Software Provider Readiness Working Group

Questions from working group members| 13 October 2021

The following table provides ASX's response to relevant questions asked by Software Provider Readiness working group members during the session held on 13 October. Please email chessreplacement@asx.com.au if you have any additional questions or require further clarification.

Topic	Question	Answer
CSAM Solution	**We have a certificate expiring soon for CDE, do we have to use our existing mechanism to get a new certificate or go through CSAM?**	Customers need to follow the existing process to renew CDE certificates, i.e. reach out to ASX Customer Technical Support (CTS) and they will issue a new certificate. CSAM comes online as part of the ITE1 process.
CSAM Solution	**The first login credential user will be shared based on the account information and will have admin credentials. Does the Admin user of an organisation have ability to create another Admin user who has the same privilege of that account?**	That is correct, the enterprise administrator user will be able to create new enterprise administrator users. There is a minimum of two administration users per organisation.
CSAM Solution	**For prod account groups is it expected that the management of the certificates will be handed out to the vendors or will they only be shared with the participants?**	That would be only with the participants or the production CHESS users. The vendor would not get access unless nominated by their customer.

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Ledger API	**On the validation of the token that is received by the participants, is there a new test kit available upon validation or is that for a later stage?**	The token acquisition will permission your organisation to have access to the UIC's that are part of your ITE1 test kit. This will be discussed in next month's working group and we will talk to structure and content of test kits. Test kits will be allocated as a part of your application as a ledger API user, and your token will contain all of the UIC's within that test kit and allows you to transact on any of those UIC's within that token. In a production environment where you have multiple roles, if you are a C&S participant and a payment provider and you want to use a single channel, the token will give you the ability to have both in one ledger API session, equally you may want to segregate and have multiple channels. This is a benefit of the ledger which gives you a level of flexibility. This detail will be published in a mid-November release.
Technical Accreditation	**The scenarios defined as outbound and incoming messages, are we right in assuming you are interested in the business message ID of the outbound message or do we need to supply both? Eg the account 001 and account 002, the BIZ message we need to supply is purely for the account 001?**	At the moment you are required to provide both business message IDs, but we will provide you more details when uplifting scenarios. We are in a process of making a decision on that. We will aim to provide this by the next working group meeting.
Technical Accreditation	**In terms of evidence, what are you expecting customers to provide? In terms of the incoming message that results, what do you want to see? That we have received it?**	At a base level we want to see that you have received the message, the business message ID, we are in the process of defining scenarios and determining what is required and when. We will aim to provide this by the next working group meeting. Today we ask any organisation that is accrediting software to provide evidence of the current message ID in and out but we are understanding of the scenario volume and we are working to streamline the process.
Technical Accreditation	**If we look at the various roles associated with accreditation, is there any opportunity to credit for a particular role but seek exemptions from a set of scenarios defined in that worksheet but still achieve accreditation for that role?**	All software providers need to execute mandatory scenarios but if you want an exemption from one of these, you will need to apply for this with business justification and ASX will review. We will advise if the exemption is approved based on individual circumstances. If it is an optional feature and you have opted to not supply it, you do not need to make an exemption application. More guidelines will be provided in detail at a later date.

