3   | CY Q4  |
|------------------------------------|---|---|---|--|
| Product Definition & Business Case | <ul style="list-style-type: none"> <li>✓ Business Vision &amp; Strategy</li> <li>✓ Program Objectives</li> </ul>              | <ul style="list-style-type: none"> <li>✓ Scope and business requirements refined</li> </ul>   | <ul style="list-style-type: none"> <li>☐ Scope and business requirements baselined</li> <li>☐ Business case submitted</li> </ul>        |  |
| Solution Assessment                | <ul style="list-style-type: none"> <li>✓ Current state evaluation</li> <li>✓ Solution decision framework developed</li> </ul> | <ul style="list-style-type: none"> <li>✓ Solution decision framework approved</li> <li>✓ Solution options refinement</li> <li>✓ Solution options evaluated</li> </ul> | <ul style="list-style-type: none"> <li>☐ Solution design finalised</li> <li>☐ Project estimation completed</li> </ul>                   | ★ Announcement of solution design  |
| Sourcing & Commercial              | <ul style="list-style-type: none"> <li>✓ Market Scan</li> <li>✓ Vendor solution RFI</li> </ul>                                | <ul style="list-style-type: none"> <li>✓ Vendor RFI evaluation</li> <li>✓ Vendor RFP issued and responses received</li> <li>✓ Solution integrator RFP</li> </ul>      | <ul style="list-style-type: none"> <li>☐ Vendor commercial and contracting processes</li> <li>☐ SI selection and contracting</li> </ul> |  |
| Testing & Implementation           | <ul style="list-style-type: none"> <li>✓ Implementation options review</li> </ul>   | <ul style="list-style-type: none"> <li>☐ Implementation impact assessment</li> <li>✓ High level test strategy</li> </ul>  | <ul style="list-style-type: none"> <li>☐ Implementation strategy</li> <li>☐ Test strategy &amp; approach completed</li> </ul>           |  |

**Key Risk:**

- Commercial vendors' processes may impact the timeline for a Q4 announcement on a solution design

# CHES Replacement scope process

## Timeline view



# Project scope

# Project scope engagement

## Session #2 Settlement

The second scope refinement session was held on 19 June.

Before the session, all affected stakeholders were surveyed. Business canvases were created based on feedback received on the following topics:

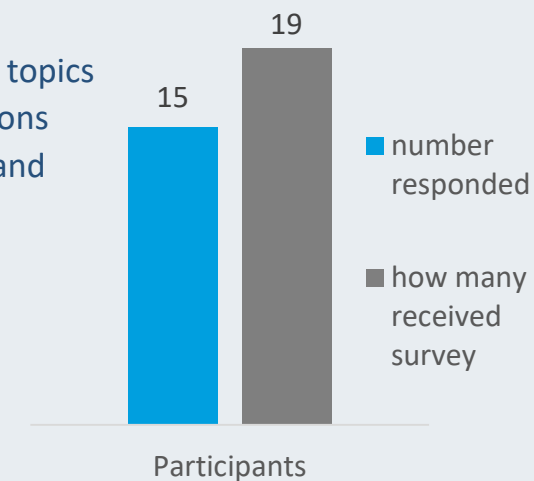
1. Bilateral matching improvements;
2. Extended use of unilateral settlement instructions;
3. Standing instructions for cash; and
4. Preliminary payment notifications.

| Session Summary                                 | When                      | Mod.        | Invitees                |
|---|---------------------------|-------------|-------------------------|
| <b>Settlement improvements and enhancements</b> | <b>19 June</b><br>9am-1pm | <b>AFMA</b> | Settlement Participants |

- All 19 participants were represented with 1 registry as observer
- 33 dial-in attendees
- 4 suggested scope objectives identified to be taken to TC for consideration

### Survey Summary

The survey measured support of topics and included open ended questions requesting the challenges, risks and improvements of topics.



# Project scope – Survey 2

## Results playback

| Topic  | Question  | Cohort      | Strongly Support | Somewhat Support | Neutral | Not Supportive | Not applicable | Total number of responses |
|--|---|-------------|------------------|------------------|---------|----------------|----------------|---------------------------|
|  |   |             |                  |                  |         |                |                |                           |
| Bilateral Matching Improvements                    | Would your organisation be supportive of using a Common Identifier, for matching purposes of 'Bilateral Settlement Instructions'?   | Participant | 4                | 2                | 5       | 4              | 0              | 15                        |
|  | How supportive would your organisation be for CHES to directly integrate with an external upstream system/s to source bilateral transactions previously matched by participants prior to their CHES submission.   | Participant | 5                | 2                | 5       | 1              | 2              | 15                        |
|  | Would your organisation be supportive of enabling bilateral transactions to be pre-matched earlier in the settlement period prior to committing the transaction for settlement in CHES?   | Participant | 6                | 2                | 4       | 2              | 1              | 15                        |
|  | Would your organisation be supportive of introducing a 'request/response process' for bilateral transactions as an enhancement/alternative to the current matching process of bilateral instructions?   | Participant | 0                | 1                | 6       | 8              | 0              | 15                        |
|  | What would be the level of support of your organisation in regard to providing additional details in the allegation notification that is transmitted to the counterparty?   | Participant | 3                | 5                | 6       | 1              | 0              | 15                        |
| Extended use of Unilateral Settlement Instructions | Would your organisation be supportive of extending the use of Unilateral Settlement Instructions to additionally enable the transfer of securities during a nominated batch settlement cycle FoP, between two Accounts (HINs), controlled by separate Participants, within a Participant Group.                     | Participant | 2                | 3                | 6       | 0              | 4              | 15                        |
| Standing instructions for Cash                     | Would your organisation be supportive of your payment provider selection to have payments (within a configurable value limit) automatically approved in CHES on their behalf? This refers to payments in relation to a batch settlement cycle as well as bilateral delivery vs payment settlement outside of batch. | Participant | 4                | 1                | 5       | 1              | 4              | 15                        |
| Preliminary payment notifications                  | What level of support would your organisation hold for the introduction of additional preliminary payment notifications?  | Participant | 2                | 3                | 8       | 2              | 0              | 15                        |

