

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

Business Committee Meeting

An out-of-cycle meeting was convened on 6 April 2023 to facilitate further discussion and close out on CHES Replacement project related agenda items and any other business, following the 22 March 2023 meeting.

KEY ISSUES DISCUSSED

Key points from the discussion included:

- Member representation on the CHES Replacement Technical Committee, the nature of feedback received via that forum on scope and implementation, and an update on the RFI process;
- Follow-up request for further information on the CHES Replacement Partnership Program;
- Clarification regarding ASX's intentions to consult the market on T+1 settlement, with ASX clarifying it was not proposing a formal market consultation this year, rather a short survey to gauge high-level industry feedback to inform any further planning;
- Member support to keep future Business Committee meetings to two hours, and consider taking papers/agenda items as read and offering offline presentations to interested parties as a way of managing large agendas.

AGREED ACTIONS

No new actions were raised at the meeting.

Minutes from the meeting are attached.

Agenda

Business Committee – Special Meeting

Date	6 April 2023	Time	11:00am- 12:00pm
Location	Virtual (MS Teams)		

An additional meeting to accommodate further discussion of agenda items 8 and 9 from 22 March 2023 meeting

8. CHES Replacement	11:00am- 11:45am
a) Project update including Partnership Program	
b) Update from CHES Replacement Technical Committee	
9. Other Matters	11:45am- 12:00pm
a) Forward work program	
b) AOB	
c) Next meeting – 19 July 2023	

Action Items*

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

Item number#	Action	Due date	Status	Owner
22-10-2	ASX to consider publishing a policy regarding treatment of ETO expiry on a closure day (e.g. late announced public holiday, core technology outage etc)	Mar 2023	Completed	ASX
22-12-1	Members to provide feedback on the structure, membership, frequency and material to be discussed at the new industry forum	Jul 2023	Open - to occur as part of the review of the forum six months post its commencement (for discussion at July 2023 meeting)	ASX and BC Members
22-12-2	ASX to engage with members on the purpose and objectives of the CHES replacement project	Jul 2023	Open	ASX
22-12-3	ASX to provide any update from ACCC on whether the pricing review will be made public	Mar 2023	Completed	ASX
23-1-1	ASX to provide an update regarding the process for recommendations from the Business Committee to the Boards of ASX Clear and ASX Settlement, including where a recommendation is not adopted	Mar 2023	Completed	ASX
23-1-2	ASX and members to review the Charter of the Business Committee in light of the new CHES Replacement Technical Committee and queries about the making of recommendations	Mar 2023	Completed	ASX and BC Members
23-1-3	ASX to amend the draft Charter of the CHES Replacement Technical Committee to include that the forum will provide input on the scope of the CHES replacement project (i.e. whether the project would be a like-for-like replacement of CHES, or the scope could be changed so as to, for example, extend to additional functionality)	Mar 2023	Completed	ASX
23-3-1	ASX to survey members regarding T+1 settlement, with members to respond as requested, prior to the July meeting	July 2023	Open	ASX and BC Members
23-3-2	ASX to communicate to eligible entities in mid to late April regarding details of the CHES Replacement Partnership Program	April 2023	Open	ASX
23-3-3	ASX to confirm details of consultation across the industry prior to the announcement of the CHES Replacement Partnership Program	July 2023	Open	ASX
23-3-4	ASX to review commentary from its FY23 half-year results investor briefing regarding the CHES Replacement Partnership Program to clarify ASX's position on whether ASX expects to pay out the full \$70 million	July 2023	Open	ASX

