

CHES Replacement Technical Committee Minutes

7 February 2024

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

AGENDA

- Open actions and feedback;
- Project status;
- Working group updates and the prioritised scope backlog updates;
- Industry engagement and consultation;
- Pulse survey;
- Project delivery partners; and
- Forward work plan.

KEY TOPICS DISCUSSED

Key points included:

- An update on the recent working groups, including the:
 - a. AMO Working Group
 - b. Implementation and Transition Working Group (ITWG); and
 - c. Business Design Working Groups (BDWG) including the prioritised backlog and backlog management process.
- Discussion on industry engagement, including a recap on the consultation paper approach, topics and next steps;
- Introduction of the project delivery partners Accenture and Tata Consultancy Services (TCS); and
- A walkthrough of the forward engagement calendar outlining upcoming engagement activities.

AGREED ACTIONS

There was one new action raised at the meeting:

1. 2024 February (1) - ASX to share the CHES Replacement project risk register.

Minutes from the meeting are attached.

Agenda

CHES Replacement Technical Committee

Date	7 February 2024	Time	2:00 PM - 4:00 PM
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Location	20 Bridge Street, Sydney. NSW 2000
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1. Welcome, open actions and feedback

2. Project status

3. Working group updates and prioritised backlog

4. Industry engagement and consultation

5. Pulse survey

6. Delivery partners

7. Forward work plan

Action Items

Item number#	Action	Due date	Status	Owner
2023 November (1)	Verify with T2S if there are any future plans to cater for ASN.1 format.	7 Feb 2024	Closed	ASX
2023 November (2)	Provide and validate scope priority items to support the effective sequencing of future working groups.	7 Feb 2024	Closed	Committee Members and ASX
2023 November (3)	Provide an industry consultation working group model inclusive of the Advisory Group.	7 Feb 2024	Closed	ASX
2023 November (4)	Confirm the impact of the Release 1 timing proposal on TAS.	7 Feb 2024	Closed	ASX

CHES Replacement Technical Committee Members

Company	Name	Job Title	Apologies
ASX	Tim Whiteley	Technical Committee Chair and CIO	
	Paul Rayson	Business Committee Chair	
Clearing and Settlement Participants			
ABN AMRO CLEARING	Matthew McMahon	Head of Operations	
AUSIEX	Ashish Jha	Director, Solution Delivery Management	
Merrill Lynch Equities (Australia)	Matthew Gwynn	Project Manager Director, Head of Operations	
Third Party Platform	Lee Muco	Chief Operating Officer	Apology
BNP PARIBAS	Wayne Murphy	Project Manager	
CITI	Lyall Herron	Program Manager	
CMC	Andrew Rogers	Head of Engineering and Project Delivery, Michael Connoghan Stockbroking	
COMMSEC	Ryan Jones	Crew Technical Lead	
FINCLEAR SERVICES	Nikki Gleisner	Senior Business Analyst/Client Relationship Manager	
GOLDMAN SACHS	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	
MORGAN STANLEY WEALTH	Andrew Sime	Executive Director	
MORGAN STANLEY SECURITIES	*Heather Brandt	Vice President	Rebecca Collins, Executive Director
MORGANS	Daniel Spokes	Director, Client Support Services	
NAB	Rodd Kingham	Head of Investment Service (WealthHub Securities)	
UBS	Scott Hanlon	Head of Operations, Executive Director	
Third party software vendors			
BROADRIDGE	Danielle Gerace	Head of Client Service Australia	
COMPUTERSHARE	Leanne Bailey	Senior Business Analyst	
FINCLEAR	*Ravinder Jabbal	Head of Development – iBROKER	Craig Grey, Head of Product for Settlement and Clearing systems
FNZ	Nick Clarke	Head of Product Management – Capital Markets	
SECURITEASE	David Hinkley	General Manager	
AMOs			
ASX	Jimmy Halstead	Head of Trading Technology Markets, Technology	

CBOE	Mike Aikins	Vice President APAC – Operations and Technology	Apology
NSX	Yemi Oluwi	Head of Market Operations and Technology	
SYDNEY STOCK EXCHANGE	Rajnish Tiwari	Head Exchange Technology	
Share Registries			
ADVANCED SHARE REGISTRY	Patrick Gan	IT Manager	Apology
AUTOMIC GROUP	Sue Julian	Head of Business Operations	Apology
BOARDROOM	Michael Mullins	Chief Information Officer	Apology
COMPUTERSHARE	Scott Hudson	General Manager – Market Liaison	Apology
LINK MARKET SERVICES	Andrew Farrell	Senior Project Manager – CHES Replacement	

