



Implementation & Transition Working Group

Questions from webinar | 29 September 2021

The following table provides ASX's response to relevant questions asked by Implementation & Transition working group members during the webinar held on 29 September 2021. Please email chessreplacement@asx.com.au if you have any additional questions or require further clarification.

Topic	Question	Answer
Consultation on third tranche & combined package of operating rule amendments	Regarding the transitional rules, can the ASX expedite a WG meeting around the process for NBO's that are created in CHES Replacement? Specifically need to understand what additional work will need to be undertaken over cutover weekend & what expectations are for all impacted (ASX, vendors & participants)	<p>The transitional rules provide for the migration to the new system of batch instructions scheduled for settlement prior to cutover in respect of existing CHES, in a manner which is aligned to the applicable new form of batch instruction in the new system. This includes for NBOs (referred to as CCP Net Batch Instructions under the rules framework).</p> <p>ASX had a dedicated section on the inflight migration on the documentation portal that can be found: https://asxchessreplacement.atlassian.net/wiki/spaces/CSP/pages/766804293/Cutover+and+Migration+-+Inflight+Transactions</p> <p>Details relating to the netting and settlement design will be published on this in the November release. ASX will work with vendors to ensure they understand the required mapping between CHES And CHES Replacement</p>
Consultation on third tranche & combined package of operating rule amendments	Which has precedence - the ASX rulebooks or APGs and tech docs when an inconsistency applies?	<p>The obligations of clearing and settlement participants and other facility users are defined in the ASX Clear Operating Rules and the ASX Settlement Operating Rules and accompanying procedures. While the APGs provide operational guidelines which participants and other facility users can use as a base for establishing internal procedures that suit their business and internal systems, they do not represent obligations of participants and facility users and must be read in the context of the operating rules. In connection with the new system, the APGs will be replaced by the User Technical Documentation available through the CHES Replacement documentation portal. As indicated in the response to the question below, requirements under the User Technical Documentation (relevantly for protocols, message formats and security features for communications) may however be incorporated for the purpose of requirements under the operating rules as expressly identified in the operating rules.</p>

Topic	Question	Answer
Consultation on third tranche & combined package of operating rule amendments	Does the incorporation of the broad Technical Documentation into the ASX Settlement Operating Rules make the rules wider and deeper than the existing rule set?	<p>The term "EIS" is being replaced by "User Technical Documentation" in the ASX Settlement Operating Rules and ASX Clear Operating Rules, reflecting that the User Technical Documentation published by ASX and available through the CHES Replacement documentation portal in connection with the new system will replace the existing "EIS" or External Interface Specification document currently published by ASX in connection with CHES. As occurs with the existing EIS, the User Technical Documentation will provide detailed information about protocols, messages formats and security features for communications between facility users and ASX Settlement, with such requirements (in particular under the messaging section of the user technical documentation) incorporated for the purpose of requirements under the operating rules as expressly identified in the operating rules (e.g. in the case of determining the requirements for a "Valid" message under the ASX Settlement Operating Rules). The EIS is bespoke to the existing CHES system and messages while the User Technical Documentation will cover the different connectivity channels in the new system - ISO 20022 messaging, distributed ledger API or "node" connection and web browser.</p>
Electronic CHES holding statements	The document setting out how to convert sponsored HINs to electronic delivery of CHES Replacement shows some data combinations in #203 messages that will not trigger a change to electronic delivery. What stock broker systems and non-broker systems can produce compliant combinations?	<p>The majority of systems in the market support this feature today, ASX is proactively working with those organisations whose systems need updating to ensure their readiness.</p>

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Industry testing	<p>Will the Industry wide testing allow performance testing at scale?</p>	<p>The purpose of ITE1 is to enable software providers to test how their applications operate connected to the CHES replacement system. From a performance perspective, ITE1 will enable each software provider to independently test “at scale” and under stressed volumes as deemed appropriate and determined by that provider based on the activity levels typically supported for its users.</p> <p>Similarly, ITE2 allows CHES users to conduct their own performance test scenarios in a similar vein, that is, to independently test performance “at scale” based on its typical activity levels. Neither of these phases is about testing the performance of the CHES replacement system at scale for the clearing and settlement facilities.</p> <p>As noted in the Q&A published from the 30 June '21 webinar, it is ASX’s responsibility to ensure the clearing and settlement infrastructure is scalable to meet existing and future needs of the market and participants. ASX will therefore conduct an extensive performance testing program to ensure the solution meets the non-functional performance requirements and satisfies regulatory expectations. This will include providing supporting independent assurances to the regulators before migrating to the new system.</p> <p>ASX will be providing further details on performance testing as part of the uplift to the Guide to Testing Services at the end of November 2021.</p>
Industry testing	<p>Will there be formal testing hurdles as part of ITE2 and ITE-M?</p>	<p>ITE2 is designed to be a combination of self-serve testing and bilateral testing - either with other parties or with the ASX for certain type of events, such as corporate actions, and simulated network outage testing. Testing in ITE-M is optional. There are no formal testing hurdles for either user testing in ITE2 or ITE-M, but CHES users will need to demonstrate they can meet expected behaviours as part of operational readiness as well as successful participation in market dress rehearsals, leveraging the pre-production environment. CHES users should refer to the operational scenarios that will be published by end of 2021 to understand these expected behaviours/hurdles for operational readiness. Further information on market dress rehearsals will be provided as part of the Cutover and Migration strategy to be published end of this year.</p>

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Industry testing	Is it yet clear which CSP test environment and phase will support large-scale functional testing of trade lifecycle to prove scalability of both CSP and participant systems?	As noted above, there is no large scale performance testing of the trade lifecycle planned in terms of an orchestrated industry wide test. Software providers and CHES users will be able to do their own performance testing in ITE1 and ITE2 respectively. ASX will separately conduct an extensive performance testing program to ensure the solution meets the non-functional performance requirements and satisfies regulatory expectations. This will include providing supporting independent assurances to the regulators before migrating to the new system. More information on performance testing will be provided as part of the uplift to the Guide to Testing Services at the end of November '21.