Business Committee Members

Company	Name	Job Title	Apologies
ABN AMRO CLEARING	Adrian Rubin	CEO APAC	
AFMA	Damian Jeffree	Senior Director of Policy	
ASX	Val Mathews	Business Committee Chair and Chief Customer and Operating Officer	
ASX	*Jimmy Halstead	Head of Trading Technology, Markets	Jamie Crank, General Manager, Trading, Markets
AIRA	Ian Matheson	Chief Executive Officer	
ACSA	David Travers	Chief Executive Officer	
ASA	Fiona Balzer	Policy & Advocacy Manager	
AUSIEX	Patrick Salis	Chief Executive Officer	
BANK OF AMERICA	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	
COMMSEC	Sheridan Thompson	Head of Industry Engagement & Process Improvement	
COMPUTERSHARE	*Leanne Bailey	Senior Business Analyst	Scott Hudson, General Manager – Market Liaison
CREDIT SUISSE	Winston Loke	Australian Equities COO	
FINCLEAR SERVICES	David Ferrall	Founder, Managing Director & CEO	
GOLDMAN SACHS	Yen Le	Executive Director	
GIA	Megan Motto	Chief Executive Officer	
HSBC	Toni Icevski	Head of Client Services, Securities Services	
J.P. MORGAN	*Scott Oakland	Custody Product Manager	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	*Carrie Barrack	Country Business Manager	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	
SIAA	Judith Fox	Chief Executive Officer	
SYDNEY STOCK EXCHANGE	Steven Larkins	General Manager, SSX Market Operations	
UBS	Conor Foley	Senior Business Manager	

* Delegate

ASX Management

Name	Job Title	Apologies
Tim Hogben	Group Executive, Securities and Payments	
Hamish Treleaven	Chief Risk Officer	Apology
Dan Chesterman	Group Executive, Technology and Data, and CIO	Apology
Tim Whiteley	Project Director, CHES Replacement Project	
Sally Palmer	Deputy General Counsel	
Katie McDermott	General Manager, Business Design, CHES Replacement Project	Apology
Diane Lewis	General Manager, Regulatory Strategy and Executive Advisor	
Andrew Jones	General Manager, Issuer Services, Securities and Payments	
Suzy Munro	General Manager, Securities and Payments Operations	
Sabra Mott	General Manager, Securities and Payments Technology	
Nick Wiley	General Manager, Equity Post Trade and Payments	
Karen Webb	Senior Manager, Issuer Services, Securities and Payments	
Keith Purdie	Senior Manager, Equity Post Trade, Securities and Payments	
Con Korkofigas	Senior Manager and Senior Legal Counsel	

Ernst & Young

Name	Job Title	Apologies
Roberto Fitzgerald	Partner, Financial Services	
Mike Orman	Partner, APAC FS Technology Leader	Apology

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)	
Kylie Stewart	Senior Manager, Financial Market Infrastructure, Domestic and Payments (RBA)	
Tatiana Moiseeva	Lead Analyst, Financial Market Infrastructure, Domestic and Payments (RBA)	
Elizabeth Kandelas	Manager, Financial Market Infrastructure, Domestic and Payments (RBA)	
Gordana Bloom	Senior Analyst, Financial Market Infrastructure, Domestic and Payments (RBA)	Apology

The Chair welcomed members and delegates to the meeting, convened out-of-cycle to progress agenda items 8 and 9 from the 22 March 2023 meeting. The agenda was distributed to all members in advance of the meeting; the papers for the meeting were those provided for the 22 March 2023 meeting.

Jamie Crank (ASX Trade) was represented by a delegate, Jimmy Halstead. Scott Hudson (Computershare) was represented by a delegate, Leanne Bailey. Jonathan Evans (J.P. Morgan) was represented by a delegate, Scott Oakland. Rebecca Hill (Morgan Stanley) was represented by a delegate, Carrie Barrack.

Roberto Fitzgerald from Ernst & Young (EY) attended the meeting as a guest (Mike Orman was an apology).

Attending as observers were ASIC representatives Nathan Bourne, Dodie Green and Andia Petropoulos, and RBA representatives Kylie Stewart, Tatiana Moiseeva and Elizabeth Kandelas.

AGENDA ITEM 8: CHESS REPLACEMENT

a) Project update including Partnership Program

The Chair noted the update provided by ASX at the 22 March 2023 meeting, and invited questions from members.