# Moderator playback AFMA



# Scope refinement session

## Business canvases overview

### Scope Objectives:

|   | Canvas                            | Suggested Objective   |
|---|-----------------------------------|---|
| 1 | Bilateral Matching Improvements   | <b>Objective 1:</b> 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).<br><b>Objective 2:</b> 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. |
| 3 | Standing Instructions             | <b>Objective 3:</b> Reduce operational overhead in relation to payment provider authorisations by allowing for automated approvals in the system within cash limits.  |
| 4 | Preliminary Payment Notifications | <b>Objective 4:</b> Provide more certainty by enabling more frequent and/or configurable access to preliminary payment data.  |

# Project scope engagement

## Session #3 Corporate actions

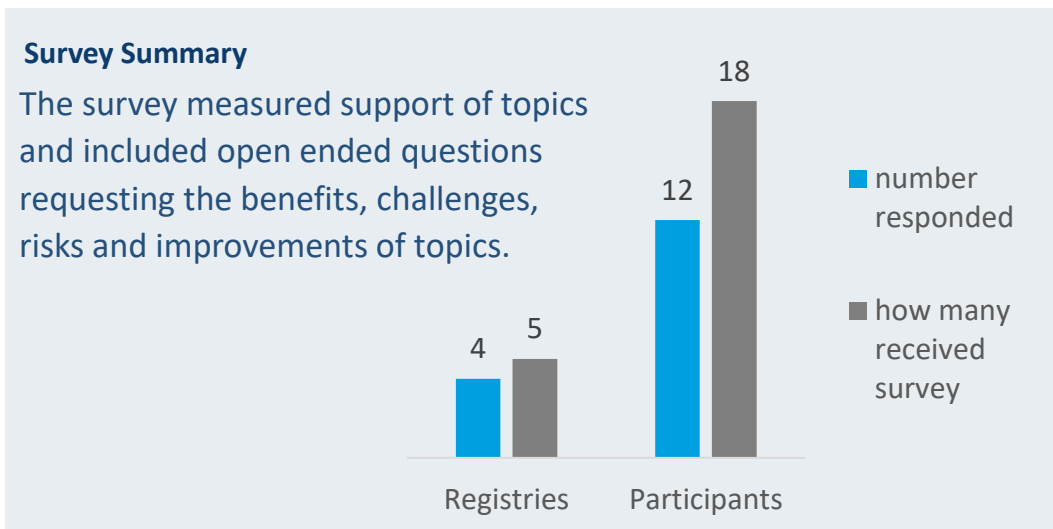
The third scope refinement session was held on 12 July.

Before the session, all affected stakeholders were surveyed. Business canvases were created based on feedback received on the following topics:

1. Electronic dividend claims
2. Corporate action election and acceptance processing
3. Cum entitlement balance transfer
4. Electronic notification of payment advice
5. Other corporate action efficiencies
  - Takeovers and buybacks
  - Proxy voting
  - Diary and holding enhancements
  - Delistings
  - Holding adjustments

| Session Summary                                  | When                      | Mod.        | Invitees                                      |
|--|---------------------------|-------------|---|
| <b>Corporate actions processing efficiencies</b> | <b>12 July</b><br>9am-1pm | <b>ACSA</b> | Settlement.<br>Participants, Share Registries |

- Full attendance across 18 participants and 5 registries
- 35 dial-in attendees and 5 in-person
- 5 suggested scope objectives identified to be taken to TC for consideration



# Project scope – Survey 3

## Results playback

| Topic   | Question   | Participant/Registry | Strongly Support | Somewhat Support | Neutral | Not Supportive | Not applicable | Total number of responses |
|---|--|----------------------|------------------|------------------|---------|----------------|----------------|---------------------------|
| Corporate Action Election and Acceptance Processing | Would your organisation be supportive of expanding electronic acceptance and/or payment capabilities for corporate actions?  | Participant          | 8                | 1                | 3       | 0              | 0              | 16                        |
|   |  | Registry             | 0                | 3                | 0       | 1              | 0              |                           |
|   | In respect to DRP/BSP Plan Elections, is your organisation supportive of CHES retaining information such that DRP/BSP Plan Elections can be transmitted automatically in the case a holding is reduced to zero and subsequently increased? | Participant          | 8                | 1                | 2       | 1              | 0              | 16                        |
|   |  | Registry             | 0                | 2                | 0       | 2              | 0              |                           |
| Cum Entitlement Balances                            | If Cum Entitlement Balances are retained, do you support the ability to transfer the Cum Entitlement Balance irrespective of the underlying financial product (“Cum Entitlement Balance Transfer”)?  | Participant          | 8                | 1                | 2       | 1              | 0              | 16                        |
|   |  | Registry             | 0                | 2                | 0       | 2              | 0              |                           |
| Electronic Notification of Payment Advice           | Would your organisation be supportive of expanding the usage of electronic payment advices to listed products and/or further corporate action types?   | Participant          | 6                | 1                | 4       | 1              | 0              | 16                        |
|   |  | Registry             | 0                | 2                | 1       | 1              | 0              |                           |
| Electronic Dividend Claims                          | Would your organisation be supportive of adopting an electronic dividend claims process to resolve incorrectly allocated dividend payments (including any attaching franking credits)?   | Participant          | 10               | 0                | 1       | 1              | 0              | 16                        |
|   |  | Registry             | 0                | 0                | 0       | 2              | 2              |                           |

