

CHES Replacement Technical Committee Minutes

10 May 2023

At its May meeting, the CHES Replacement Technical Committee was updated on:

AGENDA

- Member feedback from last meeting
- Project status & governance
- Project scope
- Feedback on industry testing approach
- Forward work plan.

KEY ISSUES DISCUSSED

Key points from the discussion about the CHES Replacement project included:

- i. An update on project progress, the issuing of the vendor software RFP and four solution types under consideration
- ii. Engagement plan for scope refinement workshops
- iii. The process for scope acceptance into project requirements post refinement workshops
- iv. Playback of member feedback on industry test strategy and approach, including request for further member insights.

AGREED ACTIONS

Two new actions were raised at the meeting:

1. ASX to consider market operator request to attend scope refinement workshops one and three: sub-register and issuer sponsored enhancement and corporate action processing and efficiency.
2. ASX to reconsider the date of the corporate actions scope refinement workshop scheduled on 29 June to accommodate end of financial year corporate actions.

Minutes from the meeting are attached.

Agenda

CHES Replacement Technical Committee

Date	10 May 2023	Time	2:00pm-3:00pm
-------------	-------------	-------------	---------------

Location	ASX offices – Level 1, 20 Bridge Street, Sydney/MS Teams
-----------------	---

1. Welcome and open actions

2. Member feedback from last meeting

3. Project status & governance

4. Project scope

5. Feedback on industry testing approach

7. Other matters

a) Forward work plan

b) AOB

c) Next meeting – 7 June 2023

Action Items

Item number#	Action	Due date	Status	Owner
2023 Apr (1)	Members to provide feedback on industry testing by 28 April 2023.	28 April 2023	Closed	Members
2023 Apr (2)	ASX to review the SGX implementation approach.	7 June 2023	Open	ASX
2023 Apr (3)	ASX to clarify the potential roles of centralised message translation in the implementation approach.	10 May 2023	Closed	ASX
2023 May (1)	ASX to consider market operator request to attend Scope Refinement workshop one and three: Sub-register and issuer sponsored enhancement and Corporate Action Processing and efficiency.	7 June 2023	Open	ASX
2023 May (2)	ASX to reconsider the date of the Corporate Actions Scope Refinement Workshops scheduled 29 June to accommodate end of financial year corporate actions.	7 June 2023	Open	ASX

CHES Replacement Technical Committee Members

Company	Name	Job Title	Apologies
ASX	Tim Whiteley	Technical Committee Chair and Project Director, CHES Replacement Project	
ASX	Val Mathews	Business Committee Chair and Chief Customer and Operating Officer	
Clearing and Settlement participants			
ABN AMRO CLEARING	Matthew McMahon	Head of Operations	
AUSIEX	Mark Pace	Head of Solution Design	Apology
BANK OF AMERICA	Monika Ahrns	Project Manager	
BELL POTTER SECURITIES	Lee Muco	Chief Operating Officer	
BNP PARIBAS	Mark Wootton	Head of Custody Product Aust & NZ	
CITI	Lyall Herron	Program Manager	
CMC	Danny Ng	Senior Project Manager	
COMMSEC	Ryan Jones	Crew Technical Lead	
CREDIT SUISSE	Andrew Norval	Managing Director, Head of Operations	Apology
FINCLEAR SERVICES	Nikki Gleisner	Senior Business Analyst/Client Relationship Manager	
GOLDMAN SACHS	*Kenichi Shirasuna		Simon Wyss, COO, Australia/ New Zealand Engineering
HSBC	Simon Siluk	Senior Product Manager	
J.P. MORGAN	Scott Oakland	Executive Director Product Management	
MACQUARIE GROUP	*Paul Bragg	Operations Analyst	James Indge, Cash Equities Business Manager
MORGAN STANLEY	*Andrew Sime	Executive Director	Rebecca Collins, Executive Director
MORGANS	Daniel Spokes	Director, Client Support Services	Apology
NAB	Rodd Kingham	Head of Investment Service (WealthHub Securities)	
UBS	Scott Hanlon	Head of Operations, Executive Director	
Third party software vendors			
BROADRIDGE	Mabel Chow	Product Manager	
COMPUTERSHARE	Leanne Bailey	Senior Business Analyst	
FINCLEAR	Craig Gray	Head of Product for Settlement & Clearing systems	
FNZ	Nick Clarke	Head of Product Management – Capital Markets	
NRI	Diptesh Chakraborty	Data Engineering Analyst	
SECURITEASE	David Hinkley	General Manager	
AMOs			

