

Agenda

Business Committee

Date	13 April 2022	Time	12:00pm- 2:00pm
Location	ASX offices – Level 1, 20 Bridge Street, Sydney		
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1. Minutes and Actions			12:00pm- 12:20pm
	a) Minutes from the 8 December 2021 Business Committee Meeting		
	Open actions		
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2. Service Performance			12:20pm- 12:30pm
	a) Cash Market Clearing and Settlement - Operating Performance		
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3. CHES Replacement			12:30pm- 1:35pm
	a) Project progress update		
	b) Project timeline and milestones		
	c) Independent assessment of ASX's Assurance Program Report		
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4. Service Enhancements			1.35pm- 1.50pm
	a) Electronic CHES holding statements		
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5. Other Matters			1:50pm- 2.00pm
	a) Forward work program		
	b) AOB		
	c) Next meeting – 13 July 2022		

Action Items*

*For historical action items please refer to archived minutes [here](#).

Item number#	Action	Due date	Status	Owner
2021 Apr (1)	ASX to further consider NSX's data reporting request and engage bilaterally with NSX.	Jul 2021	Completed	ASX
2021 Apr (2)	ASX to confirm the timeframe for publishing an educational artefact around the phases of CHESSE batch settlement (as an outcome of industry engagement regarding the November 2020 settlement delay).	Jul 2021	Completed	ASX
2021 Apr (3)	ASX to further consider the need for clarity with the data migration process.	Jul 2021	Completed	ASX
2021 Apr (4)	ASX to confirm whether it would publish non-confidential submissions to the consultation on proposed changes to netting and settlement workflows.	Jul 2021	Completed	ASX
2021 Apr (5)	ASX to provide further detail at the next (July) meeting around its recent CHESSE replacement governance framework review.	Jul 2021	Completed	ASX
2021 Jul (1)	Given the CHESSE batch settlement delay on 4 May 2021, ASX to confirm CHESSE replacement will continue to segregate mFund obligations (including payments) from the settlement of cash equities in the CHESSE batch	Oct 2021	Completed	ASX
2021 Jul (2)	ASX to provide further background on the cause for a delay to ASX 24 payments on 4 May 2021, including whether there was a link to the CHESSE batch settlement delay on the same day	Oct 2021	Completed	ASX
2021 Jul (3)	ASX to consider how to engage with participants regarding analysis on the increase in settlement fail rates.	Oct 2021	Completed	ASX
2021 Jul (4)	ASX to engage bilaterally with a member regarding their objection to the presentation format of company logos on the proposed electronic CHESSE holding statements	Oct 2021	Completed	ASX
2021 Oct (1)	GIA to share their insights and experiences from their recent data migration and cutover activities as potential learnings for the CHESSE replacement project	Dec 2021	Completed	GIA
2021 Dec (1)	ASX to follow up bilaterally with Chi-X on the planning and timeframe to manage any potential industry impacts with Chi-X's planned move to the Cboe platform prior to CHESSE replacement go-live	April 2022		ASX
2021 Dec (2)	ASX to table contingency planning for CHESSE replacement for discussion at a future business committee meeting	July 2022		ASX
2021 Dec (3)	ASX to table at the April 2022 meeting the current take-up and the trajectory rate for investors opting in for electronic CHESSE holding statements to determine possible next steps	April 2022		ASX
2021 Dec (4)	ASX to include T+1 in the forward work program for further discussion; in the interim any member feedback on the materials presented would be welcomed	April 2022		ASX & BC Members

Business Committee Members

Company	Name	Job Title	Apologies
ABN AMRO Clearing	Barry Parker	Chief Executive Officer	
AFMA	Damian Jeffree	Senior Director of Policy	
ASX	Val Mathews	Business Committee Chair and Chief Customer and Operating Officer	
ASX	Helen Lofthouse	Group Executive, Markets	
AIRA	Ian Matheson	Chief Executive Officer	
ACSA	David Travers	Chief Executive Officer	
ASA	Fiona Balzer	Policy & Advocacy Manager	
AUSIEX	TBC		
BOFA	Stephen Hacker	Director, Head of Operations	
Bell Potter Securities	Robert Tesoriero	Settlements Manager	
BNP Paribas	Mark Wootton	Head of Custody Product Aust & NZ	
BoardRoom	Martin Jones	General Manager Corporate Governance & Director	
Cboe	Mike Aikins	Chief Operating Officer, APAC	
Citi	Christopher Moore	Manager – Direct Custody & Clearing	
CMC	Andrew Rogers	Director of Broking Business	
CBA (CommSec)	Sheridan Thompson	Head of Industry Engagement & Process Improvement	
Credit Suisse	Winston Loke	Australian Equities COO	
FinClear Services	Leigh Conder	Chief Operating Officer	
Goldman Sachs	Yen Le	Executive Director	
GIA	Megan Motto	Chief Executive Officer	
HSBC	Toni Icevski	Head of Client Services, Securities Services	
J.P. Morgan	Jonathan Evans	Head of Custody & Markets Operations	
Link Market Services	Peter Jackson	Chief Operating Officer	
Macquarie Group	James Indge	Cash Equities Business Manager	
Morgan Stanley	Rebecca Hill	Chief Operating Officer	
Morgans	Daniel Spokes	Director, Client Support Services	
NAB	Anita Mead	Head of Business Management, Self-Directed Wealth	
NSX	Chan Arambewela	Chief Operating Officer	
SAFAA	Judith Fox	Chief Executive Officer	
Sydney Stock Exchange	Michael Go	Chief Executive Officer	
UBS	Scott Hanlon	Head of Operations, Executive Director	

* Delegate

ASX Management

Name	Job Title	Apologies
Tim Hogben	Group Executive, Securities and Payments	
Daniel Moran	General Counsel	
Hamish Treleaven	Chief Risk Officer	
Dan Chesterman	Group Executive, Technology and Data, and CIO	Apology
Sally Palmer	Deputy General Counsel	
Katie McDermott	General Manager, Equity Post Trade, Securities and Payments	
Diane Lewis	General Manager, Head of Regulatory Affairs	
Andrew Jones	General Manager, Issuer Services, Securities and Payments	
Suzy Munro	General Manager, Clearing and Settlement Operations	Apology
Karen Webb	Senior Manager, Issuer Services, Securities and Payments	
Keith Purdie	Senior Manager, Equity Post Trade, Securities and Payments	

Observers

Name	Job Title	Apologies
Nathan Bourne	Senior Executive Leader, Market Infrastructure (ASIC)	
Dodie Green	Senior Manager, Market Infrastructure, (ASIC)	
Matt Gibson	Senior Manager, Financial Market Infrastructure, Domestic and Payments (RBA)	
Stephanie Bolt	Manager, Financial Market Infrastructure, Domestic and Payments (RBA)	



Committee	Business Committee
Agenda title	Minutes from 8 December 2021 Business Committee meeting
Item	1a
Purpose	To provide Business Committee members with the minutes from the 8 December 2021 meeting
Meeting date	13 April 2022
Prepared by	Business Committee Chair, Chief Customer and Operating Officer (Val Mathews)

OVERVIEW

Draft minutes from the 8 December 2021 Business Committee meeting were emailed to all members of the Business Committee on 4 February 2022 for comment.

The finalised Business Committee report and minutes will be provided to the ASX Clear and ASX Settlement Boards for the 19 May 2022 meeting.

ATTACHMENTS

Attachment A Business Committee Report and Minutes from the 8 December 2021 Meeting

Business Committee Report to the Boards of ASX Clear and ASX Settlement

Business Committee Meeting

At its 8 December 2021 meeting, the Business Committee was updated on:

- the operating performance of CHESSE for the December quarter 2021 (to 31 October 2021);
- the CHESSE replacement project, including updates on project progress, the opening of ITE1 and an independent assessment against IBM's ASX Trade recommendations for CHESSE replacement;
- the electronic CHESSE holding statements project; and
- proposed T+1 settlement cycle in the US and considerations for the Australian market.

KEY ISSUES DISCUSSED

Members were briefed on the progress with the CHESSE replacement project including the recent opening of the first industry testing environment (ITE1) and how corporate action events will be made available for testing from January 2022. There were questions and discussion on industry readiness and reporting, other competing priorities that could impact participants' readiness, and contingency planning for example if a participant is lagging behind.

The committee was advised that the optional service for shareholders to receive their CHESSE holding statements and notifications electronically would go live on 13 December 2021. There was a discussion about the incentives for taking-up this new offering. A member also noted that they had raised a query with the Council of Financial Regulators regarding the ongoing validity of the mandatory nature of ASX's issuance of CHESSE holding statements.

There was a presentation on the adoption of a T+1 settlement cycle in the US and considerations for the Australian market to facilitate member discussion and the importance on taking control for setting the agenda on how this might play out.

AGREED ACTIONS

The three open actions from previous meetings have been completed.