# Moderator playback ACSA

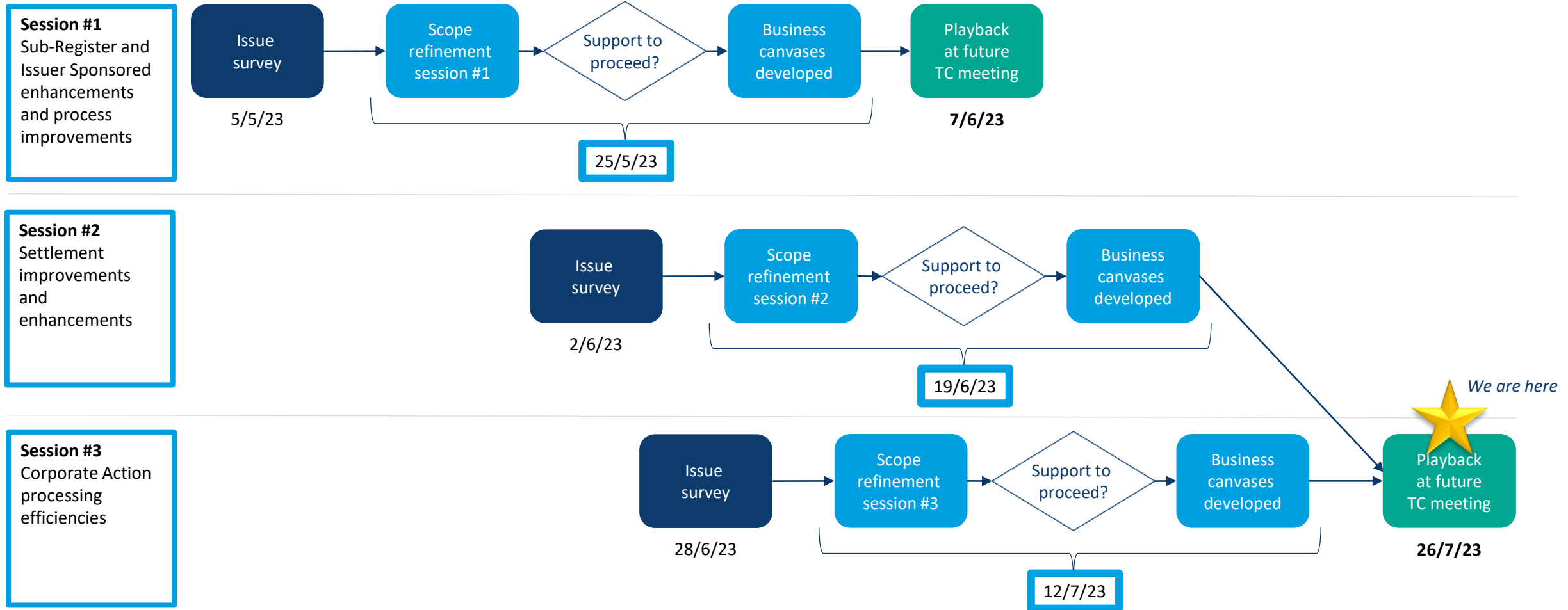
# Scope refinement session

## Business canvases overview

|   | <b>Canvas</b>                                       | <b>Suggested Objective</b>  |
|---|---|---|
| 1 | Electronic Dividend Claims                          | <b>Objective 1:</b> Review and enhance the current processes for automated claims (diary adjustments) to ensure it continues to meet the market needs.<br><b>Objective 2:</b> Reduce operational risk in relation to DRP standing instructions. |
| 2 | Corporate Action Election and Acceptance Processing | <b>Objective 3:</b> Provide standardised straight through processing capability for corporate action elections and cost-effective associated payments.  |
| 3 | Cum Entitlement Balance Transfer                    | <b>Objective 4:</b> Evaluate opportunities to facilitate the transfer of entitlements (pre and/or post Record Date) ensuring this does not impact issuer schedules.   |
| 4 | Electronic Notification of Payment Advice           | <b>Objective 5:</b> Provide standardised electronic transmission of corporate action distribution information to create opportunities for automation and process improvement.   |

# Project scope next steps

## Feedback from industry and scope refinement engagement approach



# Appropriate functionality in current CHES

## Current CHES to meet the needs of the market until it is safely replaced

- Consideration will be given to modifying or adding features/services in current CHES
- Stakeholder input received to date:
  - See next slide
  - Input received through CHES Replacement stakeholder engagement
  - These items are identified by ASX for consideration separate to CHES Replacement – as not necessarily dependent on system replacement
- ASX is seeking members' views to gauge support for each item
- Input can be sent to [Nicholas.Wiley@asx.com.au](mailto:Nicholas.Wiley@asx.com.au) or [BC.Secretariat@asx.com.au](mailto:BC.Secretariat@asx.com.au)

# Appropriate functionality in current CHES

## Stakeholder input for consideration separate to CHES Replacement

| Category                                     | Item  | Feedback source   | From                                 | Status   |
|--|---|---|--------------------------------------|--|
| Equity Post Trade Services                   | Deferred settlement securities – review process to ensure/improve settlement efficiencies                           | CHES Replacement feedback request March '23                                 | Participant                          | Under review                                   |
| Equity Post Trade Services                   | Bilateral Matching – use of Transaction Basis (on and off-market)   | CHES Replacement feedback request March '23 and scope refinement session #2 | Participant and industry association | Under review                                   |
| Equity Post Trade Services                   | Foreign restricted securities - review and simplify the current processes for holdings and transfers                | CHES Replacement feedback request March '23 and scope refinement session #1 | Participant and industry association | Under review                                   |
| Equity Post Trade Services                   | Scheduled Settlement CHES to CHES Transfer Request (MT107) - support usage within a participant group structure     | CHES Replacement feedback scope refinement session #2                       | Participant                          | Under review                                   |
| Equity Post Trade Services                   | Evaluate whether ASX can help with the transmission of bank account information in relation to bid offers           | CHES Replacement feedback scope refinement session #3                       | Participant                          | In definition                                  |
| Equity Post Trade Services                   | Ensure holding adjustment reason codes are up to date and being used correctly                                      | CHES Replacement feedback scope refinement session #3                       | Participant                          | In definition                                  |
| Equity Post Trade Services                   | Make sub-register state more readily available to participants to help improve processes in relation to de-listings | CHES Replacement feedback scope refinement session #3                       | Participant                          | In definition                                  |
| Equity Post Trade Services / Issuer Services | Standardised electronic proxy voting  | CHES Replacement feedback scope refinement session #3                       | Participant                          | On hold – dependent on broader industry change |
| T+1 Assessment                               | T+1 settlement cycle  | CHES Replacement feedback request March '23                                 | Various                              | T+1 survey results                             |
| T+1 Assessment                               | Decommission cum entitlement balance with introduction of T+1   | CHES Replacement feedback request March '23                                 | Share registry                       | T+1 survey results                             |



