

CHES Replacement Project Update

In this July 2019 edition of the CHES Replacement newsletter we are pleased to update you on recent project milestones including:

- The Customer Development Environment (CDE) was successfully updated with new features in our [second code drop](#) on 28 June 2019
- Participants and vendors continue to apply to connect and start testing in CDE
- Publication of further [details](#) in our Technical Documentation portal covering our third code release, targeted for end August
- We continue to update our Forward Release Plan detailing functions to be made available up until the fifth CDE code release, targeted for December.

We continue to host a number of stakeholder engagement forums and you can read more details in the relevant section of this newsletter.

Please feel free to share any feedback or areas you'd like to hear more about with me at CHESReplacement@asx.com.au.



Cliff Richards

Executive General Manager
Equity Post Trade



Engagement Activities



Connectivity & Integration Working Group

Connectivity & Integration (C&I) working groups held on 3 and 11 July included a focus on AMQP design patterns. The next C&I meeting will be held on 7 August 2019.

[Read more >](#)



Focus Groups

Focus Groups held on 18 June and 9 July looked at Corporate Actions related features. The next Focus Group will be held on 13 August 2019.

[Read more >](#)



Implementation & Transition Working Group

Details on the next Implementation & Transition working group will be published in due course.

[Read more >](#)



Customer Frequently Asked Questions

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

[Read more >](#)



Corporate Actions STP

Corporate Actions STP is a separate but complimentary project to CHES Replacement. We have provided a brief overview of the project which you may find helpful.

[Read more >](#)



ISO 2022 Technical Committee Meetings

The latest ISO 2022 Technical Committee meeting was held on 25 June with a focus on Batch Settlement messages. The next committee meeting will be held on 23 July 2019, discussing Takeover and Collateral Creation messages.

[Read more >](#)



Customer Development Environment Updates

The second drop of code into CDE (CDE 2) is now available. This was our first update to CDE with additional features for testing, in line with our forward release plan.

[Read more >](#)

Technical Documentation



[What's new](#)



[Release notes](#)



[Forward release plan](#)

Where to next?



[Upcoming activities](#)



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Connectivity & Integration Working Group



Connectivity & Integration Working Group

The latest Connectivity & Integration Working Group (C&I WG) was held on 3 July with a continuation session on 11 July and looked at AMQP design patterns, as well as providing an update on the customer development environment (CDE) and recent changes to our technical documentation.

The working group specifically focused on AMQP Design Patterns and topics covered included:

- AMQP v1.0 Review
- AMQP CDE Review
- AMQP Enterprise Features
- Acknowledgements
- Common AMQP Architecture Patterns

Other key points discussed included the release of CDE 2 at the end of June which contained new features around Payment Facilities along with Market Trade (Trade Capture, Trade Registration, Novation).

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

A number of vendors and participants have now connected and tested end to end message flows using all core connectivity channels - Node API, AMQP and SWIFTNet.

The next Connectivity & Integration Working Group meeting will be held on **7 August 2019** and will focus on CDE 3 testing.

A list of previous meeting topics, future Working Group dates, as well as a copy of all working group presentation materials can be found [here](#).

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Focus Groups



Focus Groups

Focus Groups were held on 18 June and 9 July respectively. They discussed Corporate Actions, in particular new requirements for DRP elections, electronic acceptance and payment for entitlement offers and enhancements to holding adjustments. The Focus Groups included all stakeholders that had rated these requirements 'high' in the Working Groups held in 2017 to elicit industry input on business requirements for the new system.

The 18 June Focus Group discussed DRP elections notified through the new Clearing and Settlement system. The proposed solution includes the following high-level workflow steps:

1. The Participant receives client instructions for Dividend Elections
2. The Participant sends a message to the Clearing and Settlement system to provide an election per security, per HIN
3. The Clearing and Settlement system records a pending request and the election is forwarded to the Issuer Registry for approval
4. The Issuer Registry accepts or rejects the request
5. Where accepted, the Clearing and Settlement system records the election as a standing instruction against the HIN, for that security
6. A confirmation or rejection of the election is sent back to the participant

The 9 July Focus Group discussed electronic acceptance for entitlement offers notified through the new Clearing and Settlement system and corresponding payment through CHESSTGS. The proposed solution for electronic acceptance and payment for entitlement offers includes the following high-level workflow steps:

1. The Participant receives client instructions for an application
2. The Participant sends a message to the Clearing and Settlement system to apply for a specified quantity of Entitlement Units, including the payment amount
3. The Clearing and Settlement system checks the unit quantity and payment amount and locks the Entitlement Units such that they cannot be used for any other purpose
4. The Participant and Issuer are notified of the application request, pending payment
5. The Clearing and Settlement system generates a payment instruction between the Participant and the Issuer via RTGS
6. Upon successful payment, a notification is sent to the Participant and the Issuer

The 9 July Focus Group also discussed enhancements to holding adjustments. Holding adjustments and securities transformation messaging has been combined and consolidated through Technical Committee consultation. Through this process, changes have been requested that include usage of the Corporate Action Event ID, removal of Miscellaneous Adjustment Reason Codes ‘ADJ’ and ‘ALT’, usage of a “net” movement for Share Splits and Share Consolidations and treatment of holding locks.