* Delegate

Observers

Company	Name	Job Title	Apologies
AusPayNet	Luke Wilson	Chief Operating Officer	
AFMA	Damian Jeffree	Senior Director of Policy	
AIRA	Ian Matheson	Chief Executive Officer	Apology
GIA	Simon Pordage	Brand Ambassador for Governance Institute of Australia and Company Secretary for ANZ)	
SIAA	*Michelle Huckel	Policy Manager	Judith Fox, CEO
ASIC	Dodie Green Liang Chen	Senior Manager, Market Infrastructure Analyst - Market Infrastructure (Clearing & Settlement Facilities)	
RBA	Kylie Stewart Tatiana Moiseeva Elizabeth Kandelas Jonathan Jones	Senior Manager, Domestic and Payments, Apology Financial Market Infrastructure Lead Analyst, Financial Market Infrastructure, Domestic and Payments Manager Lead Analyst, Clearing and Settlement Facilities Supervision, Payments Policy Department	Apology Apology

ASX Management

Name	Job Title	Apologies
Katie McDermott	General Manager, Business Lead	
Steven Hannan	Senior Manager, Stakeholder Engagement	
Triona Quinlan	General Manager, Technology Delivery	
Chris Boyes	Senior Product Manager	
Jason Genford	Senior Project Manager	
James Young	Senior Legal Counsel	

Accenture

Name	Job Title	Apologies
Mark Kaplan	Solution Integrator, Executive	
Craig Springett	Solution Integrator, Delivery Lead	

TATA Consultancy Services (TCS)

Name	Job Title	Apologies
Saranavan Prathap Kumar	Solution Vendor, Delivery Lead	

AGENDA ITEM 1: Welcome, open actions and feedback

The Chair welcomed members and delegates to the eleventh CHES Replacement Technical Committee (Committee) meeting. The Chair also introduced additional members from Tata Consulting Services (TCS) and Accenture.

The minutes of the previous 8 and 24 November Committee were approved and are now available on the CHES Replacement [website](#).

The Chair introduced and thanked Danielle Gerace (Broadridge) for being the meeting observer.

The Chair reminded members of their obligations under competition law and encouraged active participation noting the purpose of the Committee was for stakeholders to provide input and feedback.

An overview of the agenda was provided before the Chair introduced the four open actions from the 8 and 24 November 2023 meetings:

Item Number	Action	Discussion
2023 November (1)	Verify with T2S if there are any future plans to cater for ASN.1 format.	Action addressed and closed. Swift confirmed there were no plans currently to cater for ASN.1 format.
2023 November (2)	Provide and validate scope priority items to support the effective sequencing of future working groups.	Action addressed and closed as part of the BDWG and as part of agenda items 3 (working group update) and 7 (forward work plan).
2023 November (3)	Provide an industry consultation working group model inclusive of the Advisory Group.	Action addressed and closed as part of agenda item 3 (working group update)
2023 November (4)	Confirm the impact of the Release 1 timing proposal on TAS.	Action addressed and closed via verbal update. For further details, refer below.

2023 November (4) - Confirmation of Release 1 timing proposal on TAS.

The ASX Senior Legal Counsel discussed the impact of the Release 1 timing proposal on Trade Acceptance Service (TAS). The following documents were noted as subject to amendments as part of Release 1:

- TAS legal terms;
- Product Service legal terms;
- Operational and Technical standards; and
- Other related operational and technical documents.

The ASX Senior Legal Counsel advised there would be changes to the technical standards to reflect the new message types and noted that more significant changes involved aligning all AMOs to the same set of terms and conditions.

The ASX Senior Legal Counsel also presented a high-level proposal regarding the consultation plan for the planned amendments. The proposal detailed:

- Changes to legal terms and standards would be distributed one year in advance to go-live;
- A 6-week consultation period would then be applied, requesting feedback from all AMOs;
- Proceeding this, responses to the publication would be distributed followed by further feedback and consultation with AMOs on proposed changes; and

- The finalised documents would be published four months prior to go-live.

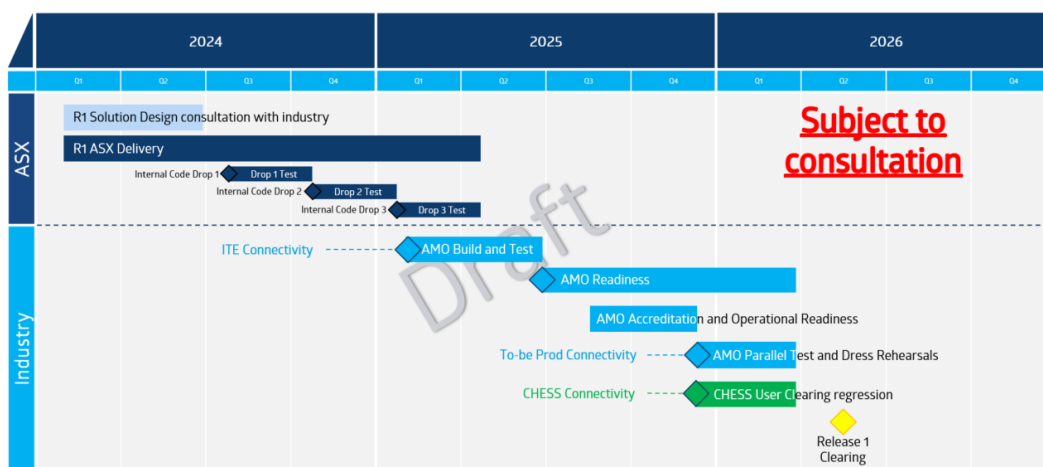


Proposed TAS consultation process.