Discussion and  
feedback on approach  
to recommendations  
on scope

# Recommendation approach

## Feedback received post June Technical Committee

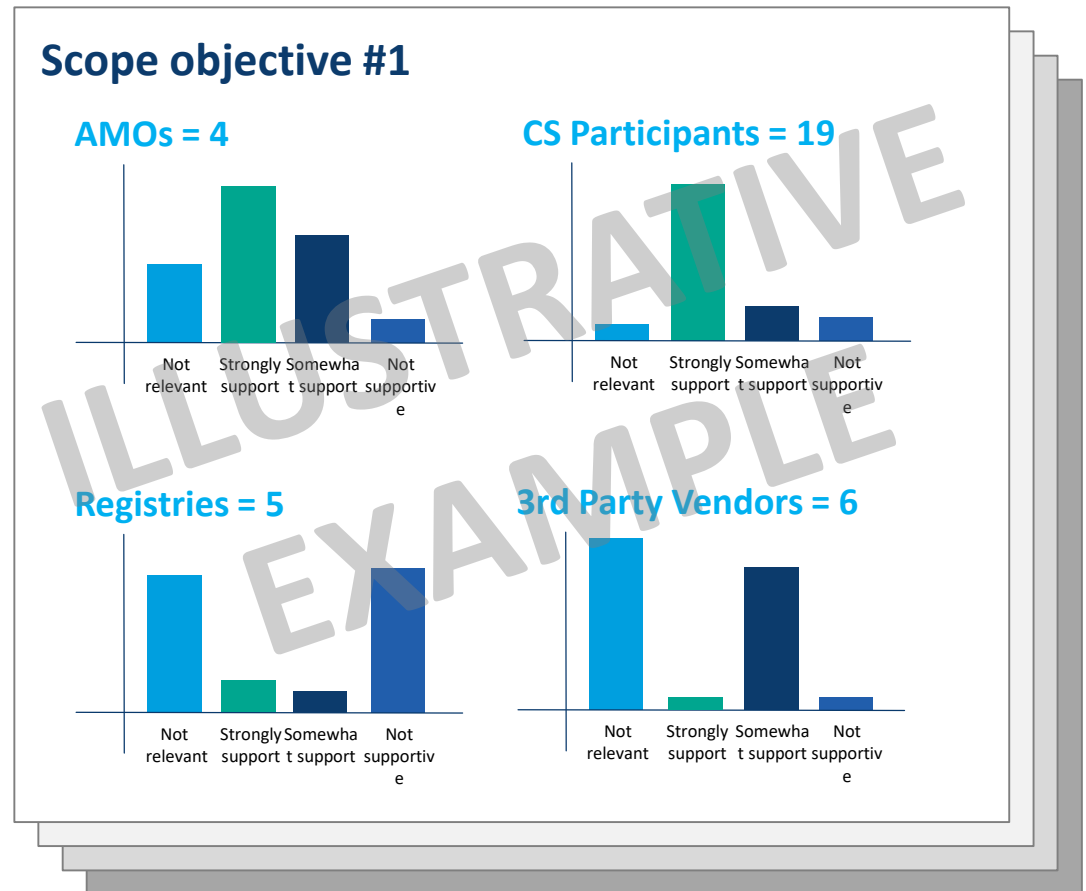
| Feedback  | ASX Response  |
|---|---|
| <ul style="list-style-type: none"><li>○ The survey should be definitive (i.e. remove neutral and add not supportive)</li></ul>  | <p>Survey options have been adjusted to remove neutral and include ‘Not relevant to my business’, ‘Strongly support’, ‘Somewhat support’ and ‘Not supported’ options. As part of the ‘Define and Plan’ phase Committee members are requested to respond based on the scope objective desired rather than on perceived timeliness or complexity. Detailed design and analysis will follow.</p> |
| <ul style="list-style-type: none"><li>○ Consider other criteria, i.e. will the objective reduce operational risk or provide process automation?</li></ul>   | <p>Reducing operational risk and enabling process automation were aspects factored into the benefits section of the business canvases.</p>  |
| <ul style="list-style-type: none"><li>○ Consider timing of scope objectives impacted by T+1 and the need to separate such items.</li></ul>  | <p>Scope related to or impacted by T+1 are addressed in the Business Committee.</p>   |
| <ul style="list-style-type: none"><li>○ Ensure scope objectives out of scope for CHES Replacement continue to have priority in other areas of the business (CHES or otherwise).</li></ul>   | <p>Scope objectives out of scope for CHES Replacement will continued to be tracked and reported on as part of Business Committee where Committee members have the ability to provide feedback on or escalate where appropriate.</p>   |
| <ul style="list-style-type: none"><li>○ Recommendations should be fact-based and technically sound. Some burden/friction on participants and investors is acceptable if it makes the market safer, more robust and more accessible.</li></ul> | <p>Scope objectives address a desired outcome. Subsequent to the scope objective recommendations to Business Committee, and to ASX Clearing and Settlement Boards, objectives would be subject to analysis and detailed design and the industry impact will be managed as part of a formal consultation on scope.</p>   |

# Recommendation approach re-cap

## Prioritising scope objectives

### Scope recommendation survey next steps:

- After today's Technical Committee a survey closing **17 August** will be released to all Committee members. This is the primary mechanism through which we will seek input on recommendations on scope and used to facilitate discussions in the August TC.
- Participation is strongly encouraged.
- Each scope objective will be surveyed for the following options:
  - **Not relevant to your business** – Your organisation is unaffected by its addition and is indifferent to its recommendation to BC;
  - **Strongly support** – Your organisation desires the scope objective, will realise tangible benefits from its addition and strongly supports recommendation to BC;
  - **Somewhat support** – Your organisation is happy to proceed with the scope objective, will have some benefit to its addition and supports recommendation to BC; or
  - **Not supportive** – Your organisation is opposed to the scope objective, will be negatively impacted from its addition and is against recommendation to BC.



