



# Business Committee

Presentation materials

19 July 2023

Committee members are reminded to have regard to their obligations under competition law. In particular, please note that the Competition and Consumer Act prohibits a corporation from engaging with one or more persons in a concerted practice that has the purpose, effect or likely effect of substantially lessening competition.



# Current CHES Update

Suzy Munro, GM Securities & Payments Operations  
Nick Wiley, GM Equity Post Trade & Payments

# Update focus areas

- > RBA Letter of Expectations
  - Intraday margining
  - House/client segregation
- > Appropriate functionality

# Regulatory compliance with RBA's expectations

## RBA Letter of Expectations dated 15 December 2022

> ASX to assess by June '23:

- **Intraday margining:** Feasibility of implementing intraday margining of cash market positions in current CHES
- **House/client segregation:**
  - Equivalence of protections from existing cash market account structure with those under segregated structure
  - Feasibility of implementing a segregated account structure in current CHES

# Regulatory compliance with RBA's expectations

## Feasibility assessment of implementing intraday margining of cash market positions in current CHES

- > Analysis identified that a scheduled intraday margin call each business day at 2pm was optimal
- > Engagement with selection of Clearing Participants indicated that expected impact is broadly accepted as manageable
- > Introduction of routine intraday margining of cash market positions would require ASX development:
  - Target solution aligns to an enterprise approach to margin methodology and systems
  - Interim solution could be progressed based on the relative materiality of intraday exposures and prioritisation if required
- > CHES Replacement or current CHES responsible for providing real time and EOD data
- > Next steps
  - RBA consideration
  - Ongoing analysis to determine materiality of intraday exposures

# Regulatory compliance with RBA's expectations

## Assessment of segregated House/Client account structure in current CHES

- > Equivalence assessment: Analysis identified that there have been no changes in the last 10 years that would undermine the rationale for the original determination of material equivalence.
- > Feasibility assessment:
  - Segregation in the cash market would necessitate a new post-trade transactional workflow in CHES.
  - It is not prudently feasible to introduce segregation without first conducting further tests on the practical capacity limitations of the system and, if necessary, increasing the capacity of the system.
  - If dependent on capacity uplift, implementation would be unlikely to occur until 2028 at the earliest.
  - Engagement with selection of Clearing Participants indicated the expected scale of change is significant.
- > Next steps
  - RBA consideration
  - Market consultation

# Appropriate functionality in current CHES

## Current CHES to meet the needs of the market until it is safely replaced

- > Consideration will be given to modifying or adding features/services in current CHES
- > Stakeholder input received to date:
  - See next slide
  - Input received through CHES Replacement stakeholder engagement
  - These items are identified by ASX for consideration separate to CHES Replacement – as not necessarily dependent on system replacement
- > ASX is seeking members' views to gauge support for each item
- > Input can be sent to [Nicholas.Wiley@asx.com.au](mailto:Nicholas.Wiley@asx.com.au) or [BC.Secretariat@asx.com.au](mailto:BC.Secretariat@asx.com.au)



# Appropriate functionality in current CHES

## Stakeholder input for consideration separate to CHES Replacement

Category	Item	Feedback source	From	Status
Equity Post Trade Services	Deferred settlement securities – review process to ensure/improve settlement efficiencies	CHES Replacement feedback request March '23	Participant	Under review
Equity Post Trade Services	Bilateral Matching – use of Transaction Basis (on and off-market)	CHES Replacement feedback request March '23 and scope refinement session #2	Participant and industry association	Under review
Equity Post Trade Services	Foreign restricted securities - review and simplify the current processes for holdings and transfers	CHES Replacement feedback request March '23 and scope refinement session #1	Participant and industry association	Under review
Equity Post Trade Services	Scheduled Settlement CHES to CHES Transfer Request (MT107) - support usage within a participant group structure	CHES Replacement feedback scope refinement session #2	Participant	Under review
T+1 Assessment	T+1 settlement cycle	CHES Replacement feedback request March '23	Various	T+1 survey results
T+1 Assessment	Decommission cum entitlement balance with introduction of T+1	CHES Replacement feedback request March '23	Share registry	T+1 survey results





# Potential transition to T+1 Business Committee member survey

Karen Webb, Acting Head of Issuer Services

# Contents

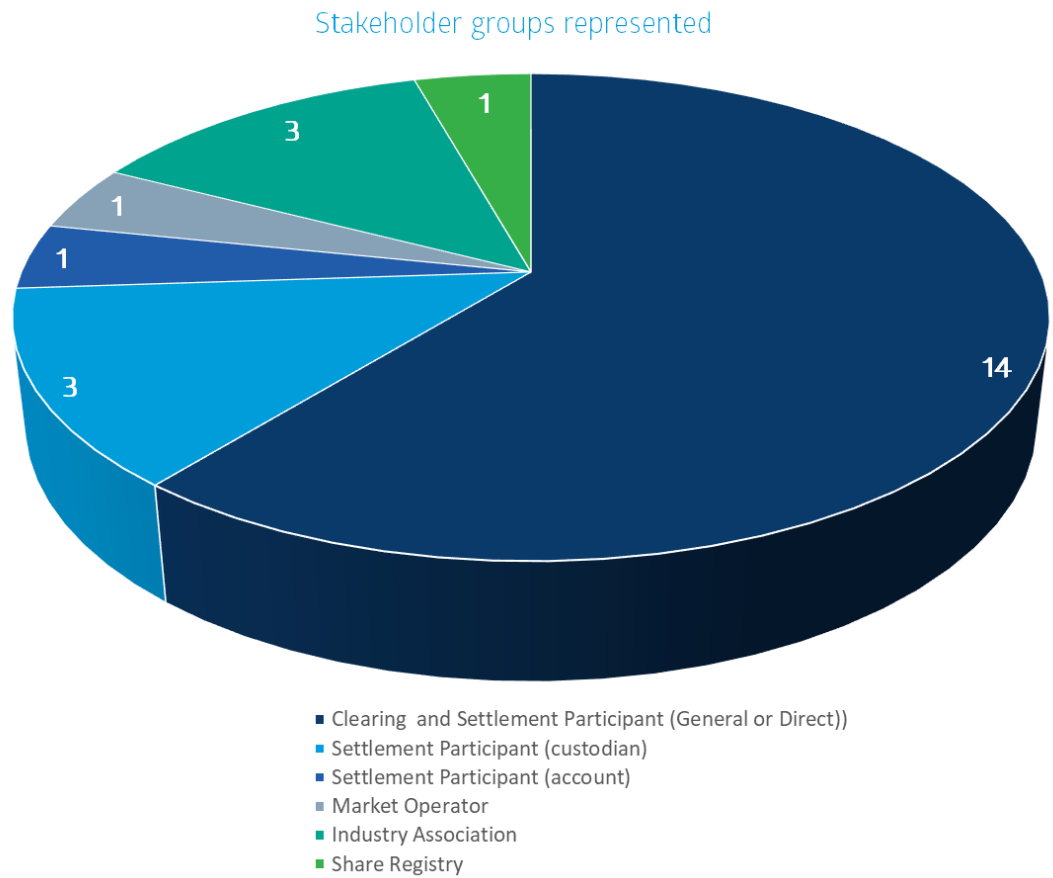
01 – Summary of respondent organisations