The Chair also noted that updates on the proposed TAS consultation process would be integrated into the schedule and provided within the AMO working group.

AGENDA ITEM 2: Project Status

The ASX General Manager, Technology Delivery noted that the project was tracking to plan. The project team continues to scale with the onboarding of project delivery partners Tata Consulting Services (TCS) and Accenture. Alongside the project’s delivery partners, ASX has undertaken extensive work to support ways of working.



Release 1 high level plan

Key risks

Area	Description	Mitigation
T+1	If the market prioritises a move to T+1 settlement, significant replanning would be required for the CHES Replacement Project	The Project will monitor the market engagement and provide input as required regarding the optimum plan across CHES Replacement and a potential T+1 cutover.

Proof of Technology (PoT)	ASX is working with TCS to perform a Proof of Technology (PoT), to prove how the product and selected Cloud AWS technology services will scale. There is a risk that the PoT would change the technology platform design for the CHES Replacement solution.	TCS will execute a prioritised set of use cases to give an early indication if any changes in design are required.
Colocation of key resources	Delays in visa processing has resulted in TCS not being onsite which could lead to delays in solution analysis	ASX team to travel to India for drop 1 solution analysis

Member Discussion

A clearing and settlement participant questioned how the industry would be engaged on Release 1 risks, status updates, delays and impacts on Release 2. The ASX General Manager, Technology Delivery responded that the Business and Technical Committee meetings would continue to provide project status updates and that Release 1 would be self-contained, being run as a separate project stream to that of Release 2. The ASX General Manager, Technology Delivery continued, noting that there was a plan to kick off work for Release 2 from a detailed requirements and industry consultation perspective in Q3 CY24 and welcomed feedback from all attendees who desired more information on the Project status.

AGENDA ITEM 3: Working Group Updates and Prioritised Backlog

Implementation and Transition (I&T WG)

The ASX Senior Project Manager summarised the 12 December 2023 I&T WG. The first session focused on the Release 1 plan and approach, industry testing, go-live readiness, staged implementation approach, backwards compatibility, and any risk mitigation topics for both releases.

Feedback received and under consideration for the working group involved:

- AMO Parallel testing;
- EIS generated messages as part of Industry Testing; and
- CHES Replacement reconciliation reports.

The next I&T WG is scheduled for 20 February 2024, where an overview of consultation paper 1 will be presented and areas requiring industry feedback will be discussed.

AMO Working Group (AMO WG)

The 31 January 2024 AMO Working Group focused on Release 1 consultation topics, including testing timelines. The next AMO Working Group is scheduled for 6 March 2024 and will discuss topics including the FIX session password policy, price workflow and 'soft' rejects for reference data.

Business Design Working Group (BDWG)

The ASX Senior Product Manager presented a summary of the two BDWG sessions since the last Technical Committee. The first BDWG on 11 December 2023 detailed the working group's purpose, approach and outcomes and opened for feedback on the schedule and sequencing of topics. The second BDWG held on 31 January 2024 discussed trade acceptance and clearing.

The ASX Senior Product Manager explained that the outputs of the BDWGs would be Business Design documents which summarise proposals for presentation at a following Technical Committee for feedback. The ASX Senior Product Manager continued to note that the purpose of the Business Design document(s) is to articulate requirements and provide guidance that could be referred to for future reference and collaboration but are not a commitment on scope.

The next session will be for SRN Enquiries and Issuer Sponsored holdings targeting settlement and share registry participants. Pre-read will be provided two weeks in advance to enable and incorporate feedback prior to the session.

The ASX Senior Product Manager then presented the prioritised CHES and CHES Replacement backlog based on previous feedback around last year's project tracking and scope workshops. The ASX Senior Product Manager also presented a proposal on how additional items can be introduced and added to the CHES and CHES Replacement backlog. These include items arising from the industry, legal or regulatory requirements, ASX or vendor product driven. Importantly, all proposed additions would be brought to the Technical Committee for discussion and monitoring.