The following actions were identified at the December 2021 meeting:

1. ASX to follow up bilaterally with Chi-X on the planning and timeframe to manage any potential industry impacts with Chi-X's planned move to the Cboe platform prior to CHESSE replacement go-live;
2. ASX to table contingency planning for CHESSE replacement for discussion at a future business committee meeting;
3. ASX to table at the April 2022 meeting the current take-up and the trajectory rate for investors opting in for electronic CHESSE holding statements to determine possible next steps; and
4. ASX to include T+1 in the forward work program for further discussion; in the interim any member feedback on the materials presented would be welcomed.

Minutes from the meeting are attached.

Agenda

Business Committee

Date	8 December 2021	Time	4:00pm – 6:00pm
Location	ASX offices – Level 1, 20 Bridge Street, Sydney		
1. Minutes and Actions			4:00pm-4:15pm
a) Minutes from the 6 October 2021 Business Committee Meeting			
b) Open actions			
2. Service Performance			4:15pm-4:30pm
a) Cash Market Clearing and Settlement - Operating Performance			
3. CHES Replacement			4:30pm-5:15pm
a) Project progress update			
b) Independent assessment against IBM ASX Trade recommendations			
c) Member feedback on Tranche 3 and combined operating rule amendments consultation			
4. Service Enhancements			5:15pm-5:20pm
a) Electronic CHES holding statements			
5. Market Trends & Insights			5:20pm-5:30pm
a) Member discussion on proposed T+1 Settlement cycle in US			
6. Closing			5:30pm-5:40pm
a) Forward work program			
b) Other matters			
c) Next meeting – to be advised			

End of Year Drinks

Business Committee members are invited to stay for drinks to thank members for their participation throughout 2021.

Business Committee Members

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ABN AMRO Clearing	Barry Parker	Chief Executive Officer	
AFMA	Damian Jeffree	Senior Director of Policy	
ASX	Val Mathews	Business Committee Chair and Chief Customer and Operating Officer	
ASX	Richard Atkins*	General Manager, Trading & Clearing Services	Helen Lofthouse
AIRA	Ian Matheson	Chief Executive Officer	
ACSA	David Travers	Chief Executive Officer	
ASA	Fiona Balzer	Policy & Advocacy Manager	
AUSIEX	Mat Tilley	Head of Markets & Client Solutions	Mat Tilley
BAML	Stephen Hacker	Director, Head of Operations	
Bell Potter Securities	Robert Tesoriero	Settlements Manager	
BNP Paribas	Mark Wootton	Head of Custody Product Aust & NZ	
BoardRoom	Martin Jones	General Manager Corporate Governance & Director	
Chi-X Australia	Mike Aikins	Chief Operating Officer	
Citi	Lyall Herron	Program Manager	
CMC	Andrew Rogers	Director of Broking Business	
CBA (CommSec)	Sheridan Thompson	Head of Industry Engagement & Process Improvement	
Credit Suisse	Winston Loke	Australian Equities COO	
Goldman Sachs	Yen Le	Executive Director	
GIA	Megan Motto	Chief Executive Officer	
HSBC	Toni Icevski	Head of Client Services, Securities Services	
J.P. Morgan	Jonathan Evans	Head of Custody & Markets Operations	
Link Market Services	Peter Jackson	Chief Operating Officer	
Macquarie Group	James Indge	Cash Equities Business Manager	
Morgan Stanley	Rebecca Hill	Chief Operating Officer	Rebecca Hill
Morgans	Daniel Spokes	Director, Client Support Services	Daniel Spokes
NAB	Anita Mead	Head of Business Management, Self-Directed Wealth	
NSX	Chan Arambewela	Chief Operating Officer	
Pershing Securities	Leigh Conder	Chief Operating Officer	Leigh Conder
SAFAA	Judith Fox	Chief Executive Officer	
Sydney Stock Exchange	Stuart Guinness*	Director – Regulatory Affairs/Company Secretary	Michael Go
UBS	Scott Hanlon	Head of Operations, Executive Director	

* Delegate

ASX Management

Name	Job Title	Apologies
Tim Hogben	Group Executive, Securities and Payments	
Daniel Moran	General Counsel	
Hamish Treleaven	Chief Risk Officer	
Dan Chesterman	Group Executive, Technology and Data, and CIO	
Sally Palmer	Deputy General Counsel	
Katie McDermott	General Manager, Equity Post Trade, Securities and Payments	
Diane Lewis	General Manager, Head of Regulatory Affairs	
Andrew Jones	General Manager, Issuer Services, Securities and Payments	
Suzy Munro	General Manager, Securities and Payments Operations	
Karen Webb	Senior Manager, Issuer Services, Securities and Payments	
Keith Purdie	Senior Manager, Equity Post Trade, Securities and Payments	
Con Korkofigas	Senior Legal Counsel and Senior Manager	

Observers

Name	Job Title	Apologies
Nathan Bourne	Senior Executive Leader, Market Infrastructure (ASIC)	
Dodie Green	Senior Manager, Market Infrastructure (ASIC)	
Andia Petropoulos	Senior Analyst, Market Infrastructure (ASIC)	
Matt Gibson	Senior Manager, Financial Market Infrastructure (RBA)	
Stephanie Bolt	Manager, Financial Market Infrastructure (RBA)	

Guest

Name	Job Title	Apologies
Mike Abel	Associate Partner, Oceania FSO Technology Consulting, EY	

AGENDA ITEM 1: MINUTES AND ACTIONS

The Chair welcomed members and delegates to the final meeting of the year and noted two recent membership changes: David Travers was welcomed as the new member for ACSA, replacing Rob Brown; and Toni Icevski from HSBC, replacing Nichole Alexander.

There were apologies from Daniel Spokes (Morgans), Rebecca Hill (Morgan Stanley), Leigh Conder (Pershing) and Mat Tilley (AUSIEX). Two members were represented by a delegate, Stuart Guinness attended as a delegate for Michael Go (SSX), and Richard Atkins attended as a delegate for Helen Lofthouse (ASX Trade).

The Chair noted Mike Abel from Ernst & Young attended the meeting as a guest to present on an independent assessment against IBM ASX Trade recommendations (agenda item 3b).

ASIC representatives (Nathan Bourne, Dodie Green and Andia Petropoulos) attended the meeting as observers. The Chair also noted the RBA will now attend the meeting as observers (Matt Gibson and Stephanie Bolt).

The agenda, papers and presentation materials were distributed to all members in advance of the meeting.

a) Minutes from 6 October 2021 Business Committee Meeting

The Chair noted no comments were received on the draft minutes circulated. The minutes of the 6 October 2021 meeting were approved without any further changes.

b) Open actions

With regard to the three open actions raised at the last meeting, the following updates were provided:

- Action: Given the CHES batch settlement delay on 4 May 2021, ASX to provide further background on the cause for a delay to ASX 24 payments on 4 May 2021, including whether there was a link to the CHES batch settlement delay on the same day.

At the last meeting, 6 October 2021, the ASX Group Executive, Markets noted that a delay to ASX 24 payments occurs when there is a delay to the conclusion of the CHES batch and that ASX was working to refine that process to differentiate circumstances, as the delay is only appropriate in some cases. The action was left open until ASX had finalised the change of process.

In the absence of the ASX Group Executive, Markets, the Chair noted ASX has now reviewed this and has updated the operational process in place for the payment of outgoing ASX24 margins in the event of a CHES batch delay. If the delay is caused by an ASX operational process issue, pending outgoing ASX24 margin payments will now be released. In the event of a CHES batch delay caused by a customer financial issue, outgoing ASX24 payments for that customer may be held (subject to review by the ASX Chief Risk Officer/Default Management Committee as appropriate), but other customers' payments would now be released.

The member that first raised the issue noted they were seeking an undertaking from ASX that the two processes are separated both physically and procedurally since the two clearing houses are distinct from one another and governed by a separate set of rules. The Chair confirmed that they are separated and closed the action.

- Action: ASX to engage bilaterally with a member regarding their objection to the presentation format of company logos on the proposed electronic CHES holding statements.

The ASX General Manager, Issuer Services, Securities and Payments, advised that the presentation format of company logos had been addressed and the AMO member confirmed the same. The Chair noted the action as closed.

- Action: GIA to share their insights and experiences from their recent data migration and cutover activities as potential learnings for the CHES replacement project.

The Chair noted a meeting has been scheduled for 10 December between ASX and GIA to discuss and accordingly noted the action as closed.

AGENDA ITEM 2: SERVICE PERFORMANCE

a) Cash Market Clearing and Settlement - Operating Performance

The ASX General Manager, Securities and Payments Operations provided an update on the operating performance of the cash market clearing and settlement services for the December 2021 quarter (noting the metrics are to 31 October only):

- System availability for CHES, Trade Acceptance Service and Settlement Facilitation Service were at 100% for the quarter
- Fail rates have tracked higher in recent months with the reported average of 0.35% in October continuing to track through to November at 0.334%. An increase in corporate action events can be a contributing factor where netting is turned off. The daily fail rate exceeded 0.4% on three occasions in both October and November and ASX's analysis has shown this was due to settlement for stocks with a corporate action event having netting turned off. ASX will continue to monitor this trend including following up with impacted participants
- Volume and value of trades continue to be strong and exceeded the previous two quarters.