02 – Impact of the transition to T+1 settlement in other markets on Australian operations

03 – Proposed transition to T+1 settlement

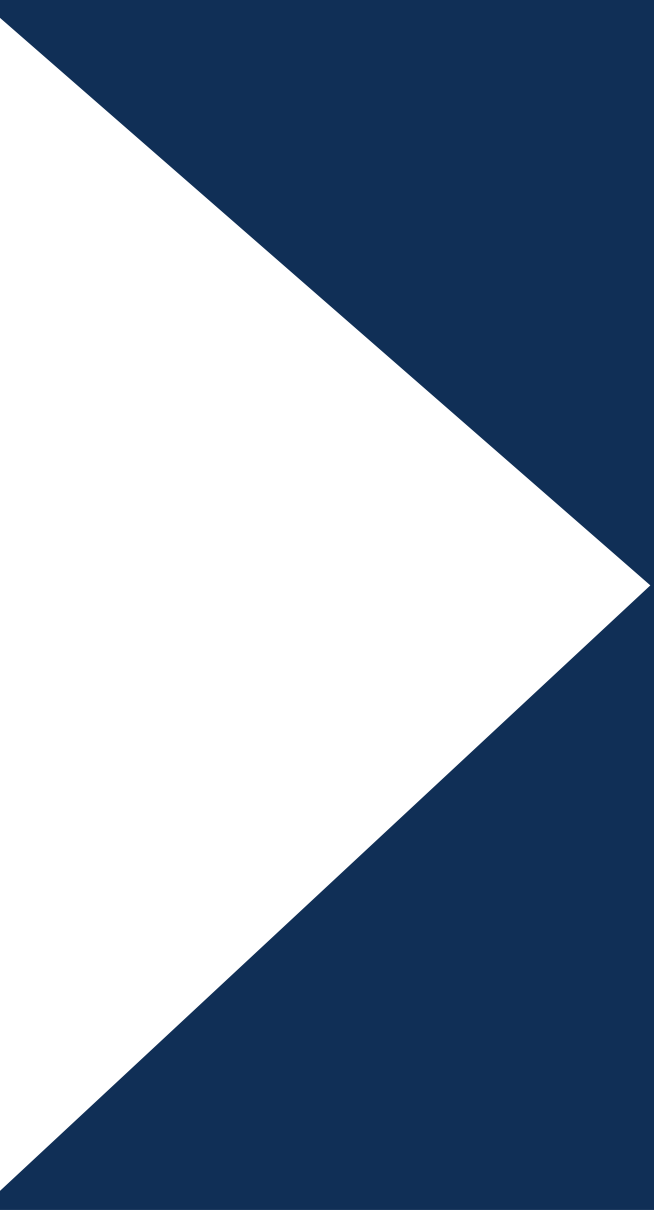
04 – Conclusions for discussion, next steps

# 01 Summary of respondent organisations



**33** members invited to provide a response;  
**23** responses received  
Responses are anonymous, all questions not mandatory\*

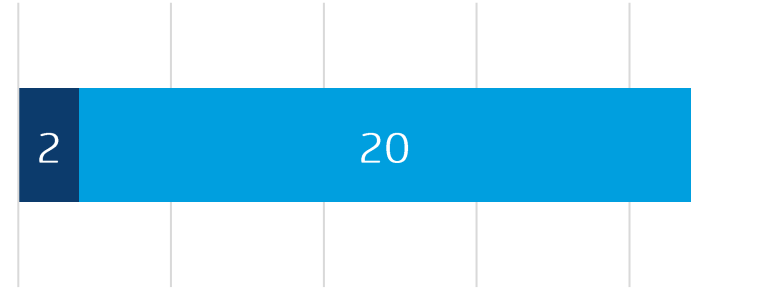
\*not all respondents answered every question so not all responses with a tally add up to 23



02 - Impact of the transition to  
T+1 settlement in other markets  
on Australian operations

## Impact of the transition to T+1 settlement in other markets on Australian operations

Will your organisation & its settlement operations in Australia be impacted by the transition to T+1 settlement in other markets, for example in the USA and Canada targeted for implementation in May 2024?



