

ASX

CHES Replacement

Implementation & Transition Working
Group

20 February 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



Housekeeping

Troubleshooting

- > 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 capturing decision and actions
- > Dial in details (audio only):
 - **+61 2 7208 4607**
 - Phone Conference ID: **654 953 502#**
- > Presentation materials were distributed before the meeting and will be published on the website

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 – Introduction and housekeeping

02 – Consultation paper process and overview

03 – Staged implementation approach

04 – Release 1 scope overview

05 – Backwards compatibility

06 – Release 1 industry testing

07 – Forward engagement schedule

01 - Implementation & Transition Working Group

Open questions from the previous working group

- > **2023 December (1) - Provide clarity on whether all existing EIS messages need to be regression tested in Release 1**
 - Refer to slide 11.
- > **2023 December (2) Provide further information to WG members on testing strategy (parallel test boundaries, legacy CHES test environment, reconciliations, level of Clearing Participant involvement, sharing test scenarios & results across industry)**
 - Refer to slide 13.
- > **2023 December (3) Update diagrams to clarify that ASX delivery for AMO build will be complete before AMO build start**
 - Refer to slide 12.

02 - Purpose of the paper

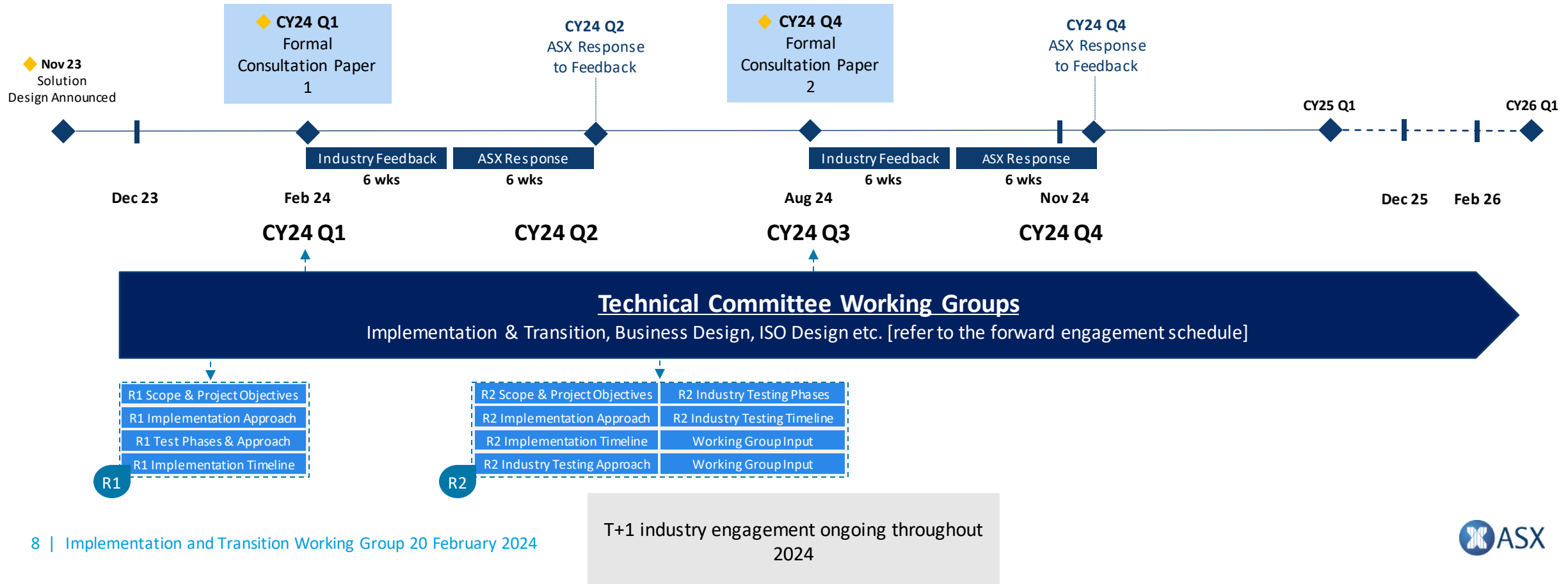
Overview

- > This purpose of this consultation paper is to seek industry feedback on a high level project plan and an indicative timeline for the releases, including the design, scope and timing for each of the releases.