Members did not raise any questions in respect of the update.

AGENDA ITEM 3: CHES REPLACEMENT

a) Project progress update

The ASX Group Executive, Securities and Payments provided an update on the opening of ITE1, noting for the first time software vendors can now test in an integrated test environment which uses Digital Asset's Daml smart contract development capability on VMware's DLT platform. This significant milestone now exposes both non-functional as well as functional aspects of the CHES replacement solution. The opening of ITE1 followed a robust go/no go decision framework that took into consideration a number of assessments, independent assurances and evidence-based criteria. Since ITE1 has opened the environment has been stable and operating to expected service levels.

Next steps include onboarding software vendors throughout December into early 2022, and the opening of a second integrated test environment, ITE2, for CHES users from April 2022.

The ASX Group Executive, Securities and Payments also thanked members and the broader industry for their input to reach this significant milestone.

The ASX General Manager, Equity Post Trade, Securities and Payments summarised recent project progress and other notable updates including:

- Corporate action events will become available to software vendors for testing in ITE1 from January 2022, noting new corporate action features can continue to be tested in the customer development environment (CDE)
- Key focus items following the onboarding of software vendors into ITE1 includes technical accreditation activities and the opening of ITE2 for CHES users. Consequently, the timing for opening ITE-Migration (ITE-M), the industry test environment to optionally test workflows that start in CHES and completes in the CHES replacement system, and is not required for accreditation activities, is under review
- Consultation on the third of three tranches of operating rule amendments, together with the combined package of rule amendments published end August 2021 closes on Tuesday, 14 December
- Recent focus groups held to discuss key aspects for cutover and migration has provided valuable input into an information paper outlining the strategy that is scheduled to be published by year end
- A number of key metrics on stakeholder engagement activities in 2021.

A member asked how ASX was assessing industry readiness for go-live in April 2023. The ASX General Manager, Equity Post Trade, Securities and Payments confirmed that ASX is currently measuring software providers' activity in CDE with similar tracking and reporting to commence for ITE-1 activity. CHES user engagement including attendance at working group meetings is another important metric. ASX is also looking to develop more intensive tracking for the various stage gates for CHES user activities in ITE-2 and beyond. The ASX Group Executive, Securities and Payments added that ASX's Participant Compliance team will also engage with CHES users and serve as another key input in assessing overall industry readiness.

The member also asked if this reporting will be shared with CHES users, both individually as well as broader industry readiness on a no-names basis. The ASX Group Executive, Securities and Payments noted ASX could consider a peer-to-peer assessment on readiness activities. The Chair added ASX will consider a number of hard metrics that can be measured e.g. customers testing the functionality relevant to their user type, as well as more qualitative metrics such as sentiment.

A member asked if the regulators are concerned with participants' preparedness at this stage in the project and if ASX is comfortable with progress to date on software development. The ASX Group Executive, Securities and Payments noted the reporting ASX currently provides to the regulatory agencies on software providers progress while acknowledging the challenges in running multi-year projects, including balancing these against other competing demands which ASX is working through with some software providers. More generally, software provider concerns are not about software development, but more about upcoming activities such as data migration, market dress rehearsals, industry wide testing and rolling out software to support their customers' readiness activities.

A member asked about contingency planning if a participant is unable to attest to their readiness. The ASX Group Executive, Securities and Payments noted the worst possible outcome would be for a clearing or settlement participant to be suspended. However, this should be an unlikely outcome as ASX Participant Compliance will be engaging with participants long before go-live in addition to other stakeholder engagement activities to manage participants preparedness. The reliance many participants have on their software provider to be operationally ready was also noted.

A participant member highlighted their reliance on their software vendor and how there are timeline challenges for software vendors to provide a final product to their customers for testing. The ASX Group Executive, Securities and Payments noted in addition to ASX working with software providers and the different approaches vendors may adopt in rolling out software to customers to meet key project milestones, the responsibility is collective and participants also need to hold their software providers accountable in meeting the project timeline.

A member asked if ASX is giving consideration to the potential impacts on participants and vendors preparedness with Chi-X's move to the Cboe platform. The Chi-X member confirmed they are still in the planning stages which will take into consideration the CHES replacement project and include consultation with ASIC but at this stage Cboe have not made any formal announcements. Another member asked that consideration is also given to ASIC's recent report on the ASX market outage and associated expectations for market participants in terms of other demands on the industry in parallel to CHES replacement. ASX agreed to follow up with Chi-X on the planning and timeframe to manage any potential industry impacts with the move to the Cboe platform.

b) Independent assessment against IBM ASX Trade recommendations

ASX's Chief Risk Officer introduced this topic and noted that IBM delivered a report in June 2021 on the ASX Trade refresh project which included 59 recommendations for improvement spread across multiple domains such as governance, vendor management, testing and incident management. ASX has established a project to address every one of the 59 recommendations and that the work is well underway. In respect of CHES replacement, there are two items of relevance. The first is in the RBA's annual Financial Stability Standards (FSS) assessment of the clearing and settlement facilities and the recommendation for an independent expert assess the CHES replacement project against the 59 recommendations. The second point of relevance is with the additional licence conditions ASIC has imposed on ASX Clear and ASX Settlement, which were published on 24 November 2021, requiring an independent expert to track the closure of any actions out of the IBM review that are relevant for the CHES replacement project. Ernst & Young (EY) were engaged to undertake this work on the CHES replacement project.

The EY practitioner overseeing the review then discussed their report in which EY noted that of the 59 recommendations, 10 of the recommendations were identified as out of scope for one of three reasons: 1) the recommendation was at the enterprise level and not an individual project; 2) the CHES replacement project had already reached a stage in the lifecycle where the particular recommendation was no longer relevant; 3) the recommendations were specific to other areas of ASX outside of the CHES replacement project.

Of the 49 recommendations in scope, a calculated risk rating was associated with each recommendation which included zero high risks, 18 medium risks and the remainder of the in-scope items were deemed low risk.

Of the 18 medium risks, nine included increasing the plans put in place to cover off the recommendation; seven included formalising ad hoc processes so they become institutionalised into the implementation process; and two were considered to be new actions which included go-live contingency planning.

A member asked about the implications for ASX and participants, for example a possible change to the schedule or change to testing. The ASX Group Executive, Securities and Payments confirmed that there is no anticipated impact and that changes are more around items such as governance, risk management and resource allocation.

A member asked about contingency planning for go-live and when more clarity will be provided. The ASX Group Executive, Securities and Payments noted this continues to be developed and is a topic that can be tabled at a future meeting. Another member noted participants need this information as soon as possible to assist with their own planning and preparations.

A member sought an update on share registries readiness at this stage in the project lifecycle. The ASX Group Executive, Securities and Payments noted engagement with share registries is high across multiple avenues and that development and testing is generally progressing to expectations at this stage in the project lifecycle, including onboarding to ITE1. More recently, ASX has also been working with share registries in hosting joint client events with issuer company secretaries.

c) Member feedback on Tranche 3 and combined operating rule amendments consultation

This agenda item was requested by a member at the October 2021 meeting to allow members the opportunity in the December meeting to discuss any feedback they would like to share with the committee after having had more time to review the consultation paper.

One member noted they had already provided a submission to the consultation otherwise there were no other comments from members.

AGENDA ITEM 4: SERVICE ENHANCEMENTS

a) Electronic CHES holding statements

Referring to a presentation shared during the meeting, the ASX General Manager, Issuer Services, Securities and Payments confirmed that go-live was on-track for 13 December 2021 with the electronic option for CHES holding statements. Key points from the presentation included:

- No charge for participants to send emails to CHES via EIS 203 message (for existing clients);
- No charge to issuers for CHES statements delivered electronically;
- Investors will have access to a new portal allowing secure downloading of statements including historical statements that will start to build from go-live up to seven years;
- New design for electronic statements (as illustrated on the presentation slide); print statements will switch to the new format mid-2022;
- At least one participant will begin opting in customers from Monday, 13 December with many more looking to go live early in 2022; and

- Investors must opt in via their sponsoring participant.

A member wanted the committee to note that they had raised a query with the Council of Financial Regulators as to the ongoing validity of the mandatory nature of ASX issuing CHES holding statements. The member believes the ASX settlement rules mandating the generation of CHES holding statements is dated and should be removed. ASX agreed to have discussions with the member about CHES holding statements.

A member asked committee members representing participants for their views on the adoption rate of electronic statements. A member representing a sponsoring participant noted that there are software challenges and that they are currently not able to pass the email address through to CHES. There are also considerations for holdings that have not been active for some time and require the email address to be validated requiring remediation steps in order to protect shareholders from fraud. A general discussion followed on the potential for fraudulent activity, both for print statements with a registered postal address and electronic statements with a digital email address. Another member noted the preference for digital solutions and having the choice but that the development work needs to be prioritised against other initiatives as well as the cost for supporting digital statements, for example practical matters such as managing email bounce backs. Other members also cited technology development, other competing priorities, legal and privacy aspects.