■ No ■ Yes

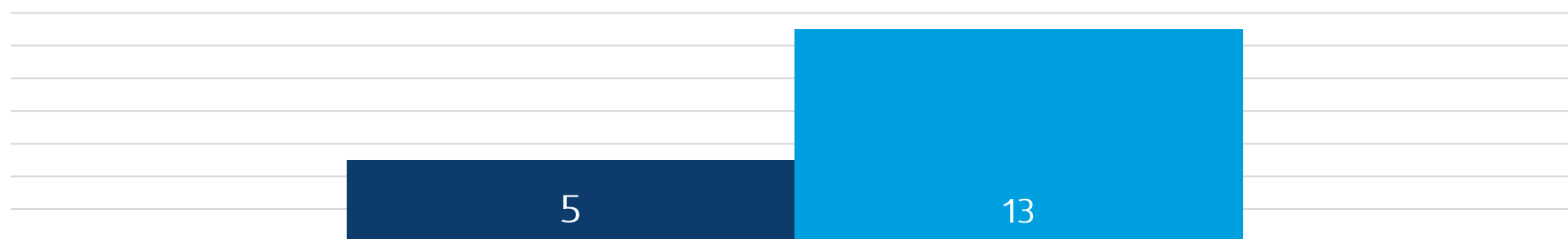
Are you prepared, or will you be ready for the US implementation date?



■ Still assessing impact ■ Yes

## 02 Impact of the transition to T+1 settlement in other markets on Australian operations

The transition to T+1 settlement in the US and Canada (as an example) may impact the ability of ASX to support certain corporate actions. Exempt foreign issuers operating in Australia and the US (or structured products that have US underlying securities) may follow US timetables and announce corporate actions with ex and record date on the same date. ASX may not be able to capture and disseminate structured information about those events, and therefore not support the event in CHESS. As a matter of practice ASX will publish a market information notice to advise stakeholders of events that cannot be supported.



Keeping in mind the exception described above will these exceptions impact your organisation's operations or customer support?

■ No ■ Yes

## 02 Impact of the transition to T+1 settlement in other markets on Australian operations

You have indicated your organisation will be impacted, please explain in what way?

What are the impacts to your organisation's operation's/customer support/other impacts?

Is there anything else you think ASX should do to help market participants prepare for the implementation of T+1 settlement in other markets?

### Trade activities:

- X border settlements / international prime brokerage flow
- Impact to ADR conversion timeframes
- Keeping track of fungible holdings in US/Australia during different settlement periods
  - may impact settlement
- Time zone helps Australian participants somewhat to meet foreign deadlines
- Procedural changes
- Reliance on international custodians
- Need more information on ETF creation/timing

### Post trade activities:

- FX considerations to fund settlement
- Turnaround times for issuer to CHES transfers and conversions and SRN enquiries
- If no protection for unsettled trades (re CAs) this will increase manual activities and associated risks
- Management of client cut-offs/preparation in readiness for settlement
- Encourage Share Registries to shorten shunts/conversion timeframe for dual listed securities. (Current window 24 - 48 hours). Same day conversion will assist with dual listed security settlement and timely processing CAIP entitlement.

### Corporate actions:

- How to protect client entitlements for unsupported corporate actions
- Suspend trade during ex periods for issuers following T+1 timetable
- Australian holders' opportunity to respond to US based events on reduced timeframes
- Expectation that all events are available in ReferencePoint files
- Be clear on impact to ETFs, ADRs, CDIs; or how would ASX otherwise inform the market.

### Suggestions for ASX:

- build awareness more broadly
- build awareness with issuers/impact - which securities are impacted/what settlement/CA regime will they follow (e.g. dual listed vs. exempt foreign, ETFs)
- ASX provide regular communications re arrangements
- describe in more detail how ASX impact will be practically managed
- ASX should take leadership in moving market to T+1 expeditiously



## 02

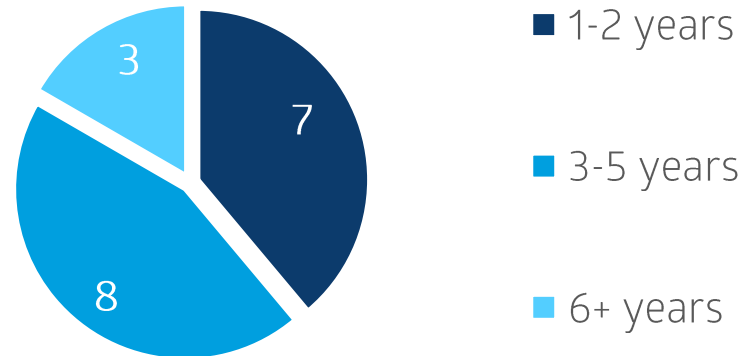
# Impact of the transition to T+1 settlement in other markets on Australian operations

Do you think the Australian market can continue to operate efficiently on T+2 settlement for a period of time, noting the possible impacts from other market transitions covered in earlier questions?



■ Yes ■ No

For how long do you think T+2 settlement will remain viable in Australia?





## 03 – Proposed transition to T+1 settlement

## 03 T+1 settlement

There are a number of benefits that have been called out by other markets to support the implementation of T+1 settlement. Some of these benefits were also important in the consideration of Australia's move to T+2 settlement in 2016.

	Ranking:					
	1	2	3	4	5	6
<b>Benefit:</b>	# of respondents for ranking:					
Reducing counterparty risk for individual investors, participants and the central counterparty, resulting in reduced systemic risk for the market as a whole	5	12	1	1	0	0
Standardising to global settlement practices	4	3	6	2	2	2
Driving greater post trade operational and process efficiencies	0	2	5	4	6	2
Potential cost and capital savings (e.g. capital requirements, cash margin requirements) for Clearing Participants	10	2	1	3	3	0
Trade activity is not restricted by post trade risk management	0	0	0	2	5	12
Settlement outcomes are achieved more quickly, including access to capital	0	0	6	7	3	3

## 03 T+1 settlement

In addition to the benefits described above, are there any other benefits your organisation has identified to support the adoption of T+1 settlement?

