



Implementation & Transition Working Group

Questions from webinar | 7 October 2020

The following table provides ASX's response to relevant questions asked by Implementation & Transition working group members during the webinar held on 7 October 2020. Please email chessreplacement@asx.com.au if you have any additional questions or require further clarification.

Topic	Question	Answer
ASX Website	How many unique users per month does the ASX website get?	ASX averages between 1.6 - 2 million. However, this year due to the market volatility, in March ASX had 3.6 million unique visitors which was double the FY 19 monthly average. ASX tend to follow the trends of the market and the number of visitors tracking higher in comparison to the previous year
ASX Website	Where do I find Business Committee information on ASX's new website?	The Business Committee membership information, charter, meeting dates, agenda, meeting papers & minutes can be found here: https://www2.asx.com.au/about/regulation/clearing-and-settlement-of-cash-equities-in-australia/stakeholder-engagement/business-committee
CDE	Will test tooling in CDE also be available in ITE1?	Yes, noting that there may be some differences. ASX has discussed in the previous Implementation & Transition Working Group webinar that the trade auto injector, which is in CDE, will not be carried forward into ITE1 and that's really because it's been superseded by the self-service tooling. It is safe to assume that all the test tooling will be carried forward. However, there may be some minor differences based on the fact that it is a much more integrated environment in comparison to the CDE experience.
CDE	How do we track changes in CDE documentation and at what point can customers be confident that there will be no further changes?	CDE documentation is available on the confluence site. Each time ASX does a new documentation uplift, the entire site is PDF'ed for audit and historical reasons. So you can go back and look at the PDF version of a previous version. Anything new in a particular release is colour coded to indicate that it's been changed from the prior release. Any new changes are included in the release notes when documentation is updated.

Topic	Question	Answer
Electronic CHESS Holding Statements	Is this new site and portfolio functionality integrated with the statements portal?	No. Investors' HINs are separate from their MyASX login. The MyASX portal is separate from the CHESS Holding Statements portal. We will consider further enhancements for investors after go-live..
Electronic CHESS Holding Statements	Margin Lenders hold the HIN, how will the email address be managed in this case?	Each HIN will have one email address allocated to it. The party able to set that email address is a matter to be agreed between the participant and their client.
Electronic CHESS Holding Statements	Will investors need to use one email address for all Electronic CHESS Holding Statements & Notifications?	ASX will accept and store one email address per HIN in CHESS.
Electronic CHESS Holding Statements	What will prompt Sponsored clients to nominate an email address for this purpose, to the sponsor and will the Settlement Operations [<i>Operating</i>] Rules be amended to reflect this obligation to act? Also when can a standing email be nominated without explicit consent?	<p>Sponsoring participants will need to obtain instructions from their customers on communication preferences.</p> <p>In providing electronic holding statements the aim is to give the investor the option to receive statements in this form. We do not propose to amend the ASX Settlement Operating Rules to place an obligation on sponsoring participants or investors to provide email addresses or elect a particular communications channel.</p> <p>ASX will not send electronic holding statements to a holder without an instruction from the broker via CHESS message which includes an email address.</p>
Electronic CHESS Holding Statements	Will ASX mandate that supporting electronic statements is mandatory CHESS functionality?	<p>ASX will not mandate electronic statements.</p> <p>Brokers will be required to be able to support the provision of email addresses to the CHESS replacement system.</p>

