Implementation & Transition Working Group

Questions from webinar| 31 March 2021

The following table provides ASX's response to relevant questions asked by Implementation & Transition working group members during the webinar held on 31 March. Please email chessreplacement@asx.com.au if you have any additional questions or require further clarification.

Topic	Question	Answer
Data Remediation	**Will the CHESS message costs for remediation of valid CHESS registration details be waived by ASX?** **Can CHESS notifications for trivial updates be suppressed so investors do not receive confusing notices from CHESS?**	The majority of remediation relate to registration details not conforming to the current ASX procedural guidelines, and suppression is not recommended as it is important that share registries and end clients are notified. However, volumes are anticipated to be relatively small per sponsoring participant and as a next step, ASX will be engaging directly with sponsoring participants to share this information and agree on the path forward.
Data Remediation	**In regards to data cleansing - HIN updates require client consent under current operating rules. Will we be able to make these updates unilaterally, and how will we avoid the 203 message cost?**	The update needed to remediate the HIN could be related to either the data in the registration details, or the format of how the data is recorded. ASX will share this information during the engagement with those Sponsoring Participants with a view to agree the path forward, and whether client consent is applicable.

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Operating Rules	**Will the Tranche 3 rules include transition arrangements that cover the migration/conversion of registration details? If so, can we please have an indication of what those transitional arrangements might cover?**	Yes, the Tranche 3 rules will include transitional arrangement that will cover the cleansing, conversion and migration of Holder Records to the new system. While the rule amendments are subject to ongoing consideration, they are expected to include: - Remediation requirements for participants to address outstanding errors in holder record details; - Supporting conversion of holder record details into the new structured format that aligns with ISO 20022 standards and the migration of these details to the new system; - Identifying accounts which will not be migrated (non-compliant accounts without holdings/settlement obligations); - Obligations for participants to update Entity Type where uncategorised in Holder Records (i.e. recorded as "unknown") in the new system. The Tranche 3 rules will be released for public consultation in early August 2021.
Registration Details tool	**How will ASX deal with the situation where participants, ASX and registries ending up with differences in the migrated registration details?**	There are a few aspects to this: - If the Registration tool is provided the same input it will provide the same output as ASX on cut-over weekend and hence both systems will record the same information; and - If there is a difference between what CHESS has on record with either a sponsoring participant or a share registry then that is an existing issue today and this process is not looking to correct that. For organisations with Ledger API access, they will be able to access full details of accounts and registration details post migration (and any data they are permissioned to access). The focus from ASX will be to assist sponsoring participants in remediating accounts that will not be migrated from CHESS to CHESS Replacement without manual intervention (for example invalid country codes). The majority of accounts that need remediation are those that don't conform to current APG standards. The details of all the errors and warnings are published on ASX's website : **https://asxchessreplacement.atlassian.net/wiki/spaces/CSP/pages/856719933/Exceptions+Warnings+and+Errors**

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Registration Details tool	**What if the ASX tool isn't used by a stakeholder and they use their own algorithm? Won't we end up with differences?**	Possibly and that is a design approach for each organisation but we recommend the use of the Registrations tool for those that wish to convert their internal copies of the CHESS registration details. The requirement from ASX is that any new accounts registered in CHESS Replacement conform to ISO 20022 standards and that for any updates systems must additionally supply the Holder ID. If an organisation does not persist an exact copy of what they have sent to CHESS it does not necessary cause an issue as the information recorded in CHESS is what's used in confirming account details with Issuers and Share Registries as well as the postal address used in producing CHESS holding statements and notifications.
Registration Details tool	**Is it mandatory to maintain the spacing between each attributes in the txt file which acts as an input to the registration migration tool?**	The input file has two pipe-separated fields being the record identifier and registration details in current CHESS format. Registration details need to be exactly the same as when they were created via EIS 201 message or updated via EIS 203 message.
Registration Details tool	**CHESS does not use the X prefix on the HIN. What if an issuer has the same number on a SRN and HIN? What will the tool need?**	In the described scenario, there should be two input files created and the tool should be run twice. The first file should have HINs and registration details on CHESS sub-register. The second file should have SRNs and registration details on Issuer sub-register. The tool should run with *-nohin* argument when processing the second file.
Registration Details tool	**Can you please add one more field into the registration tool which carry the internal ID in the input file and output file? Which can distinguish the duplicate SRNs in the share registry system end.**	One solution which wouldn't require a change to the Tool, would be to use composite record identifier that consists of SRN and internal ID for example: I123456789012_555
Registration Details tool	**Is the registration tool only run in java environment?**	Yes, the tool can be only run by Java Virtual Machine.

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Registration Details tool	**Input file => can the account/hin in the input file contain the zero prefix? i.e. 0000091006?**	When record identifier is a HIN, it can have leading zero characters and it can also be prefixed with X character. Account identifier in the output file will have the same numeric value as the record identifier, but it will not have optional X character and it will be padded with leading zero characters to form a 10 character string
Registration Details tool	**Will ASX mandate that unknown holder type be updated before any Change of Controlling Participant is being initiated?**	No, CHESS replacement will not mandate that Unknown Holder Type be updated before Change of Controlling Participant is initiated.
Registration Details tool	**Why can't the ASX migrate to the new format and then distribute this ensuring a consistent migrated data outcome?**	The ASX approach is to ensure no PII information is shared over cut-over weekend to reduce risk and complexity for both parties, to address that the Registration Tool has been provided as an alternative for those that wish to use it. For Ledger API users they will have access to that information directly through a secure channel.
Registration Details tool	**How are updates to the software for the Registration Tool communicated, and how frequently will updates be made?**	ASX will share updates through our standard stakeholder channels of webinars and technical documentation updates. We anticipate at least one subsequent release to provide an updated list of suburb and post code combinations as these are constantly changing.
Registration Details tool	**In the webinar it was explained that the Registration Details tool would be available to software providers and registries?**	Our preference is to allow software providers and share registries to access the tool as part of its initial launch and that's to allow them to review how it may work with their systems. However the tool is available to all third party vendors and CHESS Users to access if they wish.

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Registration Details tool	**Can you confirm that you will update suburb names if they match a post code?**	Registration Details Tool will not modify any part of the registration details except for: - replacing multiple space characters with single space; - removal of empty address lines; - removal of punctuation characters indicating start/end of fields within registration details (angle brackets and comma); - removal of "NEW ZEALAND" country name when Town Name in New Zealand registration details is populated; and - Replacing 3 letter country code with 2 letter country code.
Registration Details tool	**In the share register it is common to see <> brackets after the name (after the ",") and in the address line.** **In the share register it is common to see the designation captured inside <> brackets that span more than a full 30 character line.** **How will the ASX conversion tool deal with these common features in CHESS registration details and issuer sponsored registration details?**	1. A part of registration details between the angle brackets after the comma character is not considered as the designation by the Registration Details Tool, but as a part of registered address. This is in line with the APG section 5.2.3.5 2. Registration Details Tool will correctly identify designation spanning multiple CHESS logical lines (i.e. designation longer than 30 characters)