### Additional benefits:

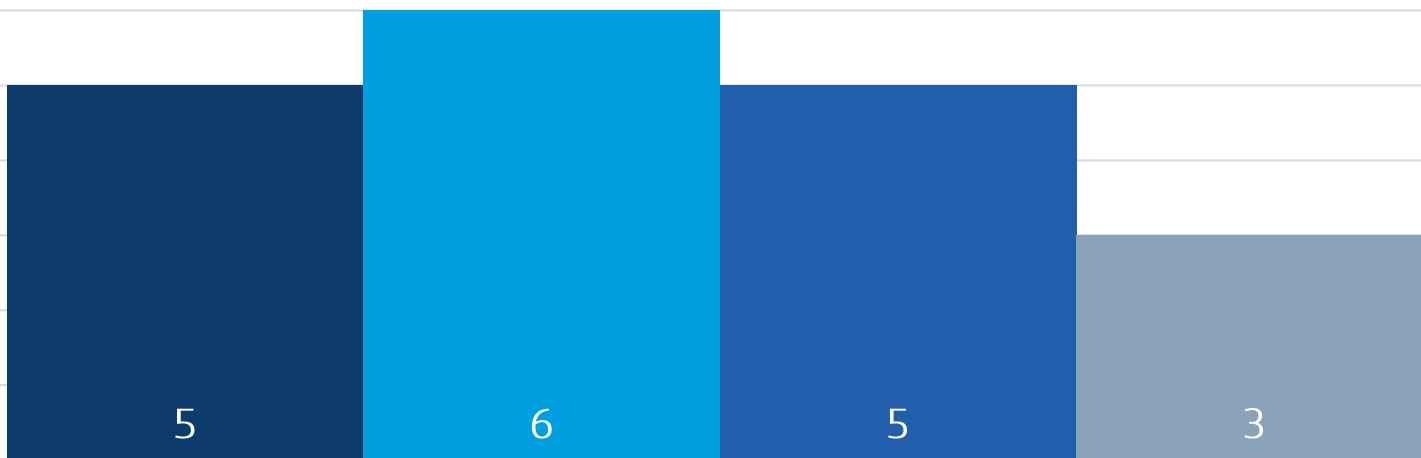
- Alignment of FX processes globally for markets on T+1
- Markets in sync
- Global customers expectation that Australian market will align to global standard
- Moves the market one step closer to settlement on T
- Aligns cash equities with ETO settlement cycle – resulting efficiencies
- If corporate action cycle is aligned with the settlement cycle – efficiencies in reducing exceptional trades
- Reduction of credit risk
- Any clearing & settlement fee reductions passed on to market participants by ASX as a result of reduced capital requirements
- Profound need to instruct trades accurately on T+0 basis will drive back-office settlement efficiency /automation opportunities

### Concerns:

- Detrimental for custodians working in multiple markets – would need institutional investors to provide trade allocations much earlier (currently late in the day or morning of T+1); impact on fails

## 03 T+1 settlement

While there may be benefits associated with the adoption of T+1 settlement, do you think there would be any costs to the market or your organisation?

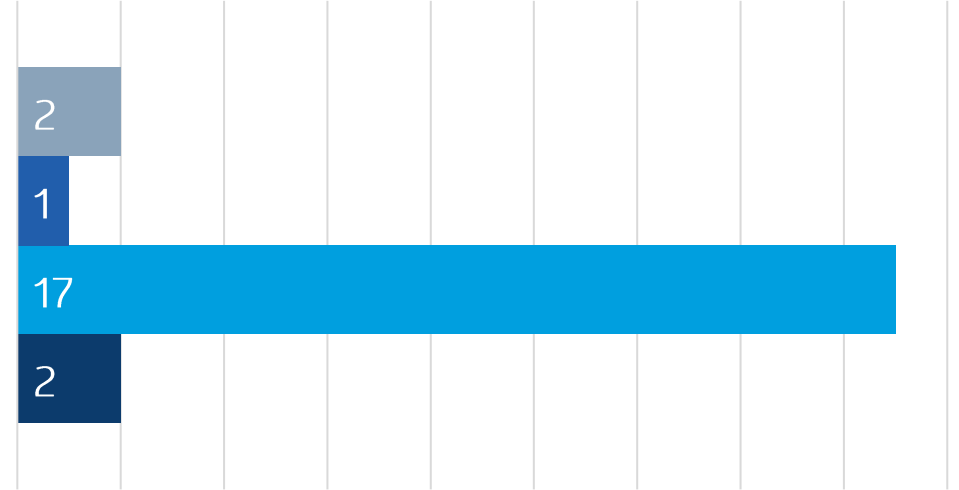


How would you quantify the cost of transition to your organisation and to the market – small, moderate, large or very large?

■ Small ■ Moderate ■ Large ■ Very Large

## 03 T+1 settlement

If the settlement period is to be shortened, do you think it should be shortened to a fixed T+1 period, or instead consider settlement optionality\* with either T+1 or T+2 settlement finality?



- Settlement optionality + T+2 settlement finality
- Settlement optionality + T+1 settlement finality
- Wholesale move to T+1 Settlement
- No change - remain on T+2 settlement finality

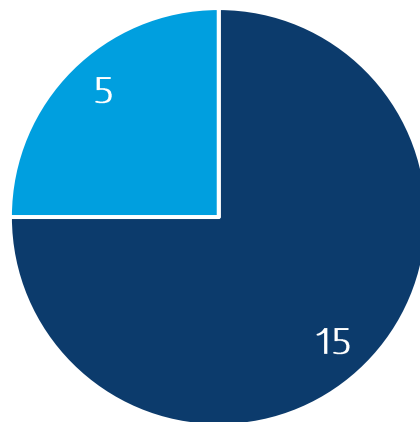
The respondents that selected “No change” also rated effort as very large

\*Noting that settlement optionality would require further analysis and consultation on the possible settings to support its introduction, such as allowing for bilateral/line by line settlement and funding arrangements (cash & equities) should one party want to settle earlier than the other and an understanding of system capabilities.

## 03 T+1 settlement

The Australian cash equities market is effectively already operating at T+1.5 days settlement, due to the commencement of the settlement batch each day at 11.30am.

Do you think further operational efficiencies or changes in the operating model or timeframes are possible or required to support an transition to T+1 settlement (which would effectively be T+0.5 days based on the current batch settlement timing?)