A [summary](#) of key themes raised through the Focus Groups and ISO 20022 Technical Committee meetings, and ASX’s response to stakeholders' feedback will be published at the time of release of the Technical Documentation for the final functional specifications that are developed.

The next Focus Group meeting will be held on **13 August 2019**. It will cover additional Corporate Actions related topics.

A list of previous meetings topics and future Focus Group dates can be found [here](#).

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Implementation & Transition Working Group



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 CHES 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.

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ISO 2022 Technical Committee Meetings



ISO 2022 Technical Committee Meetings

The latest ISO 2022 Technical Committee meeting was held on 25 June in Sydney. The committee members were provided with an update on the Corporate Action Focus Group activities and an overview of the proposed ('to-be') ISO 2022 messages for batch settlement. ASX also provided a summary of member feedback on the previously published draft messages including Transfers, Conversions, SRN Enquiry, Change of Controlling Participant, Holding Adjustments and Issuer's Agent Transfer Flow (Warrants).

The next ISO 2022 Technical Committee meeting will be held on **23 July 2019** in Sydney. It will cover Corporate Action Focus Group activities and an overview of the proposed ('to-be') ISO 2022 messages for the business functions of Takeovers and Collateral Creation. ASX will also provide a summary of member feedback on the previously published draft batch settlement messages.

A list of previous meeting topics and materials as well as future Technical Committee dates can be found [here](#).

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Customer Development Environment Updates



Customer Development Environment Updates

The second drop of code into the Customer Development Environment (CDE 2) was made available at the end of June. This update to the solution went smoothly, with registered CDE users being notified in advance of the changes being applied. Connectivity and ability to start testing was restored from Friday 28 June 2019.

This second code release to CDE provides the ability to connect and test the following capabilities:

- Payment Facilities - payment facility messages on connection to CDE 2
- Market Trade capability (Trade Capture, Trade Registration, Novation)
 - ASX is providing [sample trade data](#) within the CDE for testing. Users should opt-in to receive these on a daily basis by emailing CSPSupport@asx.com.au
- Housekeeping used to purge or remove any unmatched bilateral events for the previous business date
 - Bilateral Demand Transfer Housekeeping
 - Bilateral Demand Settlement Instruction Housekeeping

Details can be found in our code release notes for [June 2019](#) and an update published under What's New on [5 July](#).

Our next major milestone will be the end of August when the third drop of code is released to CDE. Details of our [forward release plan](#) and future code drops is published in our technical documentation.

CDE reminders:

- The CDE supports early access development and low volume transaction and functional testing, following iterative development of the technical solutions.
- We have published for users details of CDE [constraints](#) and any [known limitations](#).
- Details of how to [request access](#) to the CDE are available in our technical documentation portal.

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Customer Frequently Asked Questions



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▼ **Is there a bulk download message functionality in the SWIFT MyStandards portal?**

The SWIFT MyStandards portal does provide a bulk export of Usage Guidelines or Schema Files.

Usage Guidelines can be selected (multiple) from a collection or collections and by navigating to and clicking on the folder icon (right) the selection is then exported as a single zip file.

Details about MyStandards have been provided in our [Technical Documentation](#) and will be updated with further details in the Technical Documentation release scheduled for end of July 2019.

▼ **How is ASX receiving feedback on ISO 20022 messages?**

The CHES Replacement project shares details of new functionality and significant change as discussed at Focus Groups, together with draft messages with the ISO 20022 Technical Committee. Where relevant the ISO 20022 messages are compared to the current CHES proprietary (EIS) messaging. As a result of this engagement ASX receives feedback via the Technical Committee.

In order to review the finalised definition and schemas for the ISO 20022 messages users can access the SWIFT MyStandards portal. Details about MyStandards and how to access have been provided in our [Technical Documentation](#).

▼ **What will be the most likely replacement for CHES PC?**

CHES PC and CHES Access

As part of the CHES Replacement project ASX will be decommissioning both the CHES PC and CHES Access interface products on go-live.

Users of these products will need to select a new method of how they to connect to CHES Replacement.

CHESS PC

CHESS PC supports the manual entry of transactions; additionally it can be used as a message gateway using a scheduled file upload/download mechanism.