ASX	Jimmy Halstead	Head of Trading Technology Markets, Technology	Apology
CBOE	Mike Aikins	Vice President APAC – Operations and Technology	
NSX	*Yemi Oluwi	Head of Market Operations and Technology	Chan Arambewela, Chief Operating Officer
SYDNEY STOCK EXCHANGE	Rajnish Tiwari	IT & Operations Manager	
Share registries			
AUTOMIC GROUP	Sue Julian	Head of Business Operations	
BOARDROOM	Michael Mullins	Chief Information Officer	
COMPUTERSHARE	Scott Hudson	General Manager – Market Liaison	
LINK MARKET SERVICES	Kelvin Chee	Senior Project Manager – CHES Replacement	

* Delegate

Observers

Company	Name	Job Title	Apologies
AusPayNet	Luke Wilson	Chief Operating officer	
AFMA	Brett Harper	Chief Executive Officer	Apology
	Damian Jeffree	Senior Director of Policy	
ACSA	David Travers	Chief Executive Officer	
AIRA	Ian Matheson	Chief Executive Officer	Apology
GIA	Simon Pordage	Brand Ambassador for GIA and Company Secretary for ANZ	
SIAA	Judith Fox	CEO	
ASIC	Nathan Bourne	Senior Executive Leader, Market Infrastructure	
	Dodie Green	Senior Manager, Market Infrastructure	
	Bharat Patel		
	Andia Petropoulos	Senior Analyst, Market Infrastructure	
RBA	Kylie Stewart	Senior Manager, Domestic and Payments, Financial Market Infrastructure	
	Elizabeth Kandelas	Manager, Financial Market Infrastructure, Domestic and Payments	Apology
	Tatiana Moiseeva	Lead Analyst, Financial Market Infrastructure, Domestic and Payments	
	Gordana Bloom	Senior Analyst, Financial Market Infrastructure, Domestic and Payments	Apology

EY

Name	Job Title	Apologies
Felicity Potter	Partner, Financial Services	
Corinne De Rosa	Director, Financial Services	

ASX Management

Name	Job Title	Apologies
Katie McDermott	General Manager, Business Design, CHES Replacement Project	
Aaron Smith	CHES Test Director, Quality Engineering & Testing	
Triona Quinlan	Delivery Lead, CHES Replacement Project	
Russell Eyre	Enterprise Architect, CHES Replacement Project	
David Brine	Project Manager, Equity Post Trade, Securities and Payments	
Chris Boyes	Senior Product Manager, Securities and Payments	

AGENDA ITEM 1: Welcome and open actions

The Chair welcomed members and delegates to the fourth CHES Replacement Technical Committee (Committee) meeting.

Andrew Norval (Credit Suisse), Brett Harper (AFMA), Daniel Spokes (Morgans), Elizabeth Kandelas (RBA), Gordana Bloom (RBA), Ian Matheson (AIRA), Jimmy Halstead (ASX Trading), Mark Pace (AUSIEX) were apologies. Chan Arambewela (NSX), was represented by a delegate, Yemi Oluwi. James Indge (Macquarie Group) was represented by a delegate, Paul Bragg. Rebecca Collins (Morgan Stanley) was represented by a delegate, Andrew Sime. Simon Wyss (Goldman Sachs) was represented by a delegate, Kenichi Shirasuna.

