CHESS Replacement Project Update

Dear Nick

Welcome to the new CHESS Replacement newsletter providing you with a regular, collated summary on project progress, stakeholder engagement activities and the latest news. In addition to the project information available via ASX's online resources we are going to send newsletters to all registered stakeholders with at least a monthly frequency.

I am pleased to report that the opening of the Customer Development Environment (CDE) on 30th April was a success. We have received over 20 CDE application forms and now have several participants and software vendors connected and testing across all connection types (Ledger API, AMQP and SWIFTNet).

The second drop of software into CDE is targeted for 28th June 2019.

This regular newsletter will keep you posted on latest developments, and will be structured as follows:

- Stakeholders forums including Connectivity & Integration Working Groups, Focus Groups, Implementation & Transition Working Groups and the ISO 20022 Technical Committee
- Recent frequently asked questions (FAQs) of interest
- Further information on CDE

Please feel free to share any feedback with me at chessreplacement@asx.com.au.

Cliff Richards

Executive General Manager
Equity Post Trade

Engagement Activities

Connectivity & Integration Working Groups

The latest Connectivity & Integration Working Group was held on 5 June with a focus on Customer Development Environment (CDE) updates and multichannel support. The next C&I WG meeting will be held on 3 July 2019.

Read more >

Focus Groups

The Focus Group held on 7 May looked at the transfer of novated equity transactions between clearing participants. The next Focus Group will be held on 9 July 2019.

Read more >

Implementation & Transition Working Groups

The first Implementation & Transition Working Group was held on 20 March as a kick-off to this stream of work. Discussions included purpose and guiding principles, future topics & key milestones.

Read more >

ISO 20022 Technical Committee Meetings

The latest ISO 20022 Technical Committee meeting was held on 28 May with a focus on change of controlling participant, holding adjustments & warrants. The next committee meeting will be held on 25 June 2019.

Read more >

Customer Frequently Asked Questions

We have established the CHESS Replacement mailbox & CSP mailbox as a means of addressing any project related questions. We have highlighted the most recent questions of interest

Read more >

Customer Development Environment Updates

The Customer Development Environment (CDE) is now live. It provides a user dedicated, low volume application development environment for those who have established connectivity to CDE.

Read more >

Technical documentation

What's new

Release notes

Forward release plan

Where to next?

Upcoming activities

Project milestones

Useful weblinks

Contact us:
CHESSReplacement@asx.com.au

Follow us on:

Connectivity & Integration Working Group

The latest Connectivity & Integration Working Group (C&I WG) was held on 5 June with a focus on providing an update on the CDE Environment, an overview of multi-channel support, followed by Q&A. The key points discussed included:

CDE Update:
- The Customer Development Environment (CDE) was made available for connectivity and testing in late April 2019.
- A number of vendors and participants have now connected and tested end-to-end message flows using all core connectivity channels - Direct Ledger, AMQP and SWIFTNet.
- Specific focus was made on ASX Net requirements for AMQP and Direct connectivity.
- CDE will be progressively enhanced with new features with each subsequent code release.
- Technical documentation portal contains the application and order forms on how to apply and connect to the CDE.

Market Trade
- CDE2 includes the introduction of market trade notifications
- ASX will load sample trades for clearing participants to test

Multi-Channel Support:
- The new solution supports multi-channels allowing users to connect from a variety of sources; these are not mutually exclusive. The discussion focused on the available channels, including the design considerations required by developers who wish to use more than one channel.

Materials can be accessed **here**.

The next Connectivity & Integration Working Group meeting will be held on 3 July 2019 with a focus on AMQP design patterns.

A list of previous meeting topics and future Working Group dates can be found **here**.

Focus Group

A Focus Group was held on 7 May. The key topic discussed was transfer of novated equity transactions between clearing participants (Give-Ups).

The discussion centred around the ability for novated equity transactions to be transferred between clearing participants on T (Trade date), to assist in better managing market disruption associated with large transactions being cleared by smaller or mid tier clearing participants with limited ability to manage the associated capital and margin requirements. The proposed solution included the following high-level workflow steps:

- A trade is executed on the AMO (Approved Market Operator) and the Trading Participants and Central Counterparty (CCP) are notified.
- The cash market transaction is novated to the CCP and both Clearing Participants are notified.
- The Clearing Participant (the "giver") makes a request to another Clearing Participant (the "taker") to transfer ("give-up") the novated cash market transaction.
- Upon agreement by the "taker", the novated cash market transaction is transferred ("given-up") to the taker Clearing Participant.

A Focus Group was also held on 18 June on electronic elections for dividend reinvestment plans (DRP) and bonus share plans (BSP). Further details on this, along with an update on the separate Corporate Actions STP project, will be included in the next newsletter.

The next Focus Group meeting will be held on **9 July 2019.** It will cover additional Corporate Actions related topics.