# Recommendation approach

## Survey example

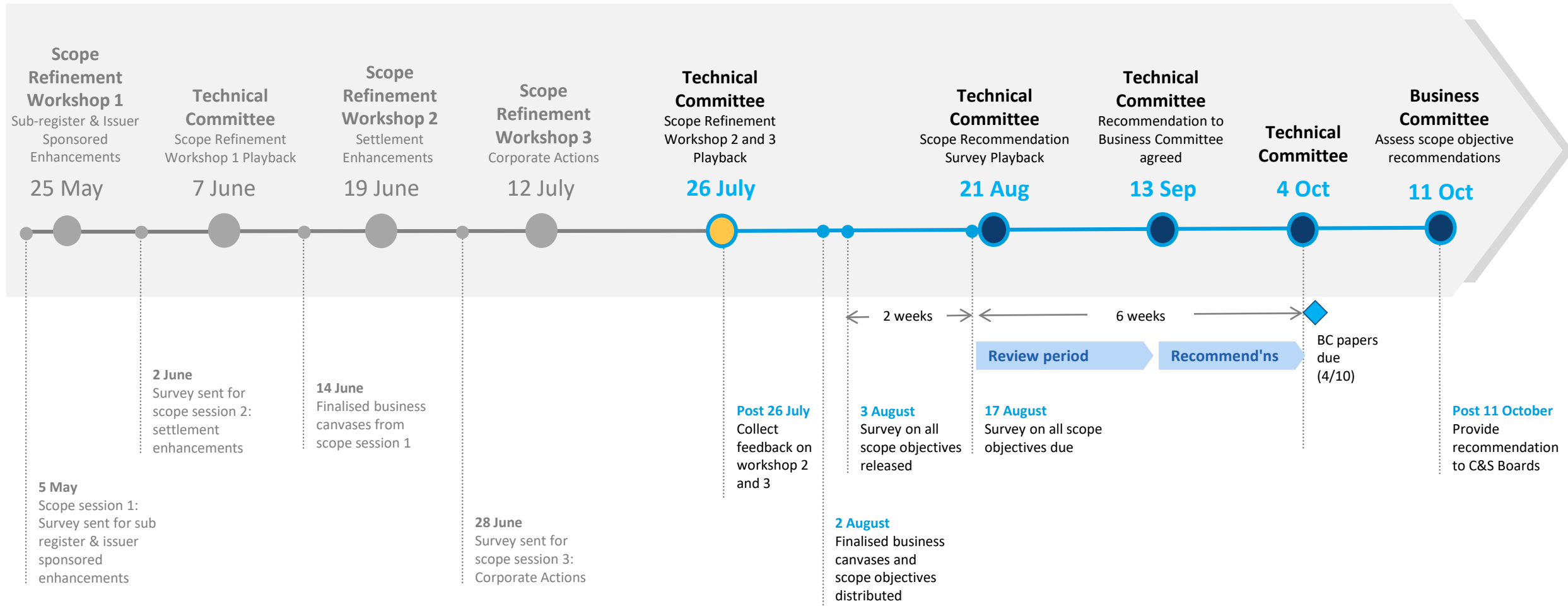
### What you can expect:

- Surveys sent to participants, AMOs, share registries & third-party software providers.
- Surveys will be sent from, and should be returned to, the CHES Replacement mailbox ([CHESReplacement@asx.com.au](mailto:CHESReplacement@asx.com.au)).
- Surveys will be distributed with the business canvases to contextualise scope objectives derived from the refinement workshops.
- To enable Committee members to distribute the survey within their organisations, it will be an **Excel worksheet**.
- ASX will respond to the recommendations of the survey to advise where and when scope could be appropriately addressed.

| Topic                             | Functionality / Applicable Business Canvas    | Ref | Scope Objective  | Recommendation              | Additional Comments |
|-----------------------------------|---|-----|--|-----------------------------|---------------------|
| Sub-register and issuer sponsored | Registration Details and Investor Information | 1.1 | Standardise, improve and better synchronise the data sharing between participants and share registries   | Not relevant to my business |                     |
|                                   |   | 1.2 | Review and simplify the current processes for holding FOR securities   | Not relevant to my business |                     |
|                                   | SRN Enquiry & Validation                      | 1.3 | Implement a faster and more efficient SRN enquiry process  | Not relevant to my business |                     |
|                                   | Issuer Sponsored Holding Locks                | 1.4 | Reduce settlement risk in relation to issuer sponsored sales   | Not relevant to my business |                     |
|                                   | ETF Creations & Redemptions                   | 1.5 | Reduce operational risk in relation to the current ETF creation/redemption workflow  | Not relevant to my business |                     |
|                                   | Continuous Holding Balance                    | 1.6 | Provide more efficient, reliable and faster access to holding information  | Not relevant to my business |                     |
| Settlement                        | 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) | Not relevant to my business |                     |
|                                   |   | 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  | Not relevant to my business |                     |
|                                   | Standing Instructions                         | 2.3 | Reduce operational overhead in relation to payment provider authorisations by allowing for automated approvals in the system within cash limits.   | Not relevant to my business |                     |
|                                   | Preliminary Payment Notifications             | 2.4 | Provide more certainty by enabling more frequent and/or configurable access to preliminary payment data.   | Not relevant to my business |                     |
| Corporate Actions                 | 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.   | Not relevant to my business |                     |
|                                   |   | 3.2 | Evaluate opportunities to facilitate the transfer of entitlements (pre and/or post Record Date) ensuring this does not impact issuer schedules.  | Not relevant to my business |                     |
|                                   | Corporate Action Election and Acceptance Proc | 3.3 | Provide standardised straight through processing capability for corporate action elections and cost effective associated payments.   | Not relevant to my business |                     |
|                                   | Cum Entitlement Balance Transfer              | 3.4 | Reduce operational risk in relation to DRP standing instructions.  | Not relevant to my business |                     |
|                                   | Electronic Notification of Payment Advice     | 3.5 | Provide standardised electronic transmission of corporate action distribution information to create opportunities for automation and process improvement.  | Not relevant to my business |                     |