The Chair introduced and thanked the member from BNP Paribas in advance for acting as the 10 May 2023 meeting observer.

The Chair reminded members of their obligations under competition law and provided an overview of the agenda. The Chair continued by reminding members that the purpose of this Committee is for stakeholders to provide input and feedback and encouraged participation and engagement in the session. The Chair continued by introducing open actions and addressing the Committee's actions from the April 2023 Technical Committee, including:

Item Number	Action	Discussion
2023 Apr (1)	Members to provide feedback on industry testing by 28 April 2023.	Action addressed by Agenda Item 5. Feedback on industry testing approach. Member feedback received was presented back to the Committee by the ASX CHES Test Director, Quality Engineering & Testing.
2023 Apr (2)	ASX to review the SGX implementation approach.	Action to be addressed during the 7 June 2023 Technical Committee meeting.
2023 Apr (3)	ASX to clarify the potential roles of centralised message translation in the implementation approach.	Action closed in meeting via verbal update.

The minutes of previous meetings on 12 April 2023 were approved and published with supporting materials on the Committee [website](#).

Action item 2023 Apr (3)

The ASX Enterprise Architect, CHES Replacement Project provided a verbal update and clarified the potential role of a centralised message translation in the ASX implementation approach.

Centralised message translation is a potential capability implemented on the ASX side that allows a CHES user to interact using either EIS or ISO 20022 messaging during a transition phase.

The possible use cases include the ability to:

- shield all or some CHES users from a specific implementation phase and/or
- support the incremental transition by CHES user to ISO 20022 for all or a sub-set of CHES users

ASX will consider centralised message translation where it is;

- risk reducing,
- aligns with project objectives, and
- technically viable

Technical viability can be assessed on a number of dimensions, including;

- the nature of the mapping (like-for-like vs not like-for-like)
- the requirements, if any, for the translation service to be stateful or contain complex business rules
- the number of business processes and message types requiring translation
- the ability to achieve non-functional requirements such as resilience, security and performance

ASX has performed initial functional analysis on the ability to use centralised message translation to shield clearers from mandatory impact during a phase that would transition ASX and AMO's to the target state clearing facility.

However, beyond the clearing use case, ASX do not currently expect a comprehensive centralised message translation capability is technically viable due to:

- Mapping is not like-for-like in all cases
- Translation is likely to require persisted state and complex business rules
- There are dozens of business processes and hundreds of messages that would require mapping
- The need for the translation to be stateful may introduce challenges in meeting non-functional requirements

ASX will continue to explore opportunities for centralised message translation and will confirm details as part of the solution design.

Member discussion:

Members raised no questions in respect of the update.

AGENDA ITEM 2: Member feedback from last meeting

The ASX Project Manager, Equity Post Trade, Securities and Payments provided an overview of member feedback from the 12 April 2023 Technical Committee meeting. In response to the technology issues experienced in the April Committee meeting, ASX ensured constant room audio via dial in, direct internet connection via LAN ports for machines, 'goose neck' microphones transmitting audio through meeting room speakers, and small microphones transmitting audio to be heard by those online. Members attending in-person were reminded to unmute their microphones, announce their name and company before speaking clearly, should they ask a question.

AGENDA ITEM 3: Project status & governance

The ASX Delivery Lead, CHES Replacement Project provided the project update. The focus of the current quarter is the refinement of business requirements. The key risk identified is the commercial timeline which will remain open until the business case and contract are approved with either a product vendor or SI.

Key updates included:

- ASX aim to baseline the business requirements in the following quarter and manage future changes through a change control process.
- The Solution Decision Framework, which was shared with the technical committee previously has now been approved and will be utilised to assess solution options.
- The vendor RFI evaluation has completed and vendor RFP has been issued. The shortlisted vendors have commenced the RFP Q&A.

- RFP for the solution integrator (SI) who will partner with ASX to deliver the program is in progress and due to be released in the coming weeks
- ASX are continuing to review the broader impact of various implementation approaches.