A member asked if ASX will run a campaign to encourage take-up of digital statements. The ASX General Manager, Issuer Services, Securities and Payments noted that participants need time to prepare and prioritise but at some point it is likely there will be some kind of 'push' to encourage investors to opt in, but the sequencing needs to be considered in the context of other priorities including participants' work on CHES replacement. Another member noted it was not only CHES replacement that participants are working on but there is also a significant amount of regulatory reform that involves system changes and it was a matter of resource allocation.

The Chair suggested tabling at the April 2022 meeting the current take-up and the trajectory rate for investors opting in for electronic CHES holding statements to inform a discussion about possible next steps.

AGENDA ITEM 5: MARKET TRENDS AND INSIGHTS

a) Member discussion on proposed T+1 settlement cycle in the US

The ASX Senior Manager, Equity Post Trade, Securities and Payments referred to the presentation shared in advance of the meeting noting the purpose is to provide high level information and to discuss considerations for the Australian market and next steps. It was also noted Citigroup had provided their permission to share some excerpts from their recently published Securities Services Evolution paper based on a global survey of financial market infrastructures.

Key points from the presentation included:

- Recent market trends including trading volatility, the post trade implications of high trade volume and prices around meme stocks, digital assets and digital transformation in post trade;
- Catalysts for change including requests to reduce the clearing risk profile, investments in automation and availability of real time data;
- Potential benefits for participants through reducing settlement timeframes, including reduced margin calls;
- Other markets outside the US considering a change to T+1;
- Global markets participants' expectation for change in the next five years to the settlement timeframe;
- Market feedback ASX has recently received from CHES replacement consultations including settlement optionality; and
- Considerations for the Australian market including potential onshore impacts from the US moving to T+1 and time zone challenges.

A member shared their experiences in the Indian market transition to T+1, noting the process and importance for market consultation and different concerns depending on the time zone. The member also noted SGX had recently published a Q&A paper on T+1 to elicit market feedback.

A member noted the importance of starting the discussions early to set the agenda for the Australian market.

There was also a general discussion on cross border transactions and ADRs.

AGENDA ITEM 6: CLOSING

a) Forward work program

The Chair outlined the forward work program, as contained in the meeting materials, and noted further discussion on T+1 should also be included and encouraged member input and suggestions for other topics.

A member noted the forward work program is only focused on cash equities and asked if the scope of this committee could be broadened to include other asset classes. The Chair noted this falls outside the charter of the business committee but would separately consider how this might be covered.

b) Other matters

A member sought an update on a matter outside the code of practice for cash equities clearing and settlement as it relates to changes for market repo transactions in Austraclear that went live on 22 November 2021 and the impact to settlement efficiency as well as challenges around tolerance levels and new mandatory fields. The ASX Group Executive, Securities and Payments noted the change was subject to the normal rigour for a release including participants' readiness and that the level of mismatches in settlement is now back to pre-release levels. ASX is working with the industry to address any residual issues with straight-through processing for instructing and settling market repos.

The Chair summarised the new actions from this meeting.

The Chair thanked the Committee for their contributions and conversation.

c) Next meeting – 13 April 2022

The next meeting is scheduled for 13 April 2022.

The meeting closed at 5.58 pm.

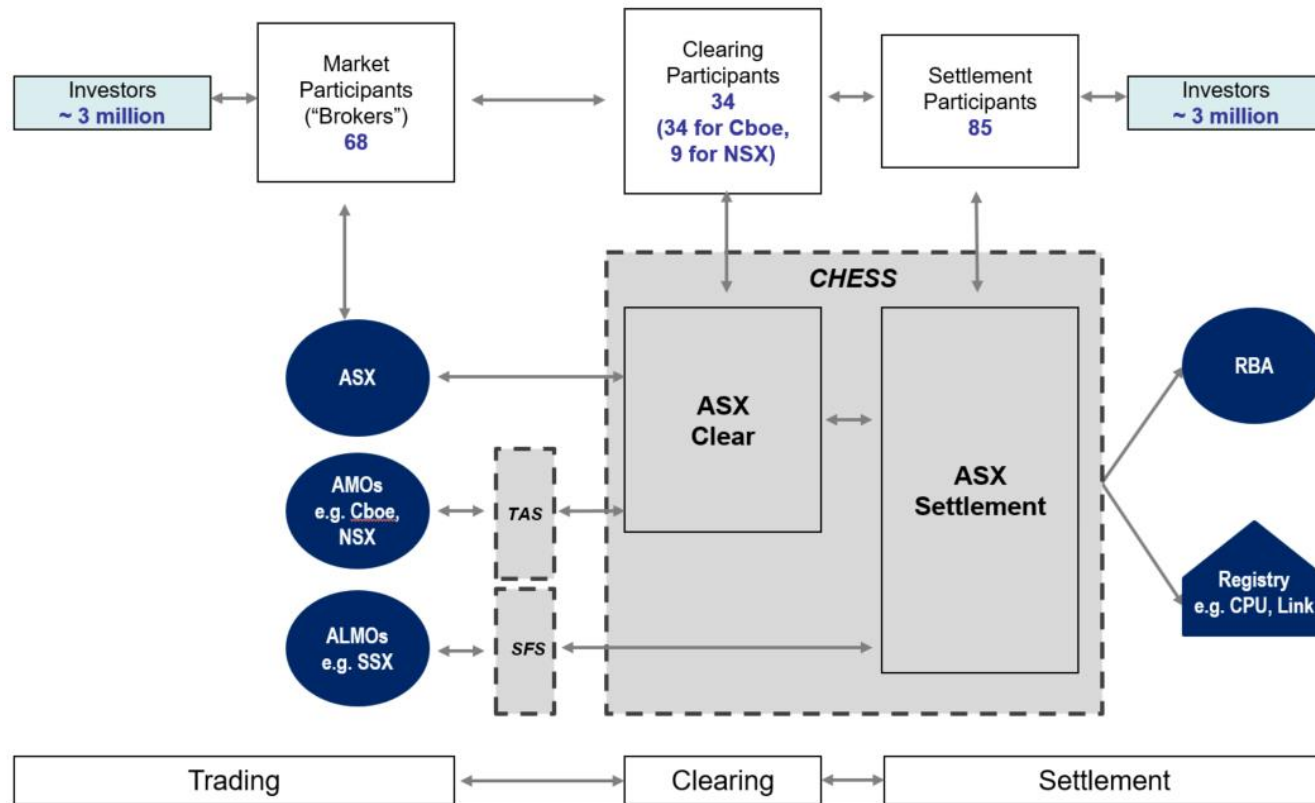
Signed as a correct record of the meeting.


Chair

Date

Committee	Business Committee
Agenda title	Cash market clearing and settlement services - Operational performance
Item	2a
Purpose	To report on key performance metrics for ASX's clearing and settlement services.
Meeting date	13 April 2022
Prepared by	Chief Customer and Operating Officer (Val Mathews) General Manager, Securities & Payments Operations (Suzy Munro) Senior Manager, Settlement Operations (Brendan Laird)

Market Structure Overview





The clearing and settlement of equities performs a critical role in the operation of Australia's financial markets, helping to reduce counterparty and systemic risk, and provide transaction efficiency and certainty for end investors.

Core processes that provide these benefits include novation, netting and settlement.

Novation

Through a contractual process known as novation, ASX Clear becomes the seller to every buyer and the buyer to every seller, making it liable for completing all cleared transactions on the relevant market. Novation performs two important functions:

- it replaces the clearing participants' credit exposures to other clearing participants by substituting the clearing house as the central counterparty; and
- it maximises capital efficiency for clearing participants by permitting a single net exposure to be calculated and collateralised between the clearing house and each clearing participant.

Through novation, ASX Clear provides protection to non-defaulting clearing participants (and, indirectly, their clients) from the inability of a defaulting clearing participant to meet its obligations.

A key metric for monitoring novation is the percentage of on and off market trading that is novated.

Trades submitted for clearing and settlement by any market operator are verified prior to registration by ASX Clear. If the verification conditions are not satisfied then trades are rejected. Once a trade is registered it is novated. Novation is deemed to be effective from the matching of bid/offer (on market trades) or recording of the trade (reported trades) for all trade execution venues.

Netting

ASX Clear is approved as a 'netting market', and ASX Settlement is an 'approved netting arrangement', for the purposes of the Payment Systems and Netting Act. This gives legal certainty to the netting of settlement obligations. Settlement on a multilateral net basis maximises market efficiency by reducing participant transaction and funding costs.

A key metric for monitoring netting is the percentage by which novated value is netted down for settlement. This metric is termed "netting efficiency".

Settlement

ASX's model for settlement maximises efficiency, while minimising the risk of settlement failure. It does this by simultaneously transferring the legal ownership of shares and facilitating the transfer of money for those shares. This is done through a Model 3 multilateral net batch settlement mechanism with irrevocable settlement finality at the end of the processing cycle. The transfer of money occurs across the Exchange Settlement Accounts of payment providers in the RBA's Information and Transfer System (RITS).

A key metric for monitoring settlement is the percentage of scheduled settlement that successfully settles (i.e. the opposite of the “fail rate”). This metric is termed “settlement efficiency”.