# Technical Committee – Next steps

## Key dates for recommendations on scope



# Forward work plan

# Forward work plan

Calendar invitations have been shared for monthly meetings in 2023



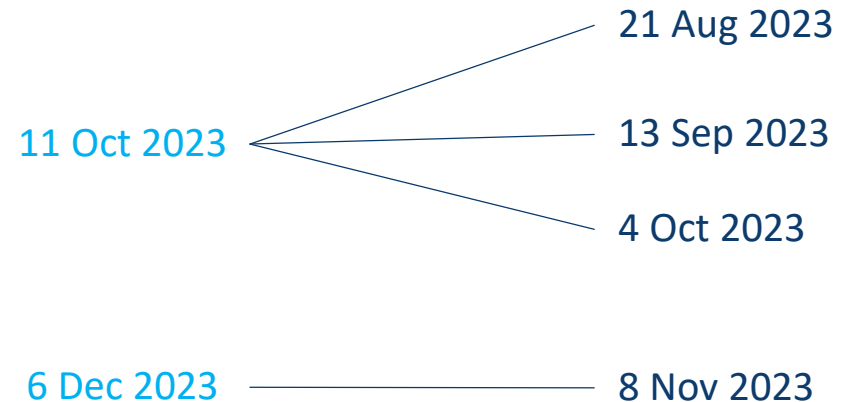
## Agenda items:

- Project status update
- Scope: playback survey results of recommendations on scope
- Steps to finalise scope objective recommendations to Business Committee



## Business Committee meetings:

## Future TC meetings:



**Q2 pulse survey to be issued to members following July TC**

# Forward work plan

Topics for the Technical Committee will be in line with the project timeline and phasing

Topics for consideration with this Technical Committee\* will likely include:

- Project status updates
- Project risks and issues
- Access channels / connectivity options
- Industry readiness activities
- Accenture recommendations

(\* ) Member feedback on additional agenda items is welcomed.



# Observer playback

Thank you.

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# Appendix

# Project scope engagement

## Workshop #1 Sub-Register and Issuer Sponsored

The first scope refinement session was held on 25 May.

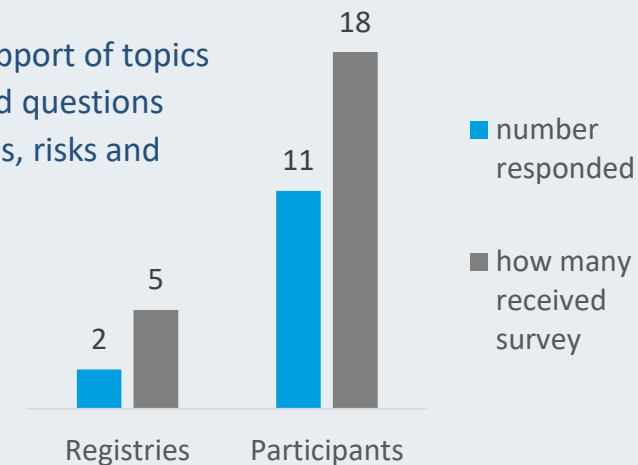
Before the session, all affected stakeholders were surveyed. Business canvases were created based on feedback received on the following topics:

1. Registration details & investor information;
2. Holding management; and
3. Issuer sponsored holdings.

| Session Summary  | When                     | Mod.        | Invitees   |
|--|--------------------------|-------------|--|
| <b>Sub-Register and Issuer Sponsored</b>   | <b>25 May</b><br>9am-1pm | <b>AFMA</b> | Settlement.<br>Participants, Share<br>Registries |
| <ul style="list-style-type: none"><li>• High attendance across 18 participants and 5 registries participants and registries</li><li>• 7 in-person attendees (5 participants, 2 registries)</li><li>• 6 suggested scope objectives identified to be taken to TC for consideration</li></ul> |                          |             |  |

### Survey Summary

The survey measured support of topics and included open ended questions requesting the challenges, risks and improvements of topics.



# Project scope – Survey 1

## Results playback

| Topic  | Question   | Participant/Registry   | Strongly Support | Somewhat Support | Neutral | Not Supportive | Not applicable | Number of responses | Total number of responses |    |
|--|--|--|------------------|------------------|---------|----------------|----------------|---------------------|---------------------------|----|
|  |  |  |                  |                  |         |                |                |                     |                           |    |
| Registration Details & Investor Information  | In this context, do you support the ability to transmit additional (beyond current scope) investor data between Participants and Share Registries for listed securities?   | Participant  | 2                | 3                | 4       | 1              | 1              | 11                  | 13                        |    |
|  |  | Registry   | 2                | 0                | 0       | 0              | 0              | 2                   |                           |    |
|  | Do you support the ability for the ASX to capture and record additional investor data against a HIN. The stored Investor data including any standing instructions will be used as a default to auto-notify Share Registries when there is a new holding and/or update to existing details?                           | Participant  | 7                | 2                | 2       | 0              | 0              | 11                  | 13                        |    |
|  |  | Registry   | 1                | 0                | 0       | 1              | 0              | 2                   |                           |    |
|  | Do you support greater standardisation (i.e. alignment) of registration details across both Broker and Issuer Sponsored Sub-registers?   | Participant  | 5                | 1                | 4       | 0              | 1              | 11                  | 13                        |    |
|  |  | Registry   | 1                | 0                | 1       | 0              | 0              | 2                   |                           |    |
| Holding Management   | Do you support the ability for a Share Registry or Sponsoring Participants to apply a temporary, time-based holding lock, or partial holding lock, against a broker sponsored holding (to be used, for example, to enforce trading of employee issued securities that are subject to trading blackout restrictions)? | Participant  | 1                | 1                | 6       | 3              | 0              | 11                  | 13                        |    |
|  |  | Registry   | 1                | 0                | 0       | 1              | 0              | 2                   |                           |    |
|  | Do you support the ability to perform a holding movement between HINs (under the same registered holder) across two different Sponsoring Participants, where the standing instructions of the receiving HIN are retained?  | Participant  | 1                | 1                | 5       | 1              | 3              | 11                  | 13                        |    |
|  |  | Registry   | 0                | 2                | 0       | 0              | 0              | 2                   |                           |    |
|  | Are you in favour of having greater access (in addition to current message-based reports) to more current CHES holdings data (e.g. via real-time data API) including record date holdings and/or cum entitlement balances?   | Participant  | 6                | 1                | 3       | 1              | 0              | 11                  | 13                        |    |
|  |  | Registry   | 0                | 1                | 1       | 0              | 0              | 2                   |                           |    |
|  | Do you support improvements to the holding adjustment and transfer process in relation to ETF creations and redemptions?   | Participant  | 3                | 1                | 7       | 0              | 0              | 11                  | 13                        |    |
|  |  | Registry   | 1                | 1                | 0       | 0              | 0              | 2                   |                           |    |
|  | Do you support the ability to "tag" or break-down parcels of holdings (such as for the purposes of tracking foreign ownership, or indicating holdings held by Key Management Personal (KMP) such as Company Directors, or otherwise)?  | Participant  | 1                | 0                | 7       | 2              | 1              | 11                  | 13                        |    |
|  |  | Registry   | 1                | 0                | 0       | 1              | 0              | 2                   |                           |    |
|  | Issuer Sponsored Holdings  | Do you support the ability for Settlement Participants to apply temporary locks on issuer sponsored securities to improve the process of stock delivery for issuer sponsored securities on settlement? | Participant      | 1                | 3       | 4              | 1              | 2                   | 11                        | 13 |
|  |  |  | Registry         | 0                | 1       | 1              | 0              | 0                   | 2                         |    |
| Have you identified inefficiencies with, and/or do you support improvements to, the current SRN enquiry and SRN balance enquiry process(es)? |  | Participant  | 7                | 2                | 2       | 0              | 0              | 11                  | 13                        |    |
|  |  | Registry   | 1                | 1                | 0       | 0              | 0              | 2                   |                           |    |