A list of previous meeting topics and future Focus Group dates can be found **here**.

ASX

Implementation & Transition Working Group

The Implementation & Transition Working Group (I&T WG) was held on 20 March as a kick- off to this workstream. Discussion included purpose and guiding principles, future topics, key milestones, scope of data migration and accreditation & operational readiness.

The purpose of the I&T WG is to develop a market-wide implementation and transition plan to support users' transition from CHESS over a single cutover weekend.

Future topics to include:

- Implementation & transition strategy;
- Planning & preparation;
- Communication & documentation;
- Testing & rehearsals; and
- Cutover & post-cutover.

Materials from this meeting can be accessed **here**.

The date and time for future meetings will be **advised** in due course.

ASX

ISO 20022 Technical Committee

The latest ISO 20022 Technical Committee meeting was held on 28 May in Melbourne. The committee members were provided with an update on Focus Group activities and the proposed ('to-be') ISO 20022 messages for business functions, including change of controlling participant, holding adjustments and issuer's agent transfer flow (Warrants).

The next ISO 20022 Technical Committee meeting will be held on 25 June 2019 in Sydney. It will cover Focus Group activities and the proposed ('to-be') ISO 20022 messages for the business function of batch settlement.

A list of previous meeting topics and materials as well as future Technical Committee dates can be found **here**.

Customer Development Environment

The Customer Development Environment (CDE) is now live. It provides a user dedicated, low volume application development environment for those who have established connectivity to CDE.

We now have customers accessing the new CHESS Replacement solution via the different connectivity methods:

- Direct – Direct Ledger API
- Indirect – AMQP or SWIFT messaging

Our **first code release** to CDE provides access to the environment and new platform for testing the following capabilities:

- Unilateral Demand Transfers
- Bilateral Demand Transfers
- Bilateral Demand Settlement Instructions

Details of how to request access to the CDE were published in **March 2019**. CDE **Order forms** are also available via our technical documentation portal.

The CDE will be progressively enhanced with new features with each subsequent code release.

Our next major milestone will be the end of June when the second drop of code is released to CDE. Details of our forward release plan have been published in our **technical documentation.**

Customer Frequently Asked Questions

We have established the CHESS Replacement mailbox (CHESSReplacement@asx.com.au) & CSP mailbox (CSPSupport@asx.com.au) as a means of addressing any project related questions. We have highlighted the most recent questions of interest.

How can I tell what version of message is being used in each release of functionality?
- We have published details of how message schema versions are being managed and can be identified in the **MyStandards Usage Guidelines.**
- Link to Technical Documentation messaging page on **version control**

Which connectivity option should we use?
- ASX has provided an overview to the various **connectivity options** in our published Technical Documentation.
- If you would like further engagement on the various connectivity options, please contact CHESSReplacement@asx.com.au to arrange a bilateral meeting.

What options do we have to connect over using a Node or AMQP?
- Clients connecting using a Node or AMQP can connect using ASX Net or IPSec VPN, details of both can be found below:
  - **ASX Net**
  - **IPSec VPN**
- Clients should note other VPN providers are no longer supported with the move to ASX Net (for example BT Radianz, Telstra or Optus).
- Clients should plan to have their production connectivity in place for the start of IWT.

Is there anything we need to be aware of to start testing in the CDE?
- ASX published a list of **limitations and known issues** with our first code release to CDE.
- An example is that we expect messages would comply with XML schema definitions and be validated against the **MyStandards Readiness Portal** prior to testing.

What is happening with account & holder creation and modification?
- ASX advised participants and vendors in March 2019 that ASX was undertaking a review of the account opening process.
- ASX has re-designed the creation and maintenance processes for both accounts and holders including messages, sequencing and workflows.
- Details of these changes have been published in our latest release of Technical Documentation in **May 2019.**

Additional questions about CHESS Replacement can be found at the following links:
- **General CHESS Replacement questions**
- **Technical Documentation FAQs**

Useful Weblinks

CHESS Replacement website:
https://www.asx.com.au/services/chess-replacement.htm

Technical Documentation:
https://asxchessreplacement.atlassian.net/wiki/spaces/CSP/overview?mode=global

