



Business Committee

Presentation materials

11 October 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.



CHES replacement project

CHESS Replacement Redesign plan update

Plan for solution design

	CY Q1	CY Q2	CY Q3	CY Q4
Product Definition & Business Case	<ul style="list-style-type: none"> ✓ Business Vision & Strategy ✓ Program Objectives 	<ul style="list-style-type: none"> ✓ Scope and business requirements refined 	<ul style="list-style-type: none"> ☐ Scope and business requirements baselined ☐ Business case submitted 	
Solution Assessment	<ul style="list-style-type: none"> ✓ Current state evaluation ✓ Solution decision framework developed 	<ul style="list-style-type: none"> ✓ Solution decision framework approved ✓ Solution options refinement ✓ Solution options evaluated 	<ul style="list-style-type: none"> ☐ Solution design finalised ☐ Project estimation completed 	<ul style="list-style-type: none"> ★ Announcement of solution design
Sourcing & Commercial	<ul style="list-style-type: none"> ✓ Market Scan ✓ Vendor solution RFI 	<ul style="list-style-type: none"> ✓ Vendor RFI evaluation ✓ Vendor RFP issued and responses received ✓ Solution integrator RFP 	<ul style="list-style-type: none"> ☐ Vendor commercial and contracting processes ☐ SI selection and contracting 	
Testing & Implementation	<ul style="list-style-type: none"> ✓ Implementation options review 	<ul style="list-style-type: none"> ✓ Implementation impact assessment ✓ High level test strategy 	<ul style="list-style-type: none"> ☐ Implementation strategy ☐ Test strategy & approach completed 	

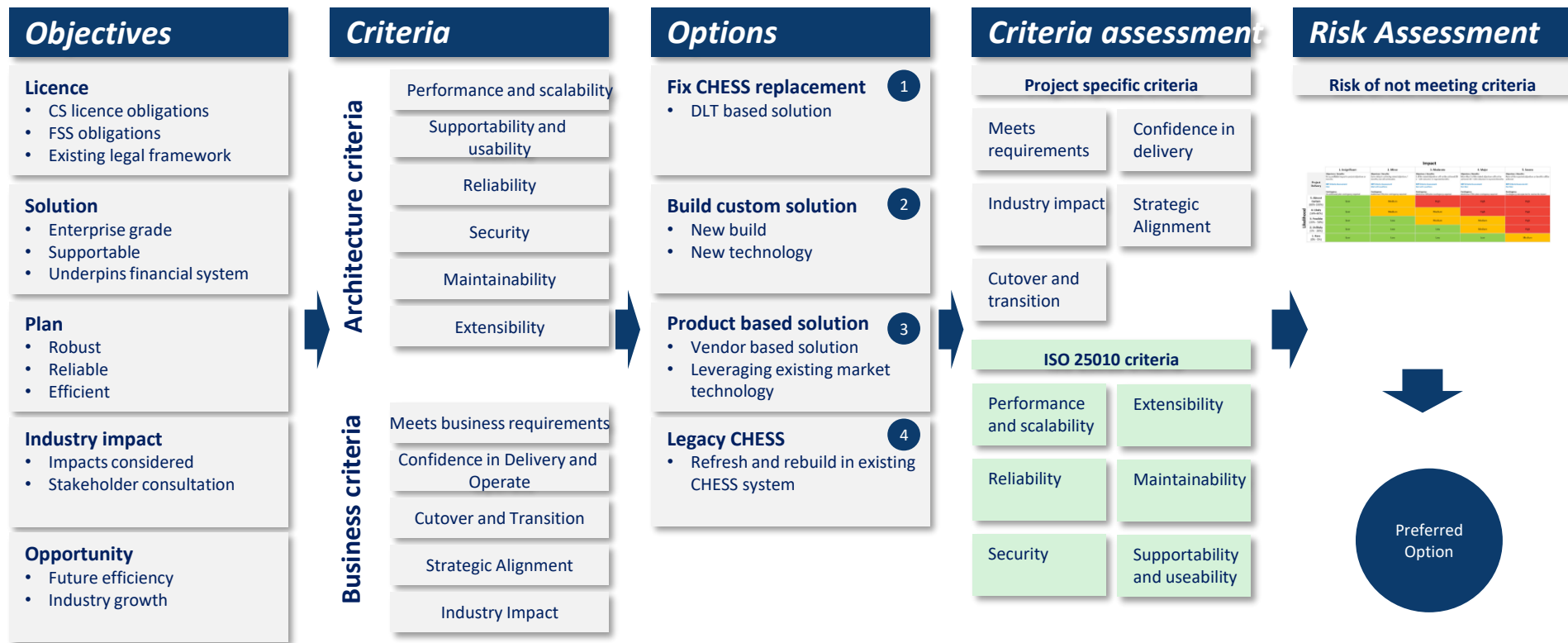
Legend:

- ☐ Inflight
- ✓ Completed

CHESS Replacement – Solution Decision Framework

High level principles for decision making & project objectives

Addressing open Action Item 23-7-3:





Technical Committee Scope Recommendations

Technical Committee Scope Refinement

Journey to the Business Committee scope recommendation proposal



BC proposal due (4/10)
 Post 11 October
 Provide recommendation to C&S Boards

This section displays a collage of documents and data visualizations:

- Workshop 1 Summary:** A table with columns for 'Sub-register', 'Issuer', 'Sponsor', and 'Status'. It includes a 'Scope Summary' bar chart showing 'Number of issues' and 'Number of recommendations'.
- Workshop 2 Summary:** A table with columns for 'Sub-register', 'Issuer', 'Sponsor', and 'Status'. It includes a 'Scope Summary' bar chart.
- Workshop 3 Summary:** A table with columns for 'Sub-register', 'Issuer', 'Sponsor', and 'Status'. It includes a 'Scope Summary' bar chart.
- Technical Committee Summary:** A large table with columns for 'Issue ID', 'Issue Title', 'Status', 'Priority', and 'Due Date'. It contains numerous rows of data.
- Business Committee Summary:** A large table with columns for 'Issue ID', 'Issue Title', 'Status', 'Priority', and 'Due Date'. It contains numerous rows of data.
- Other Corporate Action Efficiencies:** A table with columns for 'Issue ID', 'Issue Title', 'Status', 'Priority', and 'Due Date'. It contains numerous rows of data.
- Standing Instructions:** A table with columns for 'Issue ID', 'Issue Title', 'Status', 'Priority', and 'Due Date'. It contains numerous rows of data.
- Preliminary Payment Notifications:** A table with columns for 'Issue ID', 'Issue Title', 'Status', 'Priority', and 'Due Date'. It contains numerous rows of data.
- Electronic Dividend Claims:** A table with columns for 'Issue ID', 'Issue Title', 'Status', 'Priority', and 'Due Date'. It contains numerous rows of data.
- Corporate Action Election and Acceptance Processing:** A table with columns for 'Issue ID', 'Issue Title', 'Status', 'Priority', and 'Due Date'. It contains numerous rows of data.
- Electronic Notification of Payment Advice:** A table with columns for 'Issue ID', 'Issue Title', 'Status', 'Priority', and 'Due Date'. It contains numerous rows of data.

Scope Recommendations

Categorisation/definitions

The scope recommendation proposal categorises each Scope Objectives under one of the following:

1. Proceed to CHES Replacement design evaluation and consultation

- This evaluation will be based on the chosen solution option in parallel with support from relevant and appropriate industry forums or requisite working groups.

2. Proceed to CHES Replacement design evaluation and consultation (and evaluate the opportunity to make improvements in current CHES)

- The feasibility of these objectives will also be explored in current CHES.
 - These are not expected to include any CHES code changes, but rather minor configuration or process changes.

3. Further consideration

- These objectives will be brought back to the Technical Committee for further discussion and analysis. Where relevant and appropriate, industry forums may be consulted. These objectives, and any future objectives, will have the opportunity to be recommended to the Business Committee and C&S Boards for inclusion in the CHES Replacement design phase in the future.

4. Not supported

- These objectives have not received sufficient support and will not be brought forward at this time.

➤ **The timing of any scope implementation is subject to factors including:**

- The solution decision; and
- Risk, readiness and implementation planning

CHES Replacement Scope

In addition to CHES' current functionality, the below customer driven items have been elicited via the scope refinement process to proceed to CHES Replacement design evaluation and consultation