The ASX Delivery Lead, CHES Replacement Project also provided an overview of the four solution types being considered by the project. These include:

1. addressing the issues from the existing CHES replacement solution
2. building a custom solution
3. using a product-based solution
4. iterating legacy CHES and developing new capabilities over time.

Member discussion:

A member asked for clarification if ASX were on track with their milestones. The ASX Delivery Lead, CHES Replacement Project confirmed the ASX were on track in terms of the schedule for the current 'define and plan' phase. The Chair added that all interim milestones have met their due dates.

A member asked if the vendor shortlist and the RFP were to be shared with the Committee. The ASX Delivery Lead, CHES Replacement Project responded that, the RFP will not be disclosed due to commercial confidentiality, as discussed in the 12 April 2023 Technical Committee.

A member asked if the vendors responding to the RFP are aware of the four solution types. The Chair confirmed that the vendors are aware of the solution types and it was clarified that the RFP is to address solution type 3 using a product based solution.

AGENDA ITEM 4: Project scope

The ASX Senior Product Manager, Securities and Payments provided the overview on the project scope.

As of the 10 May, ASX had collated and classified all member feedback received. Feedback that was not related to scope, but referred to the detailed design and implementation themes will be captured and reviewed once the project phase reaches the appropriate stage to explore detailed design and implementation. Feedback relating to scope, independent of the CHES replacement solution, such as T+1 or other requests that do not require the replacement of technology, will be dealt with the relevant ASX teams outside of this project.

The feedback related to scope were grouped into three themes; sub-register and issuer sponsored enhancements and process improvements, settlement improvements and enhancements, and lastly, corporate action processing efficiencies. Three, four-hour collaborative scope refinement workshops will be held to discuss the scope within these themes. A survey will be released in advance of each refinement session to gather further information from participants to prioritise scope items to be discussed and aid drafting the first iteration of scope business canvases. The survey for the first session on sub-register and issuer sponsored enhancements held on the 25 May, was issued on 5 May 2023.

The scope refinement workshops aim to validate which additional items will be put forward and added to the baseline scope. The workshops will be moderated independently by industry associations AFMA and ACSA. AFMA is scheduled to moderate the first two workshops and ACSA will moderate the third. This will ensure all views are considered and the outputs will be an accurate representation of each workshop's discussions. Outputs from these workshops will be in the form of a business canvas per scope item and will be brought back to a subsequent Technical Committee meeting before facilitating a process for voting on final recommendations. The final recommendation of additional scope items from the Technical Committee will be put forward to the Business Committee, and then to the ASX Boards. A subsequent

step will be further feasibility analysis and legal assessment. The final project scope will form part of a future industry consultation on CHES replacement and ASX will ensure processes are in place to incorporate subsequent scope changes.

Member discussion:

A member representing an AMO requested for AMOs to be considered for invitation to the scope refinement session 1: sub-register and issuer sponsored enhancements and process improvements, and scope refinement session 3: corporate action processing efficiencies as AMOs are a user of issuer settlement services, and in some cases act as a proxy for the issuers they represent. The ASX General Manager, Business Design, CHES Replacement Project responded that ASX would take the action to bilaterally discuss this request with the specific AMO.

A member representing an industry association asked for clarification on the Committee's views of the extent of involvement of issuing companies from the market in the scope refinement process. The ASX Senior Product Manager, Securities and Payments responded stating that subject matter experts will help to articulate what the problem statement is, what the potential scope being discussed is and any benefits, risks and problems. The business canvases produced in the scope workshops will be formally presented and considered in the Technical Committee for further feedback, if required. The Chair reinforced ASX's request that true subject matter experts be sent to the scope refinement workshops. The workshops are not a decision-making forum that is for the various committees. The ASX General Manager, Business Design, CHES Replacement Project added the discussions are specific to scope, as opposed to design. Consultation on solution and design implementation will come later.