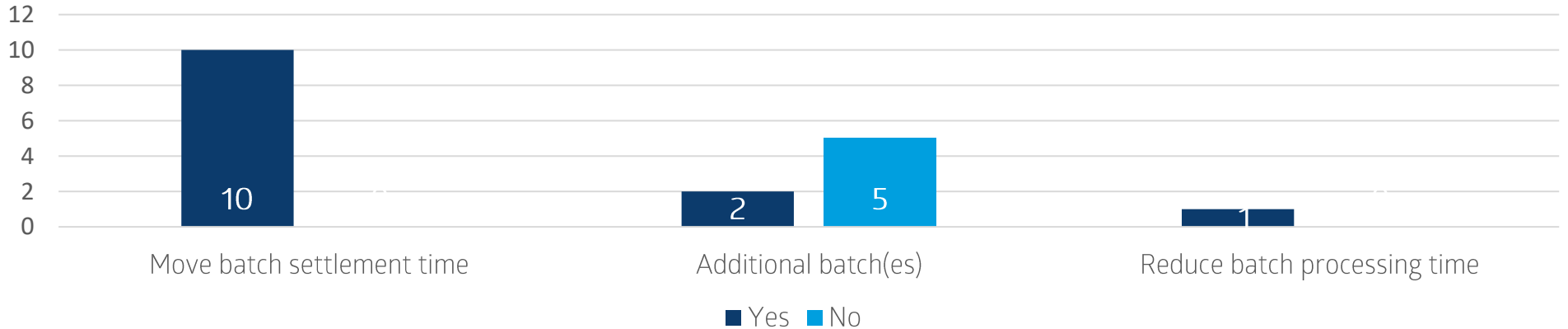
■ Yes ■ No



## 03 T+1 settlement

Do you think operating hours would need to change to support the change?

For example, for the transition to T+2 settlement, the CHESSE settlement batch commencement time was changed from 10.30am to 11.30am.



### Concerns:

- Allow sufficient time for global clients to make cut-off
- allow sufficient time after batch to calculate liquidity and effect transfers and payments
- Assess any knock on affects of later batch settlement time on other processes, payment cut off times
- A number of responses not in favour of additional batch:
  - reduces efficiency of first batch if some activity directed to additional batch
  - duplicates payment activities/costs; impact to bank liquidity facilities; less appetite from banks to provide intraday liquidity services to participants due to increased uncertainty
  - what happens to fails in first batch

## 03 T+1 settlement

Are there any other efficiencies that could support the change (for example introduce an additional settlement batch)?

Additional suggestions for efficiencies:

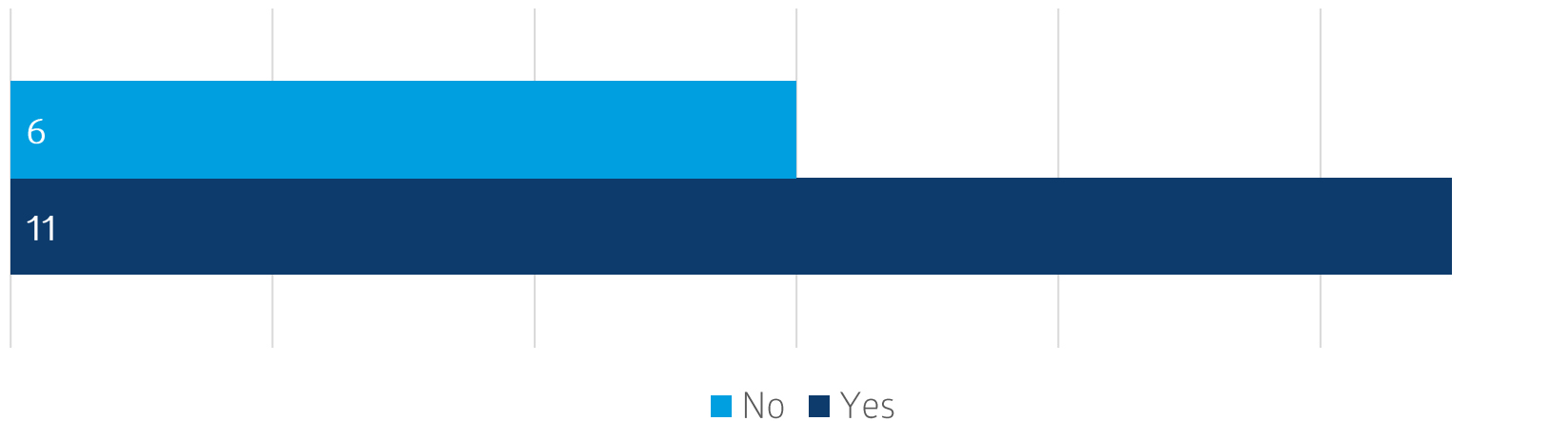
- Suggest exploration of electronic trade confirmation/trade matching facility (similar to DTCC rollout in US and HK Stock Connect) to reduce time lags associated with standard flow of trade bookings within each broker and custodian
- Suggest exploration of alternatives to support the transfer of dividend/corporate action entitlements between stock borrowers and lenders – eliminate the need to transfer the actual shares using BOMs.
- Suggest implementation of ETC unilateral settlement instructions to remove settlement matching. Implementing pre-matching authorisation of settlement instructions would help to identify true missing instructions, instead of lack of securities.
- ASX to provide data faster to support participant activities; e.g. netting activities
- Any lessons to be learnt from US migration to T+1

Do you think there would be considerations needed for preparation of batch settlement as it relates to funding by your payment bank?

- Most responded that payment bank arrangements would need to be considered, especially for any batch timing changes
- Batch timing changes may delay liquidity calculations, with increased funding costs.
- Also consider timing of margin requirements
- Need visibility of forecast funding requirements

## 03 T+1 settlement

Do you think a regulatory mandate for T+1 is a prerequisite for making this change?



### Other comments:

- Regulatory mandate to support T+1, condition of the market to promote STP. Regulatory rule to ensure seller instructs settlement onto CHESSE, regardless of security position; mandate when allocations are done (e.g. T+0)
- Regulatory mandate means “all-in”, avoids delays
- The lack of a regulatory mandate means participants less inclined to support the change (vs. other priorities)
- Regulatory mandate also covers situation if more than one provider of clearing and settlement services – all should be on T+1
- Wasn't needed for transition to T+2

## 03 T+1 settlement

Do you think there are any other considerations needed for corporate action events in the context of a transition to T+1 settlement? For example, would a move to T+1 settlement and associated changes to corporate action timetables negate the need for the Cum Entitlement Balance function in CHESS?