Service availability

ASX’s critical processes of novation, netting and settlement are supported in ASX’s core system CHES. It is critical for market operations, that CHES remains stable and available for processing. A key metric for monitoring systems availability is the percentage of systems uptime as measured against target availability times. The service availability target for CHES is 99.80%.

For the March 2022 quarter, the average monthly system availability was 100% for CHES. The average monthly availability of CHES has been 99.99% between November 2011 and March 2022.

Trade Acceptance Service and Settlement Facilitation Service

ASX Clear and ASX Settlement’s Trade Acceptance Service (TAS) provides a mechanism for Cboe and NSX to submit trades into CHES and the Settlement Facilitation Service (SFS) provides settlement arrangements for unaffiliated Approved Listing Market Operators (ALMOs) in respect of the CHES-eligible financial products listed on their markets (SSX). The CHES system performs the clearing and settlement functions.

The Trade Acceptance Service and Settlement Facilitation Service availability target is 99.80% (the same as CHES).

For the March 2022 quarter, the average monthly system availability was 100% for the TAS and Settlement Facilitation Service. The average monthly availability of the TAS and SFS has been 99.99% between November 2011 and March 2022 (the same as CHES).

Reporting on clearing and settlement service performance

The key metrics noted above on novation, netting efficiency and settlement efficiency for the March 2022 quarter are reported in Attachment A. They are also supported by charts demonstrating a longer reporting period in Attachment B.

Settlement Performance

A performance metric for monitoring the CHES settlement batch is the fail performance.

For the March 2022 quarter, the daily average fail performance has increased to 0.251% and averaged 0.282% for the previous twelve months, between April 2021 and March 2022.

The daily average fail performance was 0.290% over the 3 year period from March 2019 and February 2022.

During the quarter ASX Settlement Operations has been reviewing the daily settlement data for recurring trends in the settlement failure rate, to monitor and ensure there are no systemic issues.

Month	March	February	January	December	November	October
Average Fail Rate	0.241%	0.258%	0.256%	0.317%	0.334%	0.335%
Maximum Fail Rate	0.437%	0.652%	0.589%	0.936%	0.574%	1.113%
Minimum Fail Rate	0.132%	0.151%	0.171%	0.180%	0.16%	0.157%
# of days Fail rate > 0.50%	0	1	2	1	2	3
Batch Settlement Extensions	1	0	0	1	0	1
Fall back of Payment Provider	0	1	0	0	0	0

The Maximum Fail Rate has reduced in January, February and March from the December quarter Fail Rate. Some of the larger fail rates during the period were caused by:

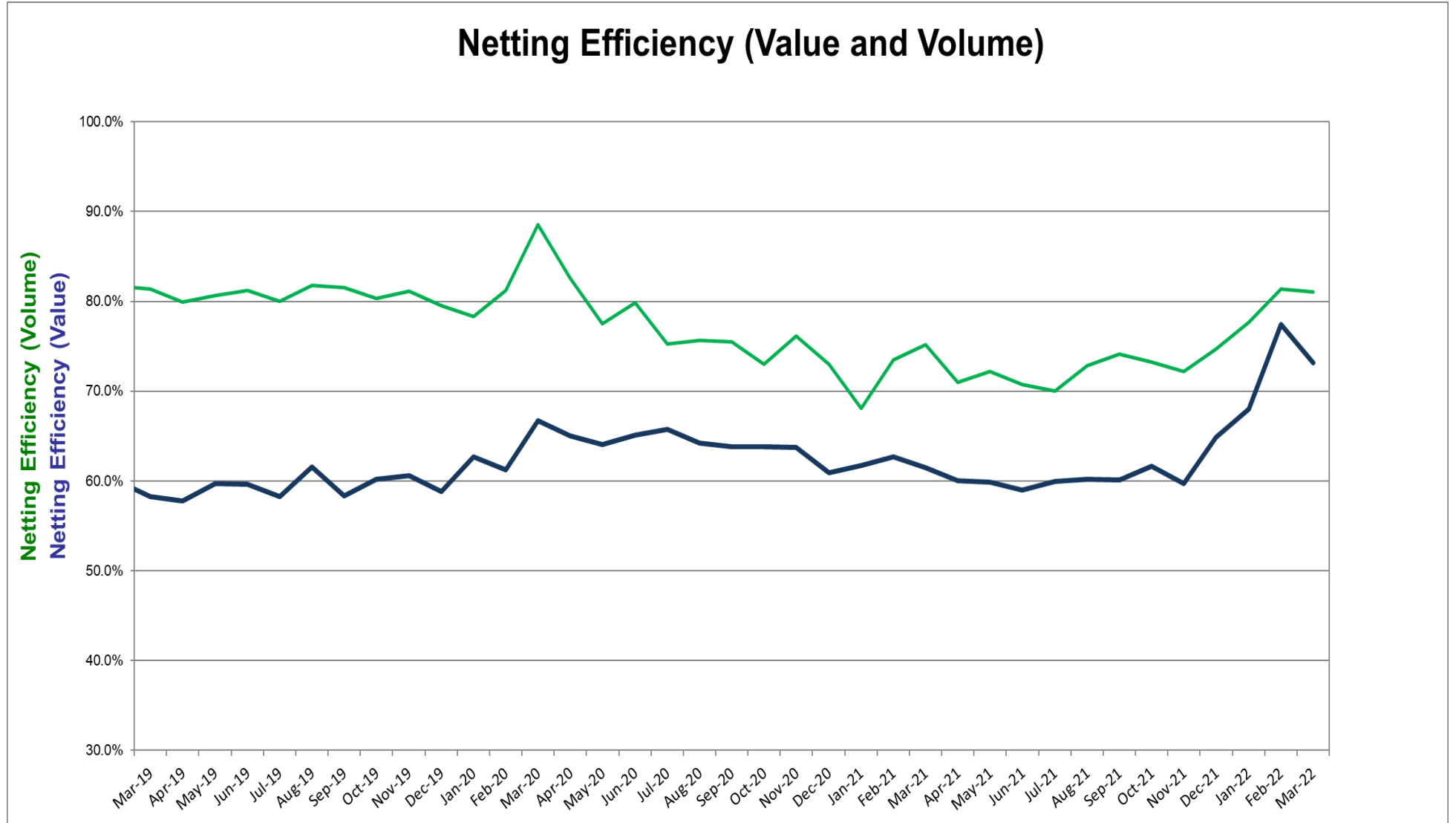
1. January a Participant failed 155 lines of unilateral transaction (MT107) across multiple securities due to an internal processing issue. There was no market impact of these fails.
2. February a Participant failed 650 lines of unilateral transaction (MT107) across multiple securities due to an internal processing issue. There was no market impact of these fails.
3. March two Participants failed 224 lines due to a technical issues impacting their security borrowing. In addition there were 149 lines of unilateral transaction (MT107) across multiple securities.

ATTACHMENT A – SUMMARY METRICS RELATING TO THE PERFORMANCE OF ASX'S CLEARING AND SETTLEMENT SERVICE

	March 2022 Quarter	December 2021 Quarter	September 2021 Quarter
System Availability (CHES)	100%	100%	100%
System Availability (TAS)	100%	100%	100%
Total Trades Accepted (ASX)	124,158,530	105,589,408	108,230,266
Total Trades Rejected (ASX)	0	0	0
Total Trades Accepted (Cboe)	39,524,131	34,150,600	35,118,039
Total Trades Rejected (Cboe)	0	0	0
Total Trades Accepted (NSX via TAS)	325	354	347
Total Trades Rejected (NSX via TAS)	0	0	0
Total Settlements (SSX)	1	0	0
Total Value of Settlements (SSX)	\$600	\$0	\$0
Daily Average Traded Value (On and Off Market) *	\$14.13 billion	\$9.21 billion	\$9.24 billion
Daily Average Cleared Value *	\$11.16 billion	\$6.68 billion	\$6.60 billion
Percentage Novated *	78.7%	72.5%	71.5%
Daily Average Cleared Value Post-Netting	\$2.97 billion	\$2.53 billion	\$2.64 billion
Netting Efficiency (Value) *	72.8%	62.0%	60.1%
Netting Efficiency (Volume) *	98.90%	98.67%	98.62%
Daily Average Settled Value (Including Non-Novated)	\$15.83 billion	\$13.5 billion	\$13.1 billion
Settlement Efficiency (Value)	99.89%	99.85%	99.89%
Average Daily CHES Fail Rate (% Rescheduled to the next settlement date)	0.251%	0.329%	0.293%