Topic	Functionality	Ref	Scope Objective	Recommendation
Sub-register and issuer sponsored	Registration Details and Investor Information	1.1	Standardise, improve and better synchronise the data sharing between participants and share registries	Proceed to CHES Replacement design evaluation and consultation
	SRN Enquiry & Validation	1.3	Implement a faster and more efficient SRN enquiry process	Proceed to CHES Replacement design evaluation and consultation
	Issuer Sponsored Improvements	1.4	Reduce settlement risk in relation to issuer sponsored sales	Proceed to CHES Replacement design evaluation and consultation
	ETF Creations & Redemptions	1.5	Reduce operational risk in relation to the current ETF creation/redemption workflow	Proceed to CHES Replacement design evaluation and consultation (and evaluate the opportunity to make improvements in current CHES)
	Continuous Holding Balance	1.6	Provide more efficient, reliable and faster access to holding information	Proceed to CHES Replacement design evaluation and consultation
Settlement	Bilateral Matching Improvements	2.1	Reduce operational risk by ensuring participants are able to submit and match transactions in the system as soon as practical whilst minimising the likelihood of incurring a failed settlement (e.g. being able to separately match and schedule a transaction)	Proceed to CHES Replacement design evaluation and consultation
		2.2	Reduce operational risk by minimising mismatches and failed matches by increasing the data sharing and matching fields available and/or making use of information available in upstream systems	Proceed to CHES Replacement design evaluation and consultation
	Settlement Improvements	2.6	Scheduled Settlement CHES to CHES Transfer Request (MT107) - support usage within a participant group structure	Proceed to CHES Replacement design evaluation and consultation (and evaluate the opportunity to make improvements in current CHES)
Corporate Actions	Electronic Dividend Claims	3.1	Review and enhance the current processes for automated claims (diary adjustments) to ensure it continues to meet the market needs.	Proceed to CHES Replacement design evaluation and consultation
	Corporate Action Election and Acceptance Processing	3.2	Provide standardised straight through processing capability for corporate action elections and cost effective associated payments.	Proceed to CHES Replacement design evaluation and consultation
		3.3	Reduce operational risk in relation to DRP standing instructions.	Proceed to CHES Replacement design evaluation and consultation
	Electronic Notification of Payment Advice	3.5	Provide standardised electronic transmission of corporate action distribution information to create opportunities for automation and process improvement.	Proceed to CHES Replacement design evaluation and consultation
	Other Corporate Action Efficiencies	3.6	Evaluate whether ASX can help with the transmission of bank account information in relation to bid offers	Proceed to CHES Replacement design evaluation and consultation (and evaluate the opportunity to make improvements in current CHES)
	Other Corporate Action Efficiencies	3.7	Ensure holding adjustment reason codes are up to date and being used correctly	Proceed to CHES Replacement design evaluation and consultation (and evaluate the opportunity to make improvements in current CHES)
	Other Corporate Action Efficiencies	3.8	Make sub-register state more readily available to participants to help improve processes in relation to de-listings	Proceed to CHES Replacement design evaluation and consultation (and evaluate the opportunity to make improvements in current CHES)

CHES Replacement Scope

The below items have been elicited via the scope refinement process but require [further consideration](#) at this time

Topic	Functionality	Ref	Scope Objective	Recommendation
Sub-register and issuer sponsored	Registration Details and Investor Information	1.2	Foreign restricted securities - review and simplify the current processes for holdings and transfers	Further Consideration
Settlement	Standing Instructions	2.3	Reduce operational overhead in relation to payment provider authorisations by allowing for automated approvals in the system within cash limits.	Further Consideration
	Preliminary Payment Notifications	2.4	Provide more certainty by enabling more frequent and/or configurable access to preliminary payment data.	Further Consideration
	Bilateral Matching Improvements	2.5	Bilateral Matching – use of Transaction Basis (on and off-market)	Further Consideration
	Settlement Improvements	2.7	Deferred settlement securities – review process to ensure/improve settlement efficiencies	Further Consideration
Corporate Actions	Cum Entitlement Balance Transfer	3.4	Evaluate opportunities to facilitate the transfer of entitlements (pre and/or post Record Date) ensuring this does not impact issuer schedules.	Further Consideration
	Other Corporate Action Efficiencies	3.9	Standardised electronic proxy voting	Further Consideration



Questions Session

Items not for presentation

Business Committee Chair

Questions Session – Items not for presentation

- > Agenda item 6a: Operational Performance: Cash Market Clearing and Settlement
- > Agenda item 6b: Maintaining the stability of existing CHES
- > Agenda item 6c: Update on CHES action program
- > Agenda item 7a: CHES replacement project – Partnership Program update
- > Agenda item 8a: Management Accounts FY23
- > Agenda item 8b: Annual Growth Threshold
- > Agenda item 8c: Annual Report on Cash Equity Clearing and Settlement Services Developments
- > Agenda item 8d: Regulatory Expectations FY23 Audit



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