# Scope refinement Workshop 1

## Business canvases overview

|   | Canvas  | Suggested Objective  |
|---|---|--|
| 1 | Registration Details and Investor Information | <b>Scope Objective 1</b> : Standardise, improve and better synchronise the data sharing between participants and share registries<br><br><b>Scope Objective 6</b> : Review and simplify the current processes for holding FOR securities |
| 2 | SRN Enquiry & Validation                      | <b>Scope Objective 2</b> : Implement a faster and more efficient SRN enquiry process   |
| 3 | Issuer Sponsored Holding Locks                | <b>Scope Objective 3</b> : Reduce settlement risk in relation to issuer sponsored sales  |
| 4 | ETF Creations & Redemptions                   | <b>Scope Objective 4</b> : Reduce operational risk in relation to the current ETF creation/redemption workflow   |
| 5 | Continuous Holding Balance                    | <b>Scope Objective 5</b> : Provide more efficient, reliable and faster access to holding information   |
| 6 | CHESS to CHESS Conversion                     | Limited support to proceed further at this stage   |
| 7 | Issuer Initiated Holding Lock                 | Limited support to proceed further at this stage   |



# Refinement Workshop Survey Questions (survey 2, settlement improvements and enhancements)

## Part 1

### Admin

Organisation

Email

Ph. number

Planned Workshop  
attendance

### Bilateral Matching Improvements

#### Common Identifier

Would your organisation be supportive of using a Common Identifier, for matching purposes of 'Bilateral Settlement Instructions'?

Please detail all benefits and use cases where a common identifier would be most applicable alongside any potential issues it would resolve.

If introduced, please specify what common identifier your organisation would consider using.

Please state the perceived risks and challenges for your organisation if a common identifier is used.

#### Sourcing Bilateral Transactions from an External System

Does your organisation currently support any pre-matching arrangements for bilateral transactions in an upstream system outside of CHES?

If applicable, please provide details of the upstream system/s.

How supportive would your organisation be for CHES to directly integrate with an external upstream system/s to source bilateral transactions previously matched by participants prior to their CHES submission.

Please detail potential benefits and use cases where CHES could source already matched transactions from an external system and/or any potential issues it would resolve.

What would be the perceived risks and challenges for your organisation should CHES integrate with an external upstream system?

#### Pre-Matched Status

Would your organisation be supportive of enabling bilateral transactions to be pre-matched earlier in the settlement period prior to committing the transaction for settlement in CHES?

Please detail benefits and use cases where a pre-matched status would be most applicable and/or the potential issues it would resolve.

What are the perceived risks and challenges of enabling the pre-match of bilateral transactions earlier in the settlement period, for your organisation?

# Refinement Workshop Survey Questions (survey 2, settlement improvements and enhancements)

## Part 2

### Bilateral Matching Improvements (continued)

#### Pre-Matched Status

Would your organisation be supportive of enabling bilateral transactions to be pre-matched earlier in the settlement period prior to committing the transaction for settlement in CHES?

Please detail benefits and use cases where a pre-matched status would be most applicable and/or the potential issues it would resolve.

What are the perceived risks and challenges of enabling the pre-match of bilateral transactions earlier in the settlement period, for your organisation?

#### Request / Response

Would your organisation be supportive of introducing a request/response process for bilateral transactions as an enhancement/alternative to the current matching process of bilateral instructions?

Please provide details of any benefits and specific use cases where a request/response model would be most applicable and/or the potential issues it could help resolve.

What would be the risks and challenges of a request/response process for your organisation?

#### Enhancements to 'Allegements'

What would be the level of support of your organisation in regard to providing additional details in the allegation notification that is transmitted to the counterparty?

Please specify what additional details could be provided, including any use cases that would benefit from this and/or any potential issues it would help resolve.

What would be the potential risks and challenges of providing additional details in the allegation notification for your organisation?

#### Additional Bilateral Matching Improvements

Please suggest details of any further improvements to bilateral transactions in addition to the ones above, inclusive of its use cases, benefits, risks and challenges.

### Extended use of Unilateral Settlement Instructions

Would your organisation be supportive of extending the use of Unilateral Settlement Instructions to additionally enable the transfer of securities during a nominated batch settlement cycle FoP, between two Accounts (HINs), controlled by separate Participants, within a Participant Group.