Topic	Question	Answer
Electronic CHESS Holding Statements	Will CHESS Replacement provide the ability for brokers to provide consent of investors to send CHESS emails to issuers, separately to consent to receive electronic CHESS messages?	A broker can elect on behalf of a HIN for electronic communications from ASX only, Issuer only, or ASX and Issuer. Where the election is for electronic communications from the Issuer only or ASX and the Issuer, ASX will pass the email address on to the Issuer. This election can be changed at any time.
Electronic CHESS Holding Statements	Where has ASX advised what communication is limited to "Electronic" Communication? And is this defined in the current rule amendments or the Corporations Act?	<p>Where the communication preference for a HIN is to receive electronic communications from ASX only or ASX and Issuer and an email address is provided as part of the registration details, ASX will send electronic holding statements and notifications that are required to be provided by ASX Settlement to holders under the ASX Settlement Operating Rules to that email address. The ASX Settlement Operating Rules specify the notifications that are required to be provided by ASX Settlement to the holder.</p> <p>ASX expects that an email address provided via CHESS to an issuer would be used by the issuer (generally via their share registry) to communicate electronically with the holder for purposes relating to their holding with that issuer, or for other purposes where permitted under privacy laws (for example, purposes for which the holder has provided their consent).</p>
Electronic CHESS Holding Statements	What is the implementation strategy to notify AND encourage investors to submit email addresses and elect "ASX & Issuers" as their choice?	ASX has had several conversations, particularly with some of the larger brokers who are engaging constructively with us on the issue of providing investors with the choice to receive electronic holding statements and notifications. ASX will continue to engage with brokers and issuers on electronic CHESS holding statements and improving the ability for investors to choose to receive electronic communications from ASX and issuers. This will involve a combination of one-on-one meetings, small group meetings and webinars.
Electronic CHESS Holding Statements	Will ASX use its free format text on holding statements to encourage interest by investors when it is actually launched?	We are considering what additional information ASX can provide to investors to encourage adoption of eStatements.

Topic	Question	Answer
Electronic CHESS Holding Statements	Why is ASX incentivized to move to this new process?	ASX has had stakeholder feedback that electronic communication of CHESS holding statements would be beneficial to issuers and investors. ASX has invested in a whole new software system that is designed for electronic communication of CHESS holding statements and notifications, which ASX views as a more efficient and streamlined way to deliver messages to investors.
Electronic CHESS Holding Statements	Will new holding statements allow for AMO logos at the bottom like current holding statements?	Yes, AMO logos will be on the redesigned CHESS Holding Statement.
Electronic CHESS Holding Statements	Will mail portal cover all communications including those on securities not quoted on ASX but on other AMOs?	Yes, this applies to all securities recorded in CHESS (whether quoted on ASX or on another AMO).
Electronic CHESS Holding Statements	What is the mechanics for synchronisation of email addresses held at Sponsor where a direct nomination by a client is given to the Registry? And how is a unique email address for a specific holding be supported?	<p>ASX provides a channel for communication of investor email addresses from brokers to issuers via CHESS.</p> <p>Where an investor has elected to receive electronic communications from the issuer, ASX will communicate the email address provided by the broker to CHESS to the issuer or share registry acting on behalf of the issuer.</p> <p>Registries can receive email addresses through a CHESS EIS 512 message. It will be a matter for the registry to have a process in place for dealing with any conflict between an email address they receive via CHESS or directly from an investor with an email address held in their existing records.</p>

Topic	Question	Answer
Electronic CHES Holding Statements	Can ASX confirm the electronic CHES statements can also be available for Monthly Statements attributable to Non ASX exchanges?	Yes, electronic CHES Statements will be available for all AMOs.
Electronic CHES Holding Statements	What is the pricing for eStatements?	The pricing structure will be announced before go-live for electronic CHES holding statements.
Electronic CHES Holding Statements	Are you proposing to charge brokers for these statements?	The pricing structure will be announced before go-live for electronic CHES holding statements.
Electronic CHES Holding Statements	Which cohorts were engaged in "Electronic" given it's not been as far as I am aware raised or presented to any technical meeting or workshop I've participated in?	<p>There have been several workshops on this, between issuer groups, industry associations, and a select group of brokers.</p> <p>ASX notes that this project does not form part of the CHES replacement project. Whilst related, it is a separate project. Consequently, it has not been part of the CHES replacement project consultation. Updates on electronic CHES holding statements have been presented to the Business Committee.</p>
Electronic CHES Holding Statements	Are new statements conforming to AUS Post requirements?	Yes