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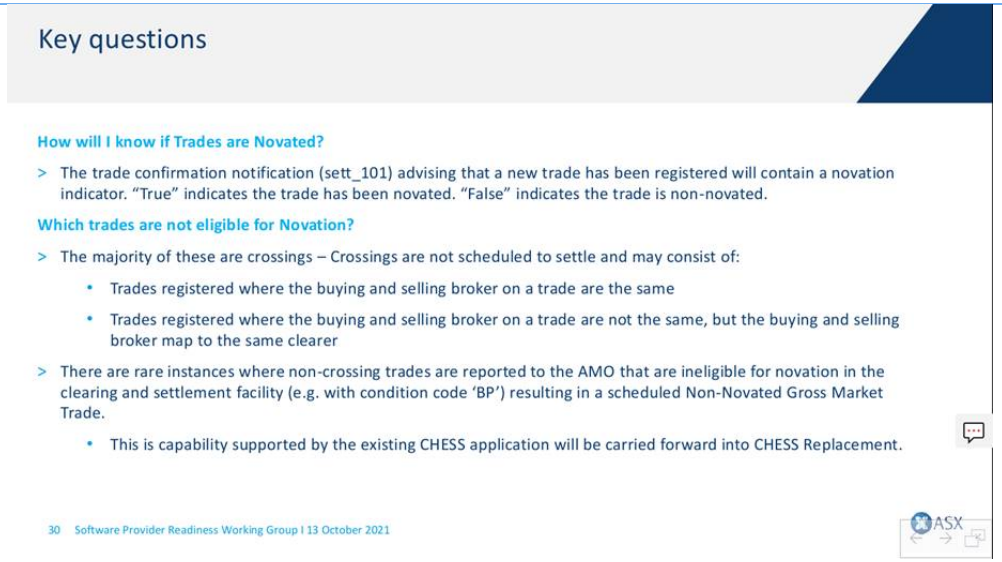
Netting & Settlement Workflow	I. In the example provided, if the AMO provide condition code 'BP', this will result in a scheduled Non-Novated Gross Market Trade. We are assuming for this trade, the value of the novation indicator in the sett_101 will be "False". Please confirm our understanding. II. However, if the AMO provide the condition code 'XT' (Crossed Trade), the trade is not scheduled to settle. What will be the value of the novation indicator in the sett_101 for this trade? **III.** Besides 'XT', which other condition codes will result in trades not scheduled to settle? As per the ASX Proprietary Code List, there are 55 different condition codes.	 Key questions How will I know if Trades are Novated? > The trade confirmation notification (sett_101) advising that a new trade has been registered will contain a novation indicator. "True" indicates the trade has been novated. "False" indicates the trade is non-novated. Which trades are not eligible for Novation? > The majority of these are crossings – Crossings are not scheduled to settle and may consist of: • Trades registered where the buying and selling broker on a trade are the same • Trades registered where the buying and selling broker on a trade are not the same, but the buying and selling broker map to the same clearer > There are rare instances where non-crossing trades are reported to the AMO that are ineligible for novation in the clearing and settlement facility (e.g. with condition code 'BP') resulting in a scheduled Non-Novated Gross Market Trade. • This is capability supported by the existing CHESS application will be carried forward into CHESS Replacement. 30 Software Provider Readiness Working Group I 13 October 2021 ASX I. This understanding is correct. The value of the novation indicator in the sett_101 will be 'false' when notifying a clearing and settlement participant of a non-novated gross market trade. II. A cross trade is not scheduled to settle and will not be novated. The value of the novation indicator in the sett_101 in this case will be 'false'. It should be noted that the CHESS Replacement system will determine a cross trade as a trade captured where either the trading participant for the buyer and seller on the trade are the same, or where the trading participant for the buyer and seller on the trade are different but the two trading participants clear and settle through the same clearing and settlement participant. III. Trades registered where the buying and selling trading participants are different and they map to different clearing and settlement participants will result in the registered trade scheduled for settlement.