A member asked what the future industry consultation mentioned by the ASX Senior Product Manager, Securities and Payments involved. The ASX General Manager, Business Design, CHES Replacement Project explained that the future industry consultation is planned to take place in early 2024 regarding the design and scope determined during the define and plan phase of the CHES replacement project. ASX also expects there will be consultation on the implementation approach as well. The Chair added that it is still to be determined whether the consultation on the implementation plan may be incorporated into the scope consultation or performed separately.

A member questioned how ASX can choose a vendor without the finalised scope. The ASX General Manager, Business Design, CHES Replacement Project reinforced the final solution must be appropriate for the Australian market and could be a combination of off the shelf product and customisation. The ASX General Manager, Business Design continued by emphasising the difference between how ASX currently operate clearing and settlement with the Australian market and the potential enhancements for CHES replacement will not significantly impact the vendor shortlist.

A member requested clarification on the type of expert required for the scope refinement session. The ASX Senior Product Manager, Securities and Payments clarified that ASX request experts who can contribute to the problem statement for each canvas item, articulate what a potential solution would look like and enable decisions regarding the prioritisation of scope items. The sessions will not be focused on the delivery of the scope items nor the detailed technology and design.

AGENDA ITEM 5: Testing approach

The CHES Test Director, Quality Engineering & Testing provided an overview of the feedback received on the previous testing approach. The responses were organised into themes, with several items identified for improvement. These included engagement and communication, test environments and data, test scope and planning and testing strategy.

Responses totalled 131 items encompassing requests for continued collaboration, adoption of strategy and approach feedback, a focus on operational testing, industry parallel testing and implementation approach, stability of testing environments, timing of testing and visibility of progress on issues raised with ASX support. From this feedback, ASX plans to arrange focus groups and discuss topics as they mature across these themes, notably on key topics such as

parallel test options, entry criteria and timing as to when to begin industry testing. These sessions will be scheduled once scope refinement activities have concluded.

The CHESSTest Director, Quality Engineering & Testing reiterated that ASX continues to be open to feedback on industry testing noting that any further feedback can be raised to CHESSTestReplacement@asx.com.au. The Chair supported this, stating feedback and learnings are vital to improve the industry testing approach supporting the next phase of the project.

Member discussion:

Members raised no questions in respect of the update.

AGENDA ITEM 6: Other matters

a) Forward work plan

The ASX General Manager, Business Design, CHESSTest Replacement Project provided an update on the forward work plan and highlighted the industry webinar taking place on the 17 May 2023. The industry webinar will provide an overview of the status and progress of the CHESSTest replacement project, an overview of the CHESSTest Replacement Partnership Program including industry feedback received, key clarifications and proposed changes to the Program, supported with an open Q&A.

ASX presented agenda topics for the next meeting, which includes a playback of the first scope refinement workshop and the approach for endorsing scope recommendations, along with the standing agenda items of project status updates, member feedback and member-requested topics.

Calendar invitations have been sent for the next meeting on 7 June 2023. Invites for the second and third scope refinement workshops will be sent before the 25 May 2023.

b) Meeting observations

The appointed independent meeting observer noted the technical difficulties experienced in the April Committee had been resolved with no notable difficulties in the May Committee meeting for those online and in person. The observer noted conversations brought up in the sessions were fluid and meeting governance was succinct when compared to previous Committees. The observer continued stating that the pre-reading would still be beneficial sent earlier, however clarified that the pre-read for the session itself was not labour intensive. One improvement requested was for ASX to highlight any updates to presentation slides post the pre-read pack (e.g. Meeting date change). The Chair acknowledged this request for future committees.

c) Next meeting – 7 June 2023

The next Committee on 7 June 2023 will include a playback of the first scope refinement session, sub-register and issuer sponsored enhancements and process improvements, and discuss the approach for endorsing scope recommendations in addition to the standing agenda items of project status updates, risks and issues.

The meeting closed at 3.15pm.

Signed as a correct record of the meeting.

A handwritten signature in black ink, appearing to read 'G. White', written over a horizontal line.

7 June 2023

Chair

Date