Noting the above, ASX's Senior Product Manager introduced four new items to the backlog. Notably, three of the items were driven by the ASX following workshops with share registries. At a high level, these included:

1. Risk and default management review and potential ASX risk enhancements
2. Review use cases for Cum Entitlement balances and assess its continued effectiveness for the Australian market
3. Provide the ability for Share Registries to validate account details to facilitate CHES allotment of investor accepted offers
4. Provide an electronic Bid Offer or finalisation process in relation to Takeovers & Buybacks.

Member Discussion

No member discussion on this agenda item.

AGENDA ITEM 4: Industry Engagement and Consultation

The ASX General Manager, Business Design explained the two planned CHES Replacement consultation papers for CY2024.

Consultation Paper 1, scheduled for publication by end of February 2024, seeks feedback on:

- **The staged implementation approach to CHES replacement:** the high level project plan and indicative timeline for Release 1 and Release 2, including the design, scope and timing for each of the releases.
- **The scope and approach to Release 1:** key project activities, timelines, and milestones, as well as other matters including the proposed approach to system development and testing, user testing, technical accreditation, and operational readiness.

Parallel to the first consultation paper, ASX will also be consulting on the future milestones of the Development Incentive Pool of the Partnership Program.

Consultation Paper 2, scheduled for publication in Q3 2024, will focus on Release 2. The paper will seek input from stakeholders on the design and implementation of the remaining clearing components, settlement and sub-register functionality, and messaging interfaces to Participants, Registries and Payment Providers. A similar consultation timeline is anticipated for Consultation Paper 2.

T + 1 industry engagement will continue in parallel with the formal CHES Replacement consultation process.

Member Discussion

A clearing and settlement participant raised a question about topics in the August and September BDWG's, and whether they would fall under consultation. The ASX Senior Product Manager confirmed that those items would be covered in consultation paper 2.

AGENDA ITEM 5: Pulse Survey

The Chair presented the Q4 CY 2023 Pulse Survey results and noted reduced member participation. The Chair stated that while the feedback received demonstrated improvements in meeting materials and effectiveness, ASX is continually looking for ways to improve and opened for feedback in the session or offline.

Member Discussion

No member discussion on this agenda item.

AGENDA ITEM 6: Delivery Partners

The Chair introduced the CHES Replacement delivery partners Accenture and TCS.

Accenture

The Solution Integrator Executive spoke about both Accenture's and their personal experience in helping achieve and deliver strategic and industry outcomes in the capital markets industry. The Solution Integrator Executive also highlighted Accenture's expertise and capacity to support project delivery, including scalability for key project stages including testing.

The Solution Integrator Delivery Lead emphasised Accenture's responsibility within the project's governance framework, and the joint accountability in identifying and mitigating project risks.

Tata Consultancy Services (TCS)

The Chair introduced the TCS Delivery Lead who expressed their excitement in being a part of the CHES Replacement transformation journey. Acknowledging the differences in the Australian market, the TCS Delivery Lead emphasised TCS' experience in both delivering and running the BaNCS for MI product.

Member Discussion

No member discussion on this agenda item.

AGENDA ITEM 7: Forward Engagement Calendar

The ASX Stakeholder Engagement Senior Manager presented the future CHES Replacement engagement calendar, noting the upcoming forums and topics.

The ASX Stakeholder Engagement Senior Manager also introduced and encouraged members to attend the Australasia Network Forum being held on 5 March. Topics at the forum include:

- Equity Post Trade
- Settlement compression
- T + 1
- Post Trade Technology

The Senior Manager Stakeholder Engagement encouraged industry input to topics via various formats including, email, verbally, bilaterals, existing workgroups and in committees and forums.

Final notes:

- Circulated draft minutes for the 8 November 2023 and 24 November 2023 Technical Committee meetings. If there were no further comments, they would be endorsed.
- Additional Pulse Survey would be issued in March '24 to monitor how BDWG meetings are tracking.

The Senior Manager Stakeholder Engagement then introduced a new team member to the Technical Committee being the new CHES User Relationship Manager.

Member Discussion

A member questioned whether a decision needed to be made on T + 1 by November. The Chair responded, noting that any decision on T+1 would be driven by the industry and that the planning for Release 2 involved several considerations including T+1. The member followed on by clarifying that if there was a decision not to proceed with T + 1 in November, then Release 2 of CHES Replacement would continue, assuming there would be no movement on T + 1. The Chair broadly agreed with the assumption but reiterated the T + 1 working group would primarily determine the direction. The Chair expressed an expectation that by November there would be some degree of understanding on the impacts of T +1 on the CHES Replacement timeline. Deployment of T+1 before CHES Replacement Release 2 may result in shifting out the delivery of Release 2.

Meeting Observer Feedback

The meeting observer noted there were some audio and visual issues. Acknowledgement of new Committee members from TCS and Accenture were commendable, along with good questions coming from online participants who broadly introduced themselves prior to speaking. Action items were also played back well.

The meeting closed at 3:07 PM

Signed as a correct record of the meeting.

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

7 March 2024

Chair

Date