Topic	Question	Answer
Electronic CHESS Holding Statements	What is the process for invalid email addresses, bounce-backs etc, and will physical change of address notifications (green border envelope) still be sent?	<p>Following receipt of a bounce-back notification, ASX will continue to try sending communications via email for a period of time, in accordance with industry practice. Brokers will be notified via the portal once it is determined that an email address is invalid.</p> <p>Where ASX is notified by a broker on behalf of an investor of a change to the investor's communication preference from postal to electronic, notification of the change will be provided both to the postal address and to the email address provided. Where there is a subsequent change of the physical address, this change to the registration details will be notified electronically to the email address provided.</p>
Electronic CHESS Holding Statements	In addition to participants being provided with information concerning returned mail and bounced emails, can the same information be made available to issuers/registries? In particular the bounced emails will be important.	This is something ASX is considering.
Electronic CHESS Holding Statements	Who will be responsible for email bounce-backs of Holding Statements, specifically the follow-up with the end client to potentially provide the necessary Statement via other means (ie post)? Having Brokers ABLE to access the portal to view what has failed to reach the end client seems to only be relevant if the Broker is then being asked to remedy and re-send the Statement.	Brokers are responsible for following up with their client where a bounce-back notification has been received in relation to an email, in the same way that they are currently responsible for follow up of incorrect addresses where there is returned mail.
Electronic CHESS Holding Statements	Will the Holding Statements portal be available for Brokers to access on behalf of their clients, in order to re-print and re-send to clients - especially for those clients who have NOT elected to go paperless?	ASX will give consideration as to whether, as part of future functionality, it will enable the broker to access a CHESS statement in the portal in order to re-send to clients where a CHESS holding statement is undelivered (e.g. email bounce-backs).

Topic	Question	Answer
Electronic CHES Holding Statements	What is the process for changing an email address - will these be vetted for possible fraud in a similar way to registration detail changes?	The broker has the responsibility to perform Know Your Client (KYC) checks on their client. ASX does not alter the email address recorded in the registration details for a HIN without an instruction from the broker via CHES message.
Electronic CHES Holding Statements	What about other notices, apart from statements?	ASX will send electronic notifications that are required to be provided by ASX Settlement to holders under the ASX Settlement Operating Rules. The ASX Settlement Operating Rules specify the notifications that are required to be provided by ASX Settlement to the holder. This includes but is not limited to notification of change in registration details, change in residency indicator, and application of a holding lock or holder record lock. All such notifications sent electronically are stored within the portal.
Electronic CHES Holding Statements	Clients can change email with Issuers directly	This is correct, however these changes are not communicated via CHES back to brokers.
Electronic CHES Holding Statements	What if investor scrubs off email from share register after presented to ASX?	When an investor chooses electronic Issuer communication via CHES, the Issuer will follow its own business rules with regard to the election made.
Electronic CHES Holding Statements	Is it correct that electronic statements will only happen anytime soon if the brokers connect before day 1 of CHES replacement?	<p>The uptake of electronic statements can only happen once brokers are connected to CHES in a way that allows them to deliver email addresses to CHES. A number of brokers including some of the very large ones already have the connection through CHES to provide e-mail addresses. As more brokers are actually using that connection electronic statements will be available to more investors..</p> <p>Brokers will be required to be able to support the provision of email addresses to the CHES replacement system.</p>

Topic	Question	Answer
Electronic CHESS Holding Statements	Will ASX do KYC on the email addresses?	No. The broker is responsible for performing Know Your Client (KYC) checks on their client. ASX does not alter the email address recorded for a HIN without an instruction from the broker via CHES message.
Electronic CHESS Holding Statements	Can ASX operations intervention to default undelivered email to post be advised as a CHES message (not bespoke portal process) and provide an indemnity to Sponsors?	Please see our response to the question immediately above in relation to the process for dealing with invalid email addresses
Electronic CHESS Holding Statements	How can a broker inform a client which email address a registry is using if they have discretion to take other email addresses directly?	Brokers will not be able to access registry data via CHES to determine the email address registries are using.
Electronic CHESS Holding Statements	Can you please describe how and when the CHES HIN including the email address is sent to the share registry acting as agent for the issuer? Can you please advise what the ASX fees are for this process to the issuer?	A registry acting on behalf of an issuer is sent a CHES EIS 512 message to notify them of a new or changed email address for a HIN (where a balance exists on the HIN in relation to that issuer's financial products). Issuers pay \$0.35 for this message.
Electronic CHESS Holding Statements	Can you please provide statistics on how many active sponsored HINs there are currently?	ASX does not provide this information publicly.
Electronic CHESS Holding Statements	Can you please advise what percentage of the active HINs currently have email addresses?	We currently have around 77,000 email addresses in CHES. This is a very small percentage of overall HINs.