

# CHES Replacement Market Announcement Webinar

## Participant Q&A

21 November 2023

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**Q. Which TCS BaNCS for Market Infrastructure (MI) services does ASX intend to make available for participants?**

A. TCS BaNCS provides a number of services available as part of their product and enables ASX to incorporate not only DLT but other data and API services. ASX's initial focus will be on replacing core clearing and settlement functionality but expects these services to be leveraged to solve future market requirements.

**Q. Will ASX be using a version of TCS BaNCS for MI with regular upgrade cycles or a bespoke static version?**

A. ASX intends to adopt regular updates and will work with TCS and the market to assess cadence. One active example of a market that leverages TCS BaNCS for MI and performs regular updates is Euroclear Finland, which adopts quarterly releases into its production systems, with technical upgrades deployed every second quarter and functional upgrades on alternate quarters.

**Q. Has ASX considered a staged go-live for settlement and sub-register, similar to CHES's initial implementation?**

A. Based on industry feedback gathered and discussed in the Technical Committee, there was limited support for a staged go-live for settlement and sub-register. This was attributed to the added complexity to not only ASX's implementation, but also for industry systems.

**Q. What are examples of other TCS BaNCS for MI systems implemented globally?**

A. Canada is a larger market, has similar volumes to that of ASX and will go-live next year after implementing T+1.

Finland is similar in structure as it has a direct holder model, similar to the current HIN structure.

South Africa is a similar size.

New Zealand is in the same region from a support perspective, but is a smaller, simpler model when compared with ASX.

**Q. Have potential changes to mFund been factored into the plan or will these be incorporated with any changes associated with T+1 settlement?**

A. TCS BaNCS for MI is able to support mFund, however ASX will continue to engage with the market regarding mFunds. Any associated impacts from changes associated with T+1 will be discussed as part of appropriate Committee and supporting working groups.

As of [27 November 2023](#), ASX has determined to wind down and close the mFund service with a target removal date for funds by 31 May 2026, a period of approximately two years and six months. Further detail regarding the matters taken into account by ASX are set out in the Response paper.

**Q. How will the T+1 timeline be considered and prioritised against the CHES Replacement Project?**

A. ASX is planning to compile a white paper through its consultation with the market on T+1. This white paper will consider factors such as efficiency of processes today compared to T+1 for stock borrowing and funding requirements, as well as how foreign investment, such as from the US, affects the Australian market. These factors will be discussed through existing industry engagement forums such as the Business Committee as well as the T+1 Working Group to ensure they are appropriately considered before being prioritised alongside the CHES Replacement Project.

**Q. What connectivity options will be available?**

A. As part of the Technical Committee, ASX has surveyed Committee members and played back feedback on connectivity options and preferences. Connectivity and interface options will be discussed further in consultation with the industry as the project progresses.

**Q. Is there still a DLT element in the new solution, or is DLT a future use case?**

A. ASX is not building the CHES replacement on DLT for core clearing & settlement services, noting however TCS BaNCS for MI supports pathways to DLT use cases in the future, and the solution design supports this extensibility and interoperability.

**Q. Will participants be expected to develop in parallel with ASX or will ASX deliver a fully tested solution and set of APIs before industry involvement?**

A. Incorporating feedback from the previous iteration of CHES replacement and through the adoption of an established product, ASX is working with its delivery partners to ensure the industry is exposed to a stable version of TCS BaNCS for MI prior to industry testing.

**Q. Will netting and settlement process / design be included in the public consultation in 2024?**

A. Yes, ASX will be consulting the market on the netting and settlement process design as part of its planned public consultation in 2024.

**Q. Will there be any changes to trade notifications (EIS 164) for clearing participants as part of the first release?**

A. ASX intends to provide backwards compatibility for clearing workflow and subsequently does not expect any impact to C&S participants as part of the first release other than regression testing.

**Q. Will ASX provide a user interface (UI)?**

A. Yes, there will be a UI offered as part of the solution.

**Q. Which release will include account changes from the current CHESS registration details format?**

A. Account changes will be introduced in Release 2.

**Q. Does the new solution support cum-entitlement balances for corporate action processing?**

A. The solution has the capability to handle cum-entitlement balances, noting ASX expects there to be changes required to cater for the Australian market.