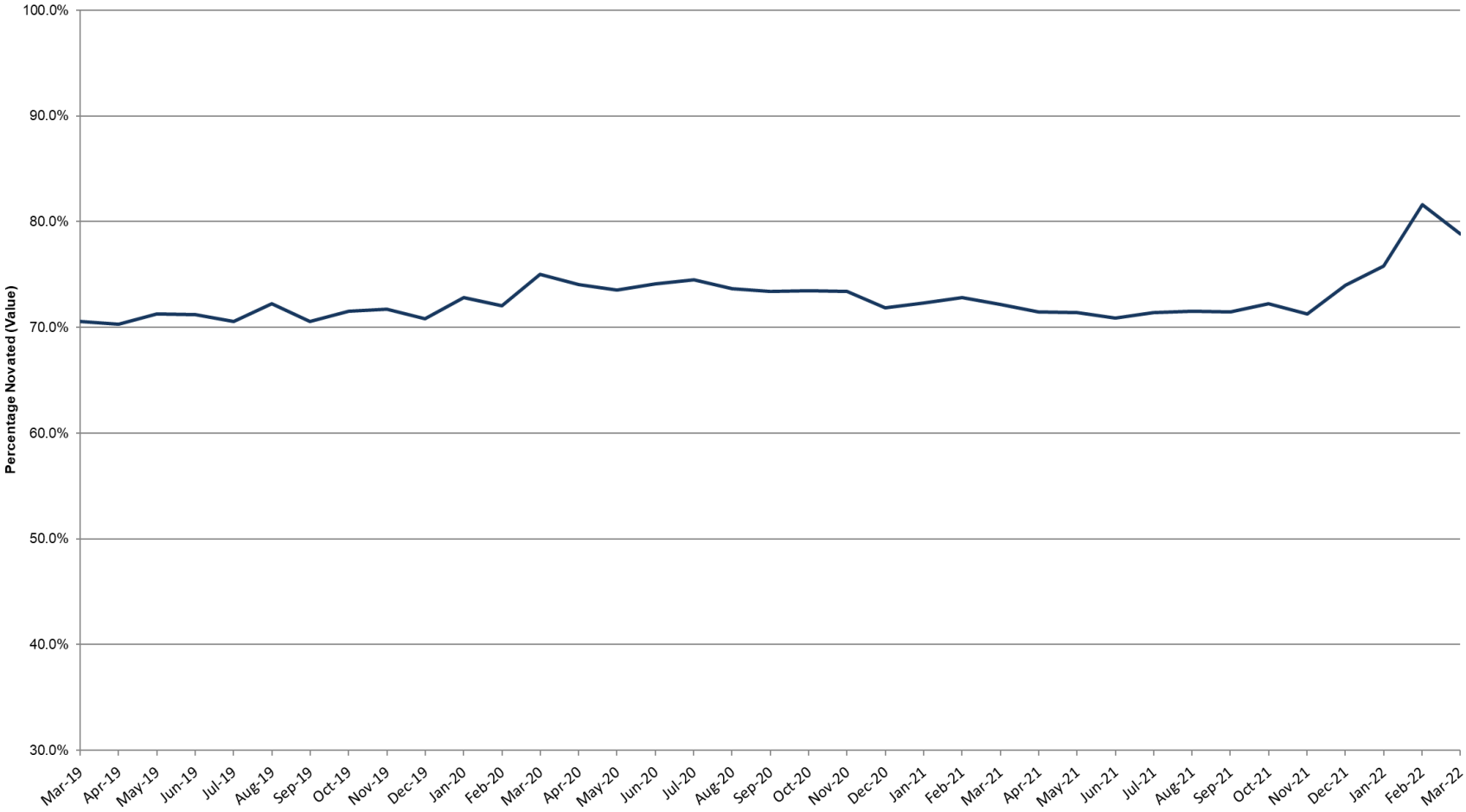
- For the March 2022 quarter, Traded Volume now includes transactions (for all AMOS) with settlement status "I" (e.g. crossings, informational)

ATTACHMENT B – PERFORMANCE OF ASX'S CLEARING AND SETTLEMENT SERVICES FROM MARCH 2019 TO MARCH 2022

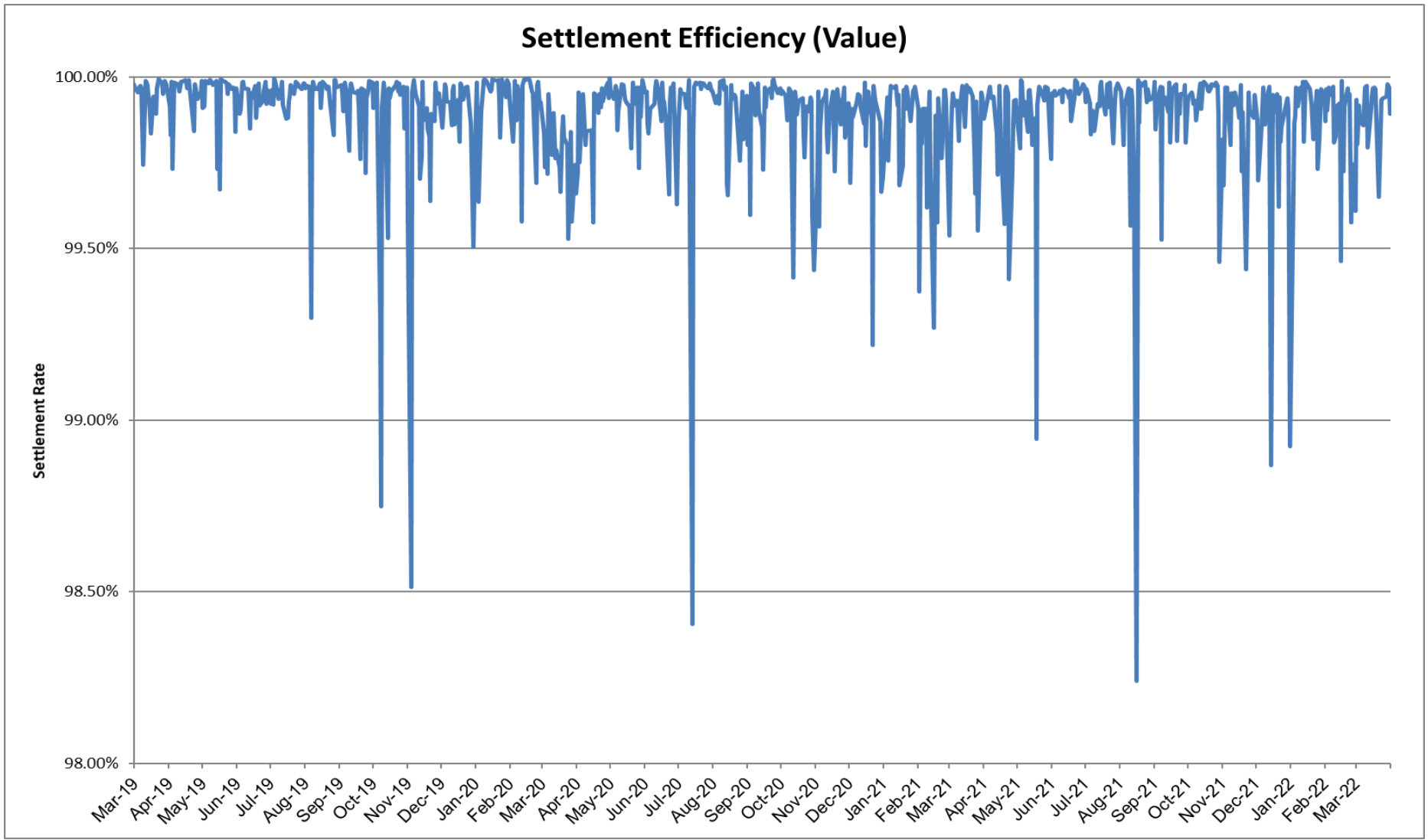


- For the March 2022 quarter, Traded Volume now includes transactions (for all AMOS) with settlement status "I" (e.g. crossings, informational)