Digital Asset – DAML (inc. requesting the SDK):
https://daml.com/

ASX Response to consultation feedback:
https://www.asx.com.au/documents/public-consultations/response-to-chess-replacement-consultation-feedback.pdf
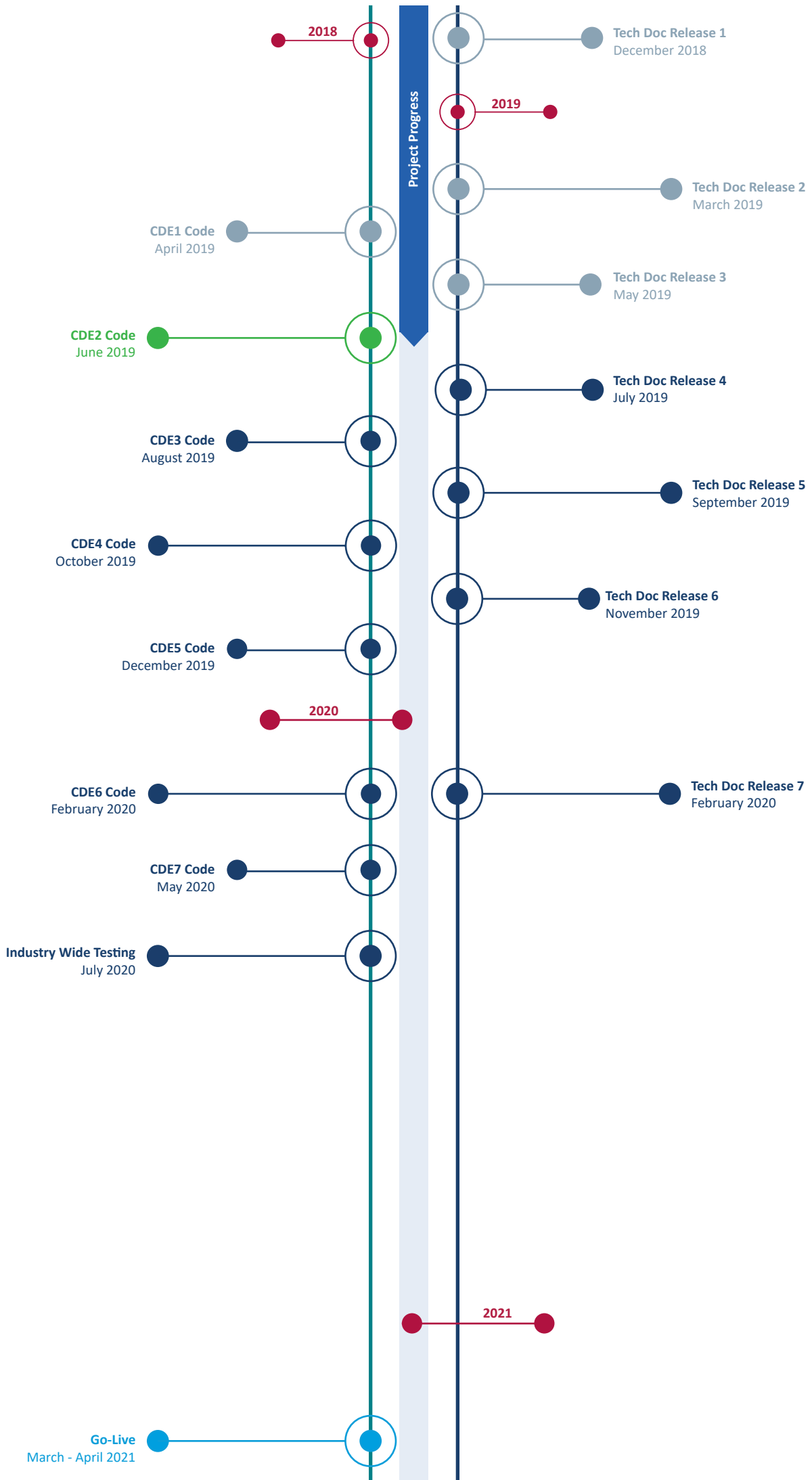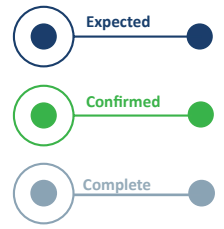
ASX 2018 Consultation Paper:
https://www.asx.com.au/documents/public-consultations/chess-replacement-new-scope-and-implementation-plan.pdf

Recent Webinars:
https://www.asx.com.au/services/webinar-archive.htm

ASX

Project Timeline

Expected

Confirmed

Complete

Project Progress

2018

Tech Doc Release 1
December 2018

2019

Tech Doc Release 2
March 2019

CDE1 Code
April 2019

Tech Doc Release 3
May 2019

CDE2 Code
June 2019

Tech Doc Release 4
July 2019

CDE3 Code
August 2019

Tech Doc Release 5
September 2019

CDE4 Code
October 2019

Tech Doc Release 6
November 2019

CDE5 Code
December 2019

2020

CDE6 Code
February 2020

Tech Doc Release 7
February 2020

CDE7 Code
May 2020

Industry Wide Testing
July 2020

2021

Go-Live
March - April 2021

Upcoming Activities

Date	Activity
Tuesday 9 July 2019, 10-12pm	Focus Group - Corporate Actions related topics
Tuesday 25 June 2019, 3pm to 5pm	ISO 20022 Technical Committee - June
Friday 28 June 2019	CDE Release 2 - Code drop
Wednesday 3 July 2019, 2-4pm	C&I Working Group - AMQP design patterns