- > The proposed first release implements the new solution for the clearing component of CHES and the implementation of Financial Information eXchange (FIX) messaging for trade registration for all market operators and is intended to only impact Approved Market Operators (AMOs). The paper seeks input on the proposed scope and approach to Release 1, including the approach to industry testing and preparation for Go Live.
- > This is the first of two consultation papers seeking feedback on the staged implementation approach to CHES replacement. Feedback received in response to this paper will inform ASX's second consultation in Q3 2024 which will seek stakeholder feedback on Release 2. The proposed second release implements the remaining clearing components, settlement and sub-register functionality, and updated messaging interfaces to participants, registries and payment providers.
- > ASX welcomes industry views on the proposals outlined in this consultation paper. In addition to seeking feedback, the paper is intended to provide information to impacted stakeholders to enable them to commence planning and allocating their own resources to implement CHES replacement.

02 - Public consultation

Consultation timeline and process

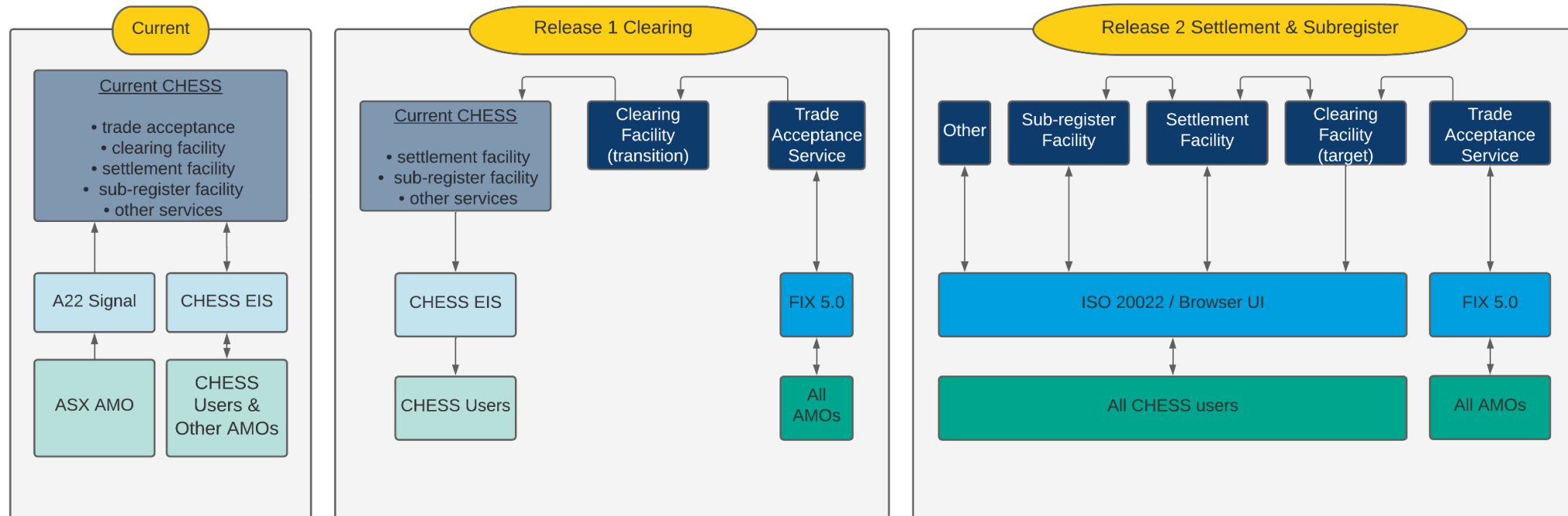
Formal consultation with stakeholders will commence in the first quarter of 2024 and cover the high-level project plan and an indicative timeline for the releases, including the design, scope, and timing for each of the releases.