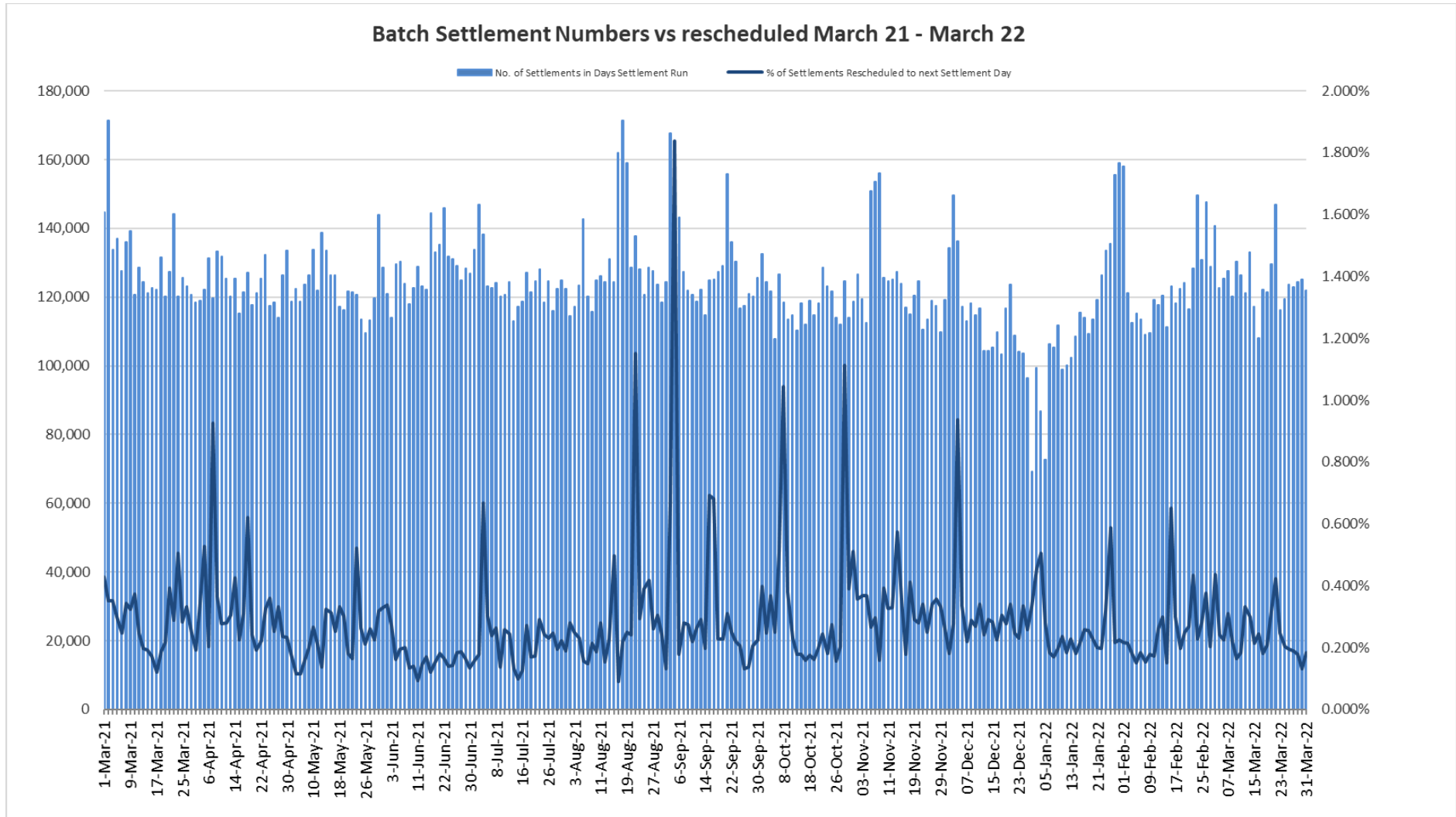
Percentage Novated



- For the March 2022 quarter, Traded Volume now includes transactions (for all AMOS) with settlement status "I" (e.g. crossings, informational)



ATTACHMENT C – BATCH SETTLEMENT NUMBERS VS RESCHEDULED MAR 2021- MAR 2022



Committee	Business Committee
Agenda title	CHES Replacement
Item	3a, 3b, 3c
Purpose	To provide Business Committee members with a project update
Meeting date	13 April 2022
Prepared by	Group Executive, Securities and Payments (Tim Hogben) General Manager, Equity Post Trade, Securities and Payments (Katie McDermott) Senior Manager, Equity Post Trade, Securities and Payments (Keith Purdie)

KEY SUMMARY POINTS

- The next release of software into ITE1, v1.3, has been delayed and will now be deployed in July. Accreditation activities can commence after software providers have completed relevant development and testing to v1.3
- ITE2 will now open 27 April '22 with a dedicated on-boarding period before CHES user testing commences
- There is a strong likelihood of a delay to the April '23 go-live date
- 25 software providers have successfully been on-boarded into ITE1 and functional testing of the application (v1.2) continues, two customer applications are in progress but remain to be fully on-boarded
- New CHES user working groups have been established by cohort type to supplement existing engagement channels and to provide for a more interactive forum
- The first independent report from EY on the Assurance Program has been released, finding that the CHES replacement assurance program is fit for purpose and that no significant gaps had been identified
- New documentation published provides further support for industry testing including operational readiness scenarios for CHES user assessment. The information paper on the rationale for a single cutover will now be published in Q2 '22 (instead of Q1 '22)
- The public consultation on tranche 3 and consolidated rules package has closed with ASX receiving submissions from a range of stakeholders including participants, payment providers, industry bodies and a share registry. ASX is planning to publish its formal response to feedback in June '22
- The name CHES will be retained for the replacement system and, as a result, CHES users will not have to update client forms and online portals

UPDATE ON KEY PROJECT MILESTONES AND NEXT STEPS

ITE1 software provider testing and accreditation

The Customer Development Environment (CDE) has been successfully decommissioned for software providers. Functional and non-functional testing of the application by software providers will now be performed in the industry test environment, ITE1.

Testing activities in ITE1 since the decommissioning of CDE has increased with software providers undertaking a broad spectrum of testing in ITE1 across available functionality and against mandatory ISO messages. There has also been strong levels of testing across share registry functions.

In February '22, code drop v1.2 was released to ITE1. It included corporate action events, the end of day holding balance and sub position reports, together with code changes being re-enabled.

The next software release, v1.3, will now be made available in ITE1 in July, and will include fixes to customer defects and non-functional tuning of the application.

ASX expects v1.3 of software code to be the last release of code with customer associated features, subject to software providers' testing. Accreditation can commence after software providers have completed relevant development and testing to release 1.3.

Simulated network outage testing for software providers to test their system/interface network outage process to ensure that their systems can reconnect and data integrity is retained can commence from July after software release v1.3 is deployed.

Performance testing software providers interface(s) to the CHES replacement system under workload is also expected to commence after the deployment of v1.3 into ITE1. Each software provider will however be requested to provide their performance test schedule to manage potential impacts to other users.

ASX has now published all scenarios for software provider accreditation activities.

ITE2 CHES user testing and operational readiness assessment

CHES users' technical connectivity testing to ITE2 commenced from March '22. This testing is to confirm the network paths from the CHES users' host site and the CHES replacement system have been correctly configured, including any potential firewall changes for CHES users in advance of on-boarding commencing.

CHES users' on-boarding will now commence from 27 April, instead of 18 April. CHES user on-boarding involves the set-up of accounts (enterprise administrator and other users), and security authentication by creating/installing security certificates using ASX's new Customer Service Account Management (CSAM) portal. The security process will enable secure access to the CHES replacement system. After on-boarding, CHES users will send a test message to the CHES replacement system to confirm on-boarding has been completed successfully.

Similar to ITE1 and taking on-board lessons learnt, on-boarding of CHES users will also be phased. Accordingly, share registries and AMOs who have been on-boarded into ITE1 have been asked to continue their testing efforts in the ITE1 environment. They will on-board into ITE2 at a later time, which is prior to the commencement of CHES user operational readiness assessment.

CHES users will not be able to conduct user testing in ITE2 until after the v1.3 software release has been tested and deployed by ASX in ITE2. In the interim period, CHES users can leverage the operational readiness scenarios ASX has published to prepare user test scripts in advance of CHES user testing commencing.

Market Dress Rehearsals

Market dress rehearsals (MDR) will not commence in October '22 as previously advised. ASX will work with software providers and CHES users to assess the schedule for MDRs taking into consideration other industry priorities.

Public Consultation on Tranche 3 and consolidated rules package

The consultation period for providing written submissions on the draft tranche 3 rule changes and the consolidated rules package concluded on 14 December '21.

ASX is considering the feedback received and any changes required to the rule amendments. Any revisions to the rule amendments will be set out in ASX's response to consultation feedback, together with clarifications requested in submissions and a summary of the feedback received from stakeholders. ASX's response to consultation feedback is planned for release in June '22.

Next steps in engaging stakeholder feedback on any flow-on impacts to key project milestones

An Implementation and Transition working group webinar is scheduled for 7 April '22 to provide further detail on the recently announced timeline changes and provide an opportunity to answer questions.

ASX will also actively work with all stakeholders to assess the flow-on impacts of any schedule changes to project milestones, including any potential revisions to the go-live date. ASX expects the new CHES user working groups and the established software provider working groups to serve as the primary engagement channel to elicit stakeholder feedback. This may include ASX presenting a proposed timetable on key project milestones for discussion. The outcome of this process will be disclosed to the market.

Business Committee members will also be provided with a short presentation on 13 April with a summary of the key points from the 7 April webinar including changes to near-term project milestones and the implications for a potential flow on impact including the subsequent risk this presents to an April '23 go-live date.

STAKEHOLDER ENGAGEMENT ACTIVITIES

Software Provider Readiness working group

ASX has recently hosted three software provider readiness working group meetings.

On 19 January, working group members were provided an update on ITE1. This included an update on the timeline for key activities, as well as an update on the registration details tool in response to market feedback and the request for functional changes.

On 9 February, working group members were provided an update on a new software release to ITE1, v1.2, and technical accreditation.

On 9 March, working group members were provided with an update on new features that were deployed in v1.2 at the end of February including corporate actions, end of day holding balance and sub position (HBAL and HSBL) reports that were re-enabled as well as code changes being re-activated. An update was also provided on upcoming ledger API error codes that will be deployed in v1.3, now planned for July '22.

Regular bilateral meetings are also focused on software providers' testing in ITE1.