### Feedback regarding Cum Entitlement Balance:

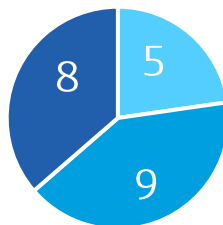
- 6 support consideration of removal of CEB in T+1 settlement; some not supportive
- Consider mechanism to transfer CEB separately to underlying security

### Other feedback:

- Review CA timetables, with consistent application across all securities.
- Impact of shortened timetable on accelerated offers – time available for investors (including offshore) to respond
- Consideration for market claims (expect fails over ex/record period may increase, increasing claims)
- Review of rules around protection of entitlements
- Better technology for cross-border transfers to avoid manual processes
- Review ASXSOR10.18.2 – lack of clarity regarding transferring franking credits to parties not contemplated in this rule
- Provide rules for protection in SPPs – e.g. if single seller causes multiple buyers to be unregistered
- Consider option assignments in cum dividend market
- Consider if special markets are removed in T+1 (currently offered on day before record date in ex dividend period)
- Australian holders of foreign stock's ability to participate in events

## 03 T+1 settlement

ASX notes that given the current pause in CHES Replacement delivery activities, ASX Clear and ASX Settlement are supporting the availability of CHES until such time that it is safely replaced. What do you consider to be the most important initiative?

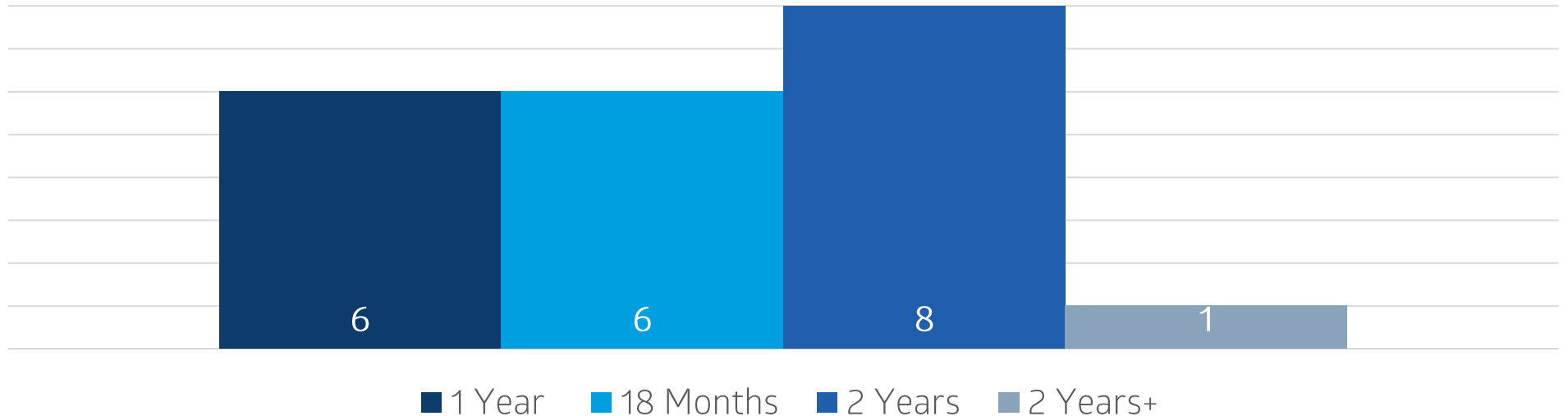


- Transition to T+1 should be a higher priority than CHES Replacement
- CHES Replacement should be a higher priority than a transition to T+1
- They are equally important and should be given the same priority

- Some respondents noted that CHES replacement should facilitate and reduce the impact of a move to T+1 and ensure a smooth transition.
- While some respondents said the initiatives are equally important, a number of respondents said that they would have two different teams etc. so to do the change concurrently would not be possible from a resourcing perspective.

## 03 T+1 settlement

How long do you think your organisation would need to prepare for T+1 settlement if the transition was agreed and confirmed? (As a guide, when ASX confirmed the project kick off to transition to T+2 settlement, the duration for changes activities and readiness for the Australian market was 18 months)



- One association noted (not counted above):
  - As expected, there was a large divergence of views from respondees on this question.
  - The responses ranged from 1 year to 2 years plus. We consider that the divergence of views on the time it would take to prepare for T+1 settlement is highly dependent on the size and nature of the organisation's operations and where they sit in the CHESSEcosystem.

## 03 T+1 settlement

Do you expect readiness changes might be largely configuration and process change, and/or wholesale system changes?

Most respondents said there would at least be configuration and process changes. Many also cited system changes and the size of the changes would be dependent on whether any other functions were introduced or changed as part of the transition (for example if CEB was removed, ETC introduced etc.)

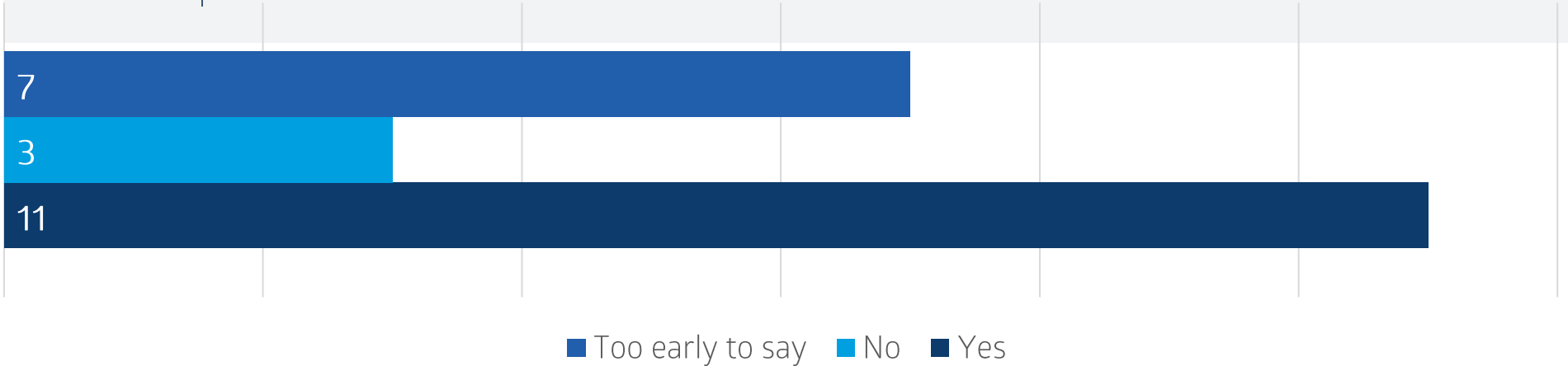
Other considerations:

- Software vendor and system considerations (including upstream and downstream)
- Testing considerations
- Legal and compliance reviews
- Education and client communications



## 03 T+1 settlement

The transition to T+2 settlement in 2016 was coordinated between ASX (equity & debt) and NZX. Do you think the Australian and New Zealand cash equities and debt markets should transition at the same time to T+1 settlement?



Other comments:

- One association noted (not counted): “There was a mixed response to this question. One respondent considered that New Zealand is outside the scope of ASX and did not see the need to wait and co-ordinate. Another respondent pointed out that it makes sense to transition at the same time as there is a lot of ‘shunting’ between the Australian and New Zealand markets.”
- Another respondent noted that T+1 will also increase the fail rate of AU-NZ, NZ-AU shunt trade if NZ market is still operating on T+2
- Any change to CHESS settlement batch timing may mean deliveries to NZ market occur outside business hours
- NZX market change shouldn’t be a dependency for Australia

## 03 T+1 settlement

Do you have any other comments?

Feedback not already covered in previous summaries:

- Adopt a wait and see approach and observe outcomes of transition in US and other markets; what will UK and Europe decide?
- If CHES Replacement is a priority ahead of T+1, then market need clear guidance on go live date for CHES Replacement
- The T+1 timeframe is very short to allow for insto trade booking splits/confirmations (post Trade day) and preparation for settlement
- For retail investors – will change the dynamic to confirm funds and securities prior to trading – will this limit retail trading?
- Re-consider who is charged fail fees – e.g. fail fees imposed on investors to encourage meeting new timelines
- There are other priorities (besides T+1) that will deliver better outcomes for the market in the short term
- Customers (retail) are not asking for the change
- Need to see demonstrable financial and non-financial benefits for market participants and the broader market
- Process flow for exercise and assignment of ETOs – would be booked and settled on same day?
- Should we wait for availability of real time banking first?



## 04 – Conclusions for discussion, next steps

## 04 Conclusions for discussion, next steps

### 1. Preparation for T+1 settlement in other markets – local impact

- The impact of the move to T+1 in North America is the immediate concern of most respondents

Before May 2024:

- ASX to provide information to all customers to raise awareness
- ASX to provide clear guidance on what to look out for / exception arrangements
  - e.g. certain corporate actions/products/issuers
- ASX to provide information on where to ask questions/seek help

### 2. Transition to T+1 settlement in Australia?

- Overall, no clear consensus for immediate action
- Propose we adopt a wait and watch position for next year, approach the topic again in July 2024, including:
  - Observations from North America change, any key learnings
  - Observations of impact to local operations from North America change to T+1/vs. local T+2 settlement
  - Clearer view of CHESSE Replacement implementation timeline
  - ASX to review potential margin, capital savings

### 3. Share the survey results, conclusions and next steps with the CHESSE replacement Technical Committee

Feedback calls out the following desirable enablers for a transition to T+1:

- Electronic trade confirmation
- Stock lending arrangements
- Remove CEB
- Payment options like NPP



# New Optional Pricing Model for Sponsored HIN creation and maintenance

Ouafaa Daki, Senior Manager Issuer Services  
Karen Webb, Acting Head of Issuer Services

# Scope

## Impacted stakeholders and holder types

- > This document presents a new optional fee model, available on a subscription basis, for the creation (EIS 201 message) of sponsored Holder Identification Numbers (HINs) or modification (EIS 203 message) of registration details for such HINs in CHESSE.
- > HIN cancellation requests and change of controlling participant requests are not in scope of this change.
- > The proposed changes will apply to fees for sponsoring participants.
- > The proposed changes do not apply to fees for issuers.
- > However, ASX expects that the new model will encourage participants to transition their investors to take up electronic statements to reduce their costs and in turn will reduce the fees payable by issuers for CHESSE holding statements.

# New Optional Pricing Model for Sponsored HIN creation and modification

## Overview

- > Currently, when a sponsoring participant submits a request to CHESS for the creation of a HIN (EIS 201 message) or a request of modification to attributes associated with a sponsored HIN (EIS 203 message), a fee of \$1.25 per request is charged to the participant.
- > ASX proposes the introduction of a new optional fee model, available on a subscription basis, for the creation or modification of sponsored HINs in CHESS.
- > Participants would have the option to opt into the subscription model where the participants would be charged a fixed monthly fee (estimated to be \$0.02) for each sponsored HIN with one or more holding balances greater than zero.

Sponsored HIN subscription	
Subscription Fee	\$0.02* monthly per active sponsored HIN. <i>*indicative only.</i>
	(Active HIN: HIN with a balance greater than zero for a least one holding at the last business day of the month)
HIN Creation & Modification Fee <sup>^</sup>	Free - included in the subscription fee, if the ASX communication preference of the HIN is Email.
<sup>^</sup> <i>including inactive HINs</i>	\$1.25 per request (EIS201 or EIS203 message) if ASX communication preference of the HIN is Mail.
<b>Key Drivers:</b>	
The new optional pricing model lowers the cost of HIN creation and maintenance for participants whose investors opt-into electronic statements, which in turn will provide a positive outcome for Issuers through a reduction in statement fees.	