03 - Staged Implementation Approach

Addressing trade scalability and AMO connectivity via FIX in Release 1

Based on Technical Committee consultation in March and April of 2023, the staged implementation approach that addresses trade scalability and introduces AMO connectivity via FIX in the first release was accepted on the condition that CHES messaging can achieve backwards compatibility minimising impact on CHES Users.



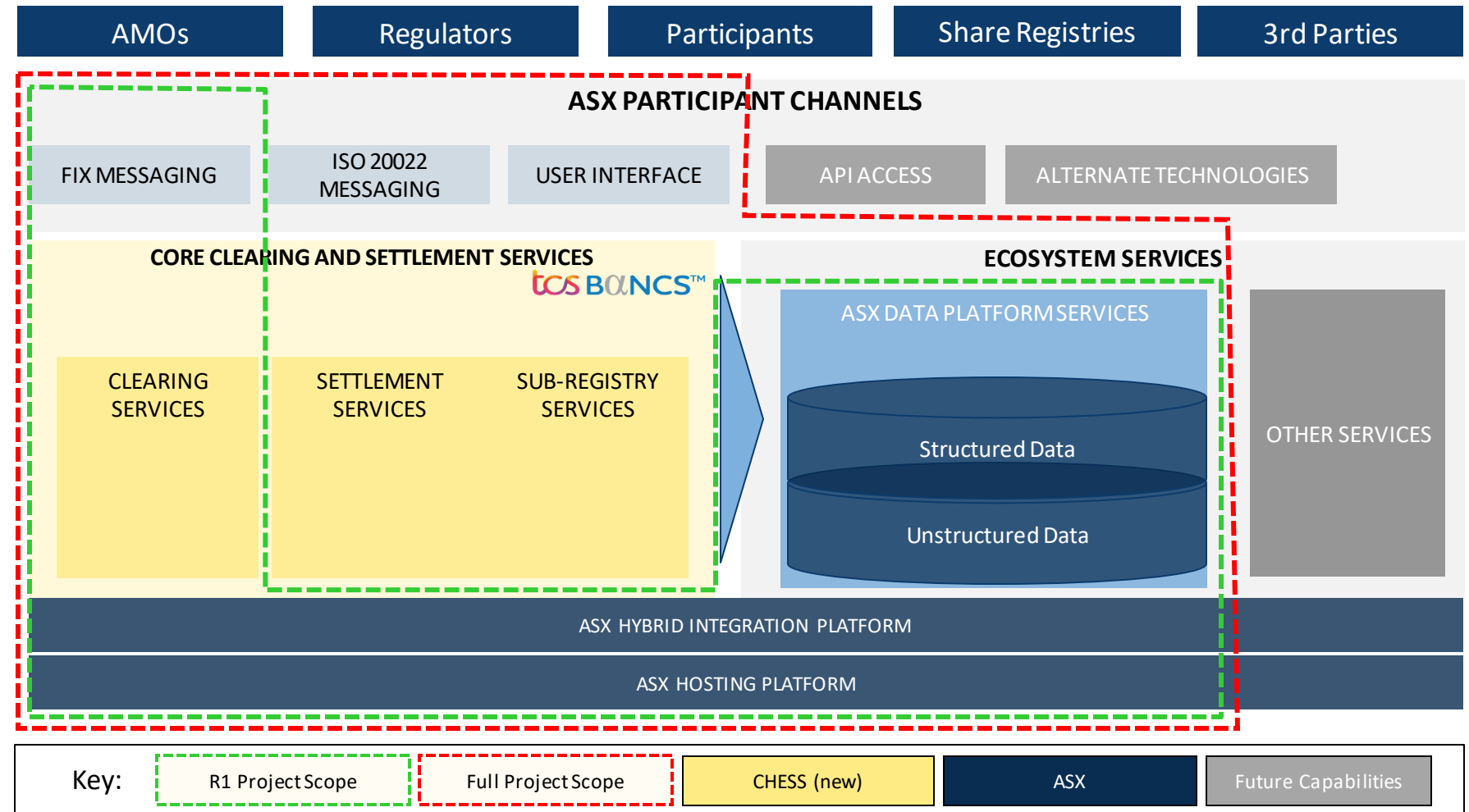
Question: Is there any additional feedback that ASX should consider on the way that the staged release approach will be implemented?