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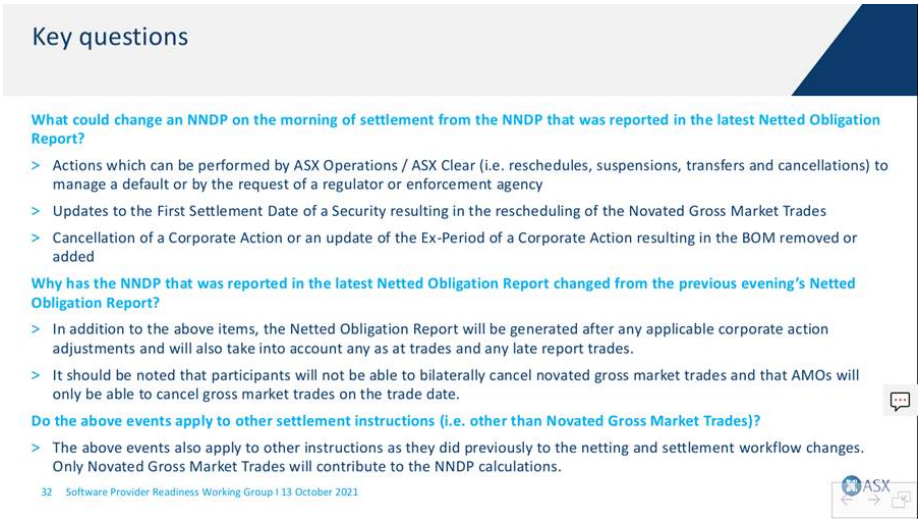
Netting & Settlement Workflow	**When any of these events happen (i.e. reschedules, suspensions, update to the first settlement date, update to the ex-period, etc.) participants will be notified via separate corresponding notification messages, to advise whether a particular NNDP has fully or partially failed for that day. However for the second question, how will participants be notified if there is any as at trades or any late trades reported? Do we have to compare each NNDP received on the day against previous day's NNDP?**	 Key questions What could change an NNDP on the morning of settlement from the NNDP that was reported in the latest Netted Obligation Report? > Actions which can be performed by ASX Operations / ASX Clear (i.e. reschedules, suspensions, transfers and cancellations) to manage a default or by the request of a regulator or enforcement agency > Updates to the First Settlement Date of a Security resulting in the rescheduling of the Novated Gross Market Trades > Cancellation of a Corporate Action or an update of the Ex-Period of a Corporate Action resulting in the BOM removed or added Why has the NNDP that was reported in the latest Netted Obligation Report changed from the previous evening's Netted Obligation Report? > In addition to the above items, the Netted Obligation Report will be generated after any applicable corporate action adjustments and will also take into account any as at trades and any late report trades. > It should be noted that participants will not be able to bilaterally cancel novated gross market trades and that AMOs will only be able to cancel gross market trades on the trade date. Do the above events apply to other settlement instructions (i.e. other than Novated Gross Market Trades)? > The above events also apply to other instructions as they did previously to the netting and settlement workflow changes. Only Novated Gross Market Trades will contribute to the NNDP calculations. 32 Software Provider Readiness Working Group I 13 October 2021 ASX When 'as-at' trades or late reported trades are registered, participants are also notified with a sett_101 message. The difference is that these trades may settle the next business date rather than the default T+2. Every evening, Clearing and Settlement participants will receive netted obligation reports to inform them of the NNDPs scheduled to settle in all future settlement dates. If, for example, an 'as-at' trade that is novated is registered today settling tomorrow, a sett_101 will be sent when the trade is registered, but the NNDP that is reported overnight, for the security settling tomorrow, will be different from the previous evening's NNDP value reported.
Netting & Settlement Workflow	**On the crossings, is ASX still giving the participants an option to receive crossings or opt in or opt out?**	There will not be an option to opt out on receiving notifications. Participants will receive notifications of all trades that are registered whether they are crossings or not. There is a feature today to opt out that is not being carried forward, in part that function is moving upstream and will be provided by the AMOs. ASX Trade will make that change and offer the ability to suppress or opt out that will be available with the same net output. Opt outs will exist but implemented via a request to the AMOs directly.

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Netting & Settlement Workflow	**Is there a way of finding the non-novated trades when we receive the Sett 101?**	The Sett 101 will contain a novation indicator, the novation indicator of **TRUE** will define the trade as being novated and if the novated indicator is **FALSE** that will indicate the trade is non novated.
Netting & Settlement Workflow	**Can we request an on demand NNDP on settlement date in the event of an adjustment?**	The NNDP cannot be requested on demand, it is an unsolicited report. Where there are actions performed by ASX Operations or where the settlement date and security is updated, notifications are sent for the individual obligations that are affected by those changes. The obligation status report could be requested to understand obligations being taken into settlement but we encourage this to be done as an exception.

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