# Next Steps

- > ASX is preparing further information, for future release, to describe the proposed optional sponsored HIN creation and maintenance pricing model.
- > ASX will engage with interested participants on the new optional pricing model for HIN creation and maintenance in advance of the changes. To facilitate this, we will organise information sessions upon request. Participants will have the opportunity to compare the cost of their existing fee structure with the new optional model.
- > ASX will continue to work with interested participants to make the transition to electronic statements and notifications as seamless as possible. This includes currently waiving the opt-in fee for the ASX electronic communications service.





# Papers provided in advance to take as read

Business Committee Chair

## Papers provided in advance to take as read (time for member discussion)

- > Agenda item 3e: CHES Replacement project – Assurance Program – EY Independent expert assurance report
- > Agenda item 4a: Service Performance: Cash Market Clearing and Settlement
- > Agenda item 4b: Maintaining the stability of existing CHES
- > Agenda item 4c: Update on ASX’s holistic management of all CHES related items
- > Agenda item 4d: Regulatory Expectations Audit – Terms of Reference
- > Agenda item 4e: Code of Practice updates





# Appendix





# Update on ASX's holistic management of all CHES related items

Hamish Treleaven, Chief Risk Officer

## Reminder of the discussion at the last Business Committee: CHES Action Program – workstreams

Category	RBA letter and CHES/FSS items	Current CHES operational resilience	Accenture report recommendations & Special Report	Customer/Stakeholder engagement	Solution Reassessment	Governance and conflicts review	Partnership Program	PJC response and planning	FMI Reporting	PPPM Special Report
Purpose	Range of issues on current and new CHES to address outstanding FSS items  Intraday margining and comingling of house/client	Resilience of current CHES to 2028. Deliver Special Report and EY audit. Continue with work program	Close out 45 Accenture recommendations. CHES specific and ASX wide. Deliver Special Report.	Coordinated customer and stakeholder engagement	Undertake solution reassessment and present business case to CS Board for approval	Undertake expert review of CHES conflicts arrangements and publish governance arrangements	Develop program to encourage ongoing project involvement and jointly meet milestones	Respond to PJC questions on notice and plan for next hearing	Provision of prudential reporting to the RBA pursuant to FSS requirements	Deliver PPPM Special Report covering details set out in ASIC notice. Audit by EY
Time period	Likely through to end of 2024	Through to 2028	Likely through to end of 2023. Special Report by 30 June 2023. Audit by 31 July 2023	Ongoing	Likely completed by fourth quarter 2023	Review likely completed by end of June 2023. Overall response ongoing through to end 2024	2023 and ongoing	Responses to questions from 23 Feb hearing due on 16 March.	Project expected to complete by Jun 2023. One aspect is extended until March 2024	Special Report by 30 Sept 2023. Audit by October 2023
Reviews or Assurance	Comments in the RBA's FSS	EY	EY	N/A	EY	HSF	N/A	N/A	Comments in the RBA's FSS	EY
Public reports	Yes	Yes	Yes	Yes	Yes	Yes	N/A	Yes	N/A	Yes



## Progress since the last BC and expected progress to next BC: CHES Action Program

Category	RBA letter and CHES/FSS items	Current CHES operational resilience	Accenture report recommendations & Special Report	Customer/Stakeholder engagement	Solution Reassessment	Governance and conflicts review	Partnership Program	PJC response and planning	FMI Reporting	PPPM Special Report
Purpose	Range of issues on current and new CHES to address outstanding FSS items  Intraday margining and comingling of house/client	Resilience of current CHES to 2028. Deliver Special Report and EY audit. Continue with work program	Close out 45 Accenture recommendations. CHES specific and ASX wide. Deliver Special Report.	Coordinated customer and stakeholder engagement	Undertake solution reassessment and present business case to CS Board for approval	Undertake expert review of CHES conflicts arrangements and publish governance arrangements	Develop program to encourage ongoing project involvement and jointly meet milestones	Respond to PJC questions on notice and plan for next hearing	Provision of prudential reporting to the RBA pursuant to FSS requirements	Deliver PPPM Special Report covering details set out in ASIC notice. Audit by EY
Progress since last BC	<b>Responses provided to RBA by 30 June.</b>	<b>ASX's report and EY's audit published in second week of June</b>	<b>ASX's report provided to ASIC on 30 June.</b>	<b>Technical Committee engagement strategy designed. EY assurance review</b>	<b>Solution reassessment underway. EY providing assurance</b>	<b>HSF review of CHES conflicts management arrangements complete and shared with ASIC/RBA</b>	<b>Initial tranche of payments made</b>	<b>ASX has attended a PJC hearing on 8 June. CBOE, NSX, Finclear, EY, DA, CPU have also attended on 27 June</b>	<b>ASX has had further funding approved and agreed delivery dates for CHES data with RBA</b>	<b>PM Partners engaged to help with assessment of ASX against framework. EY engaged to audit the Special Report</b>
Expected progress through to next BC	<b>Commentary in the RBA's FY 23 FSS</b>	<b>Continued execution of current CHES roadmap. Engagement of EY to audit progress. ASIC's regulatory response to CHES Special Report</b>	<b>EY's audit due by end of July. Both reports published first/second week of August</b>	<b>Publication of EY assurance review</b>	<b>Solution design and business case finalization. Publication of EY assurance review</b>	<b>Publication of HSF conflicts review and CHES governance arrangements</b>	<b>Further payments pending</b>	<b>Next PJC hearing expected around September</b>	<b>Final tranche of data delivery due November 2023</b>	<b>Special Report completed by 30 Sept. EY audit completed by 30 Oct. Both reports published first two weeks of November.</b>
Public reports	Yes	Yes	Yes	Yes	Yes	Yes	N/A	Yes	N/A	Yes
Has ASX met regulator expectations	Yes	Yes	Yes	Further work required	Yet to be completed, on track	Yes	N/A	N/A	Yet to be completed, on track	Yet to be completed, on track

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