04 - Release 1 Scope

Indicative overview

Release 1 will:

- 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.

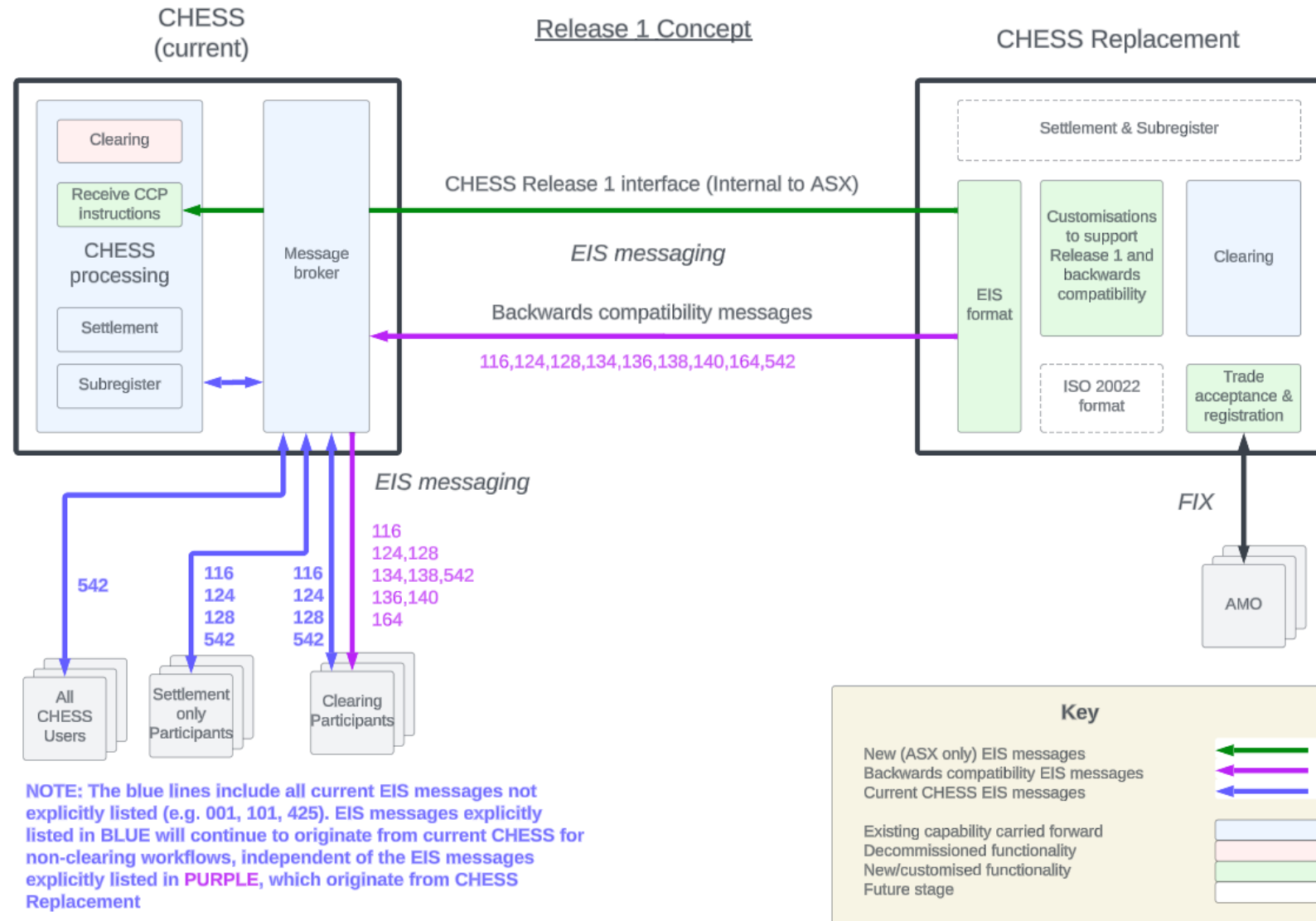


05 - Release 1 minimising impact to CHES users

By achieving backwards compatibility

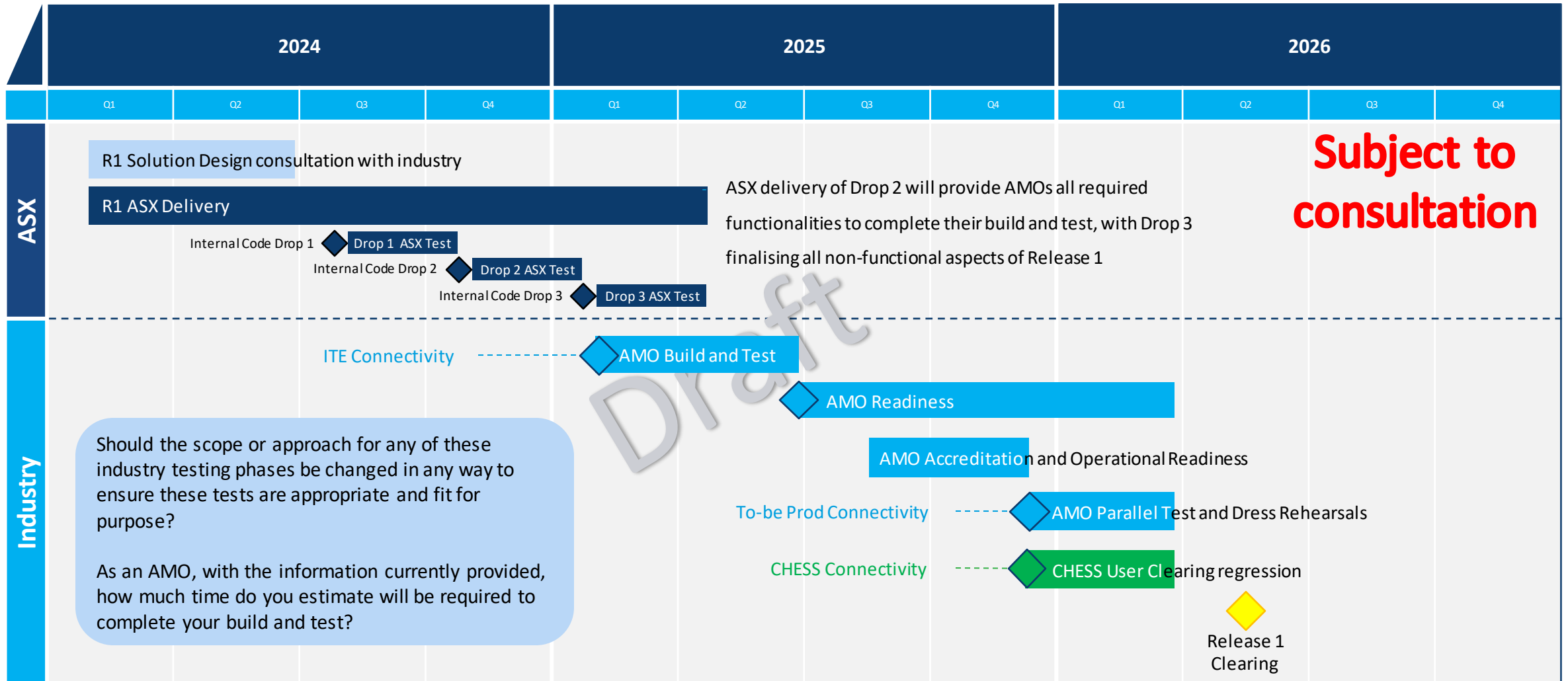
- CHES Replacement system will create and send CHES formatted messages to current CHES for all trade registration and clearing workflows
- Clearing Participants will continue to receive these messages via the existing connectivity with CHES
- All messages originating from non-Clearing workflows continue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