Please detail the benefits and use cases of extending the use of Unilateral Settlement Instructions as specified above.

What would be the risks and challenges of extending the use of Unilateral Settlement Instructions as specified above?

### Standing instructions for Cash

Would your organisation be supportive of the ability to have payments (within a configurable value limit) automatically approved in CHES on your behalf? This refers to payments in relation to a batch settlement cycle as well as bilateral delivery vs payment settlement outside of batch.

Please detail the benefits and use cases where an automatic payment authorisation would be most applicable and/or the potential issues it could help resolve.

What would be the risks and challenges to your organisation in setting up a payment authorisation standing instruction?

### Preliminary payment notifications

What level of support would your organisation hold for the introduction of additional preliminary payment notifications?

Please detail the benefits and use cases where preliminary payment notifications would be most applicable and/or the potential issues it would help resolve.

What would be the risks and challenges of introducing additional preliminary payment notifications for your organisation?

# Refinement Workshop Survey Questions (survey 3, corporate action processing efficiency)

## Part 1

### Admin

Organisation

Email

Ph. number

Planned Workshop  
attendance

### Corporate Actions Processing Efficiency

#### Corporate Action Election and Acceptance Processing

Would your organisation be supportive of expanding electronic acceptance and/or payment capabilities for corporate actions?

Which additional corporate action events would you like to be supported?

What model would your organisation be supportive of?

If payments for acceptances were supported through CHES, what would be your preferred channel(s)?

In respect to DRP/BSP Plan Elections, is your organisation supportive of CHES retaining information such that DRP/BSP Plan Elections can be transmitted automatically in the case a holding is reduced to zero and subsequently increased?

Please list all benefits and use cases if this feature were introduced (if any).

Please state any potential risks and/or challenges if this feature were introduced (if any).

Are there alternative approaches to address this issue that we have not considered? Please elaborate.

#### Cum Entitlement Balances

Does your organisation support continued usage of the Cum Entitlement Balance for the purposes of facilitating transfers of financial products on an "ex" basis?

If Cum Entitlement Balances are retained, do you support the ability to transfer the Cum Entitlement Balance irrespective of the underlying financial product ("Cum Entitlement Balance Transfer")?

Please list all benefits and use cases if a "Cum Entitlement Balance Transfer" feature were to be introduced (if any).

Please state any potential risks and/or challenges if "Cum Entitlement Balance Transfer" were to be introduced (if any).

Are there alternative approaches or considerations in regard to the Cum Entitlement Balance?  
Please elaborate.

# Refinement Workshop Survey Questions (survey 3, corporate action processing efficiency)

## Part 2

### Corporate Actions Processing Efficiency (continued)

#### Electronic Notification of Payment Advice

Would your organisation be supportive of expanding the usage of electronic payment advices to listed products and/or further corporate action types?

If supportive, please list all benefits and use cases if this feature were introduced (if any).

Please state any potential risks and/or challenges if this feature were introduced (if any).

Are there alternatives approaches to address this issue that the ASX has not considered? Please elaborate.

#### Electronic Dividend Claims

Would your organisation be supportive of adopting an electronic dividend claims process to resolve incorrectly allocated dividend payments (including any attached franking credits)?

Please list all benefits and use cases if this feature were introduced (if any).

Please state any potential risks and/or challenges if this feature were introduced (if any).

Are there alternatives approaches to address this issue that the ASX has not considered? Please elaborate.

#### Other corporate action efficiencies

Are there any other issues that you face with corporate action processing? Please list all issues/risks your organisation has experienced that have not been covered in this survey for corporate action efficiencies.

How would you propose to resolve these issues (if you have a proposal)?

# Refinement Workshop Survey Questions (survey 3, corporate action processing efficiency)

## Part 3 - Further responses

### Corporate Action Election and Acceptance Processing

Which additional corporate action events would you like to be supported?

|   | Participants | Registries |
|---|--------------|------------|
| DRP/BSP Plan elections  | 10           | 4          |
| Renounceable & Non-renounceable Rights Acceptances            | 10           | 3          |
| Share Purchase Plans  | 8            | 2          |
| Option Conversions, Note Conversions and/or Warrant Exercises | 7            | 2          |
| Calls in partly Paid Securities                               | 6            | 2          |
| <b>Other:</b>   |              |            |
| Partial Currency elections                                    | 1            | 0          |
| Exchange offer  | 1            | 0          |
| Odd Lot   | 1            | 0          |
| Delisting   | 1            | 0          |
| Capital Distributions   | 1            | 0          |
| Deemed Dividend Payments                                      | 1            | 0          |
| Tax Components  | 1            | 0          |

What model would your organisation be supportive of?

|                         | Participants | Registries |
|-------------------------|--------------|------------|
| Acceptance only         | 0            | 1          |
| Payment only            | 0            | 1          |
| Acceptance with payment | 12           | 2          |
| Not Supportive          | 0            | 0          |
| Not Applicable          | 0            | 0          |

If payments for acceptances were supported through CHES, what would be your preferred channel(s)?

|  | Participants | Registries |
|--|--------------|------------|
| Real-Time Gross settlement (RTGS)              | 6            | 1          |
| New Payments Platform (NPP)                    | 4            | 2          |
| CHES Batch                                     | 4            | 1          |
| <b>Other:</b>                                  |              |            |
| Real Time Processing                           | 2            | 0          |
| An end acceptance and cost efficient processes | 1            | 0          |
| Request for more info                          | 2            | 0          |
| Support for bulk payments                      | 1            | 0          |
| RITS account debited for payments              | 1            | 0          |

### Cum Entitlement Balances

Does your organisation support continued usage of the Cum Entitlement Balance for the purposes of facilitating transfers of financial products on an "ex" basis?

|  | Participants | Registries |
|--|--------------|------------|
| Yes, on either a T+1 or T+2 settlement basis | 7            | 2          |
| Yes, only whilst the market remains on T+2   | 4            | 2          |
| No, we do not support retaining this feature | 3            | 0          |
| N/A - Not applicable                         | 0            | 0          |