CHES Users Readiness working groups

ASX has commenced a series of new CHES User Readiness working group meetings from February '22, scheduled by each market cohort. These new working groups are in response to market feedback to provide a more collaborative forum which will allow for the open discussions on CHES user readiness activities.

The series of initial meetings focused on ITE2 readiness and the activities CHES users need to undertake in preparation for ITE2 opening and user on-boarding, including access forms and considerations for network connectivity. It also included explaining to CHES users how to read the recently published operational readiness scenarios and stepping through some worked examples.

More recently, the clearing and settlement participants working group on 16 March focused on activities to prepare for market dress rehearsals, including further details on customer migration reports that will be made available to CHES users as part of the market dress rehearsal weekends and go-live. Given the announcement that the first market dress rehearsal in October has been delayed, similar working group meetings with the other cohorts on MDR activities has been postponed in the short term.

Implementation Transition Readiness working group

Since the last Business Committee meeting, two I&T WG webinars have been held.

The 15 December '21 meeting focused on ITE1, operational readiness scenarios, and key themes on the feedback provided from recently held focus groups on migration & cutover.

The 23 February '22 meeting provided updates on project progress, ITE2 readiness certificate management details (CSAM portal) and customer migration reports.

The next I&T WG is scheduled for 7 April '22 and will provide an update on ITE1 and ITE2 activities following the 28 March announcement of changes to the timing for accreditation and other near-term milestones.

Bilateral engagements across all stakeholders

ASX has hosted 129 bilateral meetings with stakeholders' since 8 December '21 Business Committee meeting to 31 March '22. These engagements have been focused on the following topics:

- CDE testing – progress updates and moving to ITE
- ITE1 and ITE2 on-boarding & testing
- Data remediation – next steps in remediating data issues for migration
- Data migration – registration details tool and scope for ITE-M testing
- The use of unmasked production data to validate the migration and cutover (MDR) process
- Further insights on the project's assurance program
- Cutover and migration approach and timelines

Project Documentation

ASX continues to publish project documentation to prepare software providers and CHES users for various readiness activities as follows:

- In December '21
 - Cutover and Migration Strategy
 - ITE2 Application Forms
 - details on ITE Certificate Management (CSAM portal)
- In January '22
 - first tranche of operational readiness scenarios in scope for CHES user assessment
 - Operational Readiness and Scenarios Guide
 - User Guide to support those testing in ITE2
- In February '22
 - second tranche of operational readiness scenarios
 - updates to the Accreditation guide for ITE1
- In March '22
 - third tranche of operational readiness scenarios

A fourth tranche of operational readiness scenarios will be published in April for the remaining scenarios, including batch settlement and AMO exceptions (failure, recovery and session messages).

ASX also notes that the publication on the rationale for a single cutover, originally targeted for Q1 '22, has been deferred to Q2 '22.

Key CHES user updates by cohort type

Clearing and Settlement Participants

ASX is continuing to hold bilateral meetings with clearing and settlement participants to identify where additional support or guidance may be required. Key themes to date include i) many have been regularly engaging with their software vendors and receiving regular updates, noting some not scheduled to receive the final software build until after the opening of ITE2, ii) resourcing considerations related to managing of project effort with BAU resources, and iii) clarification on test phases in ITE2 and discussions on market dress rehearsal and cutover activities.

While further engagement is required for full coverage of participants to complete an initial readiness assessment, most appear to have mobilised project resources and were focused on getting ready for ITE2 testing activities.

Share Registries

ASX co-hosted joint client sessions with Boardroom (14 December) and Computershare (24 January) that included updates on CHES replacement, specific issuer related changes, electronic CHES holding statements, corporate actions STP and DLT solutions. ASX will extend the invitation to co-host similar sessions with all other share registries in H1'22.

Monthly bilateral meetings with all registries continue at an operational level and has seen successful transitions into the ITE1 environment for all share registries developing their own software as well as a steady increase in the volume of testing. ASX is also working with share registries on how best to support industry wide end-to-end testing including appropriate data sets for both bilateral and isolated testing with share registries as well as the provision of sample issuer sponsored registers to support testing of subregister transfer and conversions and enquiries.

Payment Providers

On 9 March, ASX attended the quarterly Equity Settlement Payment Providers Sub-Committee (ESPPSC) to provide a project update, including discussing ITE2 readiness and updates to the payments provider deed.

ASX will supplement the existing engagement through the ESPPSC meetings with bilateral meetings and a new payment provider readiness working group, timing to be determined.

Approved Market Operators (AMOs)

Recent working group meetings have focused on ITE1 considerations for AMOs, cutover and migration activities, documentation updates, and FIX business exception scenarios. The AMOs have also been provided with the draft Alternate File Based Interface specification for review. Consultation with AMOs regarding the legal terms for the Trade Acceptance Service and Product Services and related documents applicable for CHES replacement will commence shortly.

Bilateral engagement with ASX (market), Cboe, NSX and SSX also continues.

HIN DATA REMEDIATION

ASX is continuing to work with participants on a bilateral basis to remediate HIN data where exceptions have been identified. From May '21 to February '22, over 25% of reported exceptions have been remediated with 17 clearing & settlement and settlement-only participants having remediated all of their reported exceptions in that time. The bulk of the remaining 'fail' exceptions, which are concentrated in a few larger retail participants, were remediated by the end of March '22. As at end March '22, 67% of the total reported exceptions have been remediated.

It is also important to note that in addition to the removal of the registration detail exceptions, participants have cancelled >1m dormant HINs since December 2019. This was mostly driven by the fee waiver program for bulk cancellations to encourage the clean-up of the current production data prior to the cutover to the new system. This clean-up is not captured as part of the above-mentioned data remediation completion rate.

ASX appreciates and thank participants for managing the additional customer engagement as part of this clean-up. ASX will continue to advise participants of exceptions through '22 and in the lead up to go-live.

ASSURANCE PROGRAM

The Assurance Program is a critical part of the CHES replacement project that includes independent reviews on key project risk areas. In November '21, ASIC imposed additional Licence Conditions on ASX Clear and ASX Settlement which included the appointment of an independent expert (IE). In accordance with these conditions, ASX – with ASIC's and RBA's consent – engaged EY as the IE to assess ASX's Assurance Program for its implementation of CHES replacement.

On 22 March '22, EY released the first [independent report on the Assurance Program](#) relevant to the CHES replacement project.

The objective of this first report is to assess whether the existing design of the Assurance Program is fit for purpose, identifying any topics that require further independent assessment and any remedial actions.

EY found the program is fit for purpose with no significant gaps, subject to the ASX addressing a number of recommendations which ASX has agreed to. These include actions associated with future review scope detail, centralised consideration of review outcomes at project milestone progress decision points and program governance.

EY have been invited to present a summary of the report and key finding to business committee members on 13 April '22.

ASX encourages committee members to read the EY report ahead of this discussion.

POTENTIAL QUESTIONS FOR DISCUSSION IN THE MEETING

1. What has been your reaction to the project update announcing changes to software release timing and the implications for project milestones and the flow on impact for CHES user readiness activities?
2. In terms of the risks to the go-live, are there any periods of time in the calendar year you would want a revised implementation date to avoid?
3. Do you have any feedback on EY's independent assessment of ASX's assurance program for the CHES replacement project? Are there any findings and recommendations that you would like EY to clarify?



Committee	Business Committee
Agenda title	Electronic CHES holding statements
Item	4a
Purpose	To provide Business Committee members with an update on electronic CHES holding statements
Meeting date	13 April 2022
Prepared by	General Manager, Securities and Payments (Andrew Jones)

The electronic option for CHES holding statements went live on 13 December 2021.

Members will be provided with a short presentation on 13 April regarding the take-up rate of electronic statements in Q1 2022 and to discuss expected trajectory rates.

Committee	Business Committee
Agenda title	Forward work program
Item	5a
Purpose	To update Members on the forward work program of the Business Committee for 2022
Meeting date	13 April 2022
Prepared by	Business Committee Chair, Chief Customer and Operating Officer (Val Mathews)

The Business Committee will meet four times in 2022. The meeting dates are:

- 13 April 2022 – 12.00-2.00pm
- 13 July 2022 – 12.00-2.00pm
- 5 October 2022 – 12.00-2.00pm
- 7 December 2022 – 4.00-6.00pm

Subject to any input from members who wish to suggest additional items, the forward work program of the Business Committee in 2022 will continue to be predominately focused on CHES replacement: test environments, implementation timetable and CHES user readiness activities, including accreditation, migration and cutover.

Members will continue to be provided with updates on the Electronic CHES Holding Statements initiative.

Additionally, ASX will monitor global adoption of T+1 settlement and discuss the appropriate timing for this item on the forward work program.

Members of the Business Committee are invited to suggest topics for inclusion in the forward work program at any time by contacting the Business Committee Secretariat by email at BCSecretariat@asx.com.au.

ATTACHMENTS

Attachment A Business Committee Forward work program 2022

Attachment A: Business Committee Forward work program 2022



Note: the forward work program does not include the standing agenda items for each meeting.