06 – Release 1 Industry Testing

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



06 – Release 1 Industry Testing

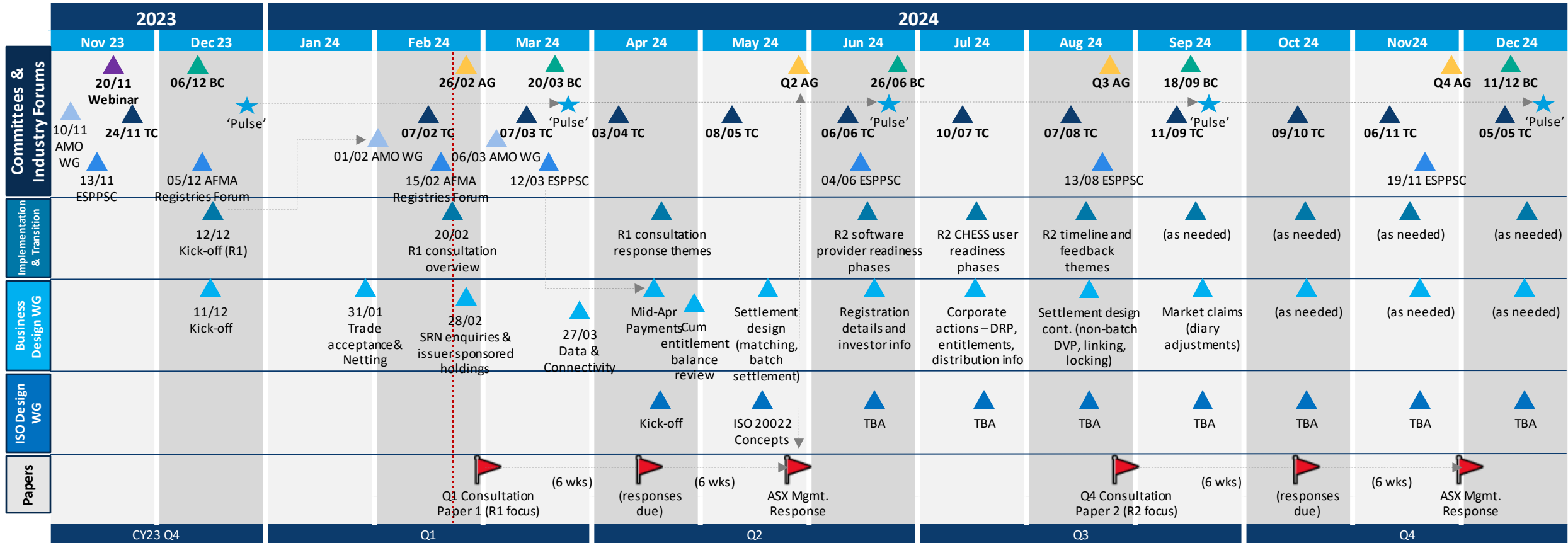
Release 1 Industry Test Supporting Documentation

ASX will share a suite of Release 1 documentation and artefacts at a minimum of three months prior to the commencement of the corresponding industry test phase, providing adequate 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
CHESS 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 CHESS 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 CHESS 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

07 - Upcoming Engagement

What's on the horizon



Note: Legal consultation on TAS to commence in H2 CY2024 or Q1 CY 2025.

T+1 Consultation



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Thank you.