CHESS Access

CHESS Access provides a message gateway allowing host systems to connect directly with CHESS Access to send and receive transactions.

Background

Both products were developed by ASX to support the proprietary nature of CHESS message formats and protocol.

CHESS Replacement adopts global and simplified standards using ISO 20022 XML message formats and introduces new connection channels using Node integration, AMQP and SWIFTNet.

New Browser

ASX will be introducing a new secure browser for CHESS Replacement intended for low volume usage allowing users the ability to enter messages in the same way as they can with CHESS PC.

The browser will provide users the ability to upload and download files on an ad-hoc basis but unlike CHESS PC the solution will not support the scheduling of files.

CHESS users who currently use CHESS PC or CHESS Access as a message gateway need to review which of the three new channels to connect to CHESS Replacement.

Please contact CHESSReplacement@asx.com.au if you would like to discuss these options with the ASX.

Details can be found in the CHESS Replacement consultation paper. Refer to our [website](#) for details.

Can I join any of the Working Groups or Committees?

ASX has given careful consideration on how best to engage with industry to elicit the feedback required from all stakeholder groups to develop and implement the system that will replace CHESS. To date, ASX has adopted an approach involving both formal broad-based public consultation, and a range of committee and working group forums. These stakeholder forums are designed to share with, and take feedback from, a cross-section of the market on particular topics.

- Focus Groups are targeted sessions where membership is by invitation, which will vary depending on the topic at hand and particular expertise required.
- ISO 20022 Technical Committee is by invitation.
- Working Groups are usually presented with online web and teleconference access.

Refer to the [Stakeholder Engagement](#) page on the CHESS Replacement website for details of all engagement forums.

Please contact CHESSReplacement@asx.com.au with enquiries about any of the forums.

▼ **When is the next Implementation & Transition working group meeting?**

The CHESS Replacement project team have been continuing to scope the work required for migration and cut-over to the new system.

Further details will be provided in an upcoming newsletter. In addition the [Stakeholder Engagement](#) section of the CHESS Replacement website will also be updated.

Additional questions about CHESS Replacement can be found at the following links:

- [General CHESS Replacement questions](#)
- [Technical Documentation FAQs](#)

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Corporate Actions STP



Corporate Actions STP

Corporate Actions Straight Through Processing Phase 2 project

Separate to the CHES Replacement project, ASX has been running a project to enable straight through processing (STP) of Corporate Actions. The project is addressing some of the challenges to both the market and ASX with corporate actions processing, as well as progressing a number of business requirements which came out of the 2017/18 CHES Replacement consultation process, including:

- Electronic single access point for corporate action event info
- Transparency through the life cycle of corporate actions
- Standardised DRP and BSP elections
- ISIN for entitlement in non-renounceable rights issues
- Spin-offs involving entitlements in securities in foreign jurisdictions
- Share purchase plans; and
- Review deferred settlement trading processes.

The first phase of this project went live in 2014, and covered 4 major event types accounting for around 68% of corporate action volumes, introducing a new near real time ISO 20022 corporate action event notification service. The second phase of the project is now underway, and will round out the coverage to the complete set of corporate actions supported by ASX. The second phase of the project will be delivered in three stages, and the final release will go live prior to the go-live of the CHES Replacement system.

The CHES Replacement system will consume the ISO 20022 corporate action event notifications, and given its move from EIS proprietary messages to ISO 20022 messages – this also means ISO 20022 messaging standards and process models can be used to facilitate further requirements around supporting elections, acceptances and distributions.

An industry working group convenes regularly to progress the STP project. While the working group is run independently to the various CHES Replacement stakeholder engagement forums, many industry stakeholders are represented in both groups.

More information on the project is available [here](#).

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Useful weblinks



Useful weblinks

ASX CHESSE Replacement communications
(including past newsletters):

<https://www.asx.com.au/services/chessreplacement-communications.htm>

ASX CHESSE Replacement website:

<https://www.asx.com.au/services/chess-replacement.htm>

ASX Technical Documentation:

<https://asxchessreplacement.atlassian.net/wiki/spaces/CSP/overview>

Digital Asset – DAML (including 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 ASX Webinars:

<https://www.asx.com.au/services/webinar-archive.htm>

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Upcoming Activities



Upcoming Activities

Date	Activity
Tuesday 23 July 2019, 3pm-5pm	ISO 20022 Technical Committee - July
End July 2019	Technical Documentation - Release 4
Wednesday 7 August 2019, 3pm-4.30pm	C&I Working Group - CDE 3 testing
Tuesday 13 August 2019, 10am-12pm	Focus Group - Corporate Actions related topics
End August 2019	CDE update - Release 3 code drop

Refer to the CHES Replacement [Project Milestones](#).

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Project Milestones