Member discussion:

A member noted they had raised several questions regarding the CHESS Replacement Partnership Program at the 22 March meeting, and subsequently followed up in writing, noting responses to the questions were still outstanding. The Chair confirmed ASX did not have additional information to share regarding the CHESS Replacement Partnership Program, but instead ASX was working to provide an update to stakeholders shortly and that ASX would separately respond to the member's written questions. The member noted their outstanding questions as:

- Referring to a comment by ASX at a Parliamentary Joint Committee hearing, what consultation ASX conducted with stakeholders regarding the CHESS Replacement Partnership Program;
- Whether ASX conducted any analysis of the total industry spend on the CHESS Replacement project;
- Of the \$70 million total program amount announced, the member noted it was clear how the first \$25 million would be distributed, and asked how the remaining \$45 million would be distributed.

b) Update from CHESS Replacement Technical Committee

The ASX Project Director, CHESS Replacement Project provided an overview of the two CHESS Replacement Technical Committee meetings to date:

- 22 February 2023 – including discussion on the charter and project objectives, an introduction of project scope, a walk through of the project plan for the 'define and plan' phase, and an update on the vendor solutions RFI;
- 8 March 2023 – including a project status update, the approach to revisiting project scope including requests for stakeholder feedback, overview on the opportunities for a staged implementation, and an update on EY's assurance program.

ASX had issued a short 'pulse' survey following the 8 March meeting, and referring to the presentation materials shared during the meeting, the ASX Project Director, CHESS Replacement Project noted a strong response rate, with reasonably positive comments. Feedback included:

- Challenges around the size of the committee, noting smaller focus groups would play an important role;
- Requests for earlier distribution of meeting materials;

- Broad feedback on both scope and implementation options, for further discussion with the CHES Replacement Technical Committee.

The next meeting was scheduled for 12 April 2023, and agenda items included an update on project status, an overview on the solution decision framework, an update on feedback received regarding project scope, an update on feedback received regarding opportunities for staging implementation options, and considerations and inputs for developing the test strategy and approach.

The ASX Project Director, CHES Replacement Project reiterated the proposal made at the 22 March 2023 meeting that Business Committee members delegated to the Chair of the CHES Replacement Technical Committee to allow interim membership changes in between Business Committee meetings.

After further discussion, ASX would not extend membership to SWIFT for the CHES Replacement Technical Committee, however SWIFT would be invited to future engagement sessions where relevant.

Member discussion:

A member noted their support for ASX's proposition that the Business Committee delegated to the Chair of the CHES Replacement Technical Committee to allow interim membership changes in between Business Committee meetings.

Regarding the decision not to include SWIFT on the CHES Replacement Technical Committee, a member noted they were supportive of including SWIFT as an infrastructure provider. The ASX Group Executive, Securities and Payments noted ASX had an ongoing relationship with SWIFT in their capacity as an intermediary, around standards and schemas etc, but that ASX did not consider SWIFT a CHES user per se and was aiming to keep membership to a manageable size to promote successful participation. Another member noted that the charter allows for the Technical Committee to invite external groups to join particular meetings, as relevant, and agreed they could be invited to join specific meetings, as required. The member noted the charter empowers the Technical Committee to decide this. While not advocating that SWIFT join the Technical Committee per se, a member did note they bring valuable insights into post-trade interoperability and global developments.

A member enquired as to whether ASX had given further thought to allowing members of the CHES Replacement Technical Committee to send additional representatives to each meeting. The ASX Project Director, CHES Replacement Project confirmed ASX would consider each request on an individual basis, but was conscious of keeping committee size at a level that encouraged discussion and input, and would leverage focus group meetings where detailed input would be sought from a broader member representation.

Regarding feedback on scope and implementation options received via the CHES Replacement Technical Committee, a member asked whether this came from a good cross section of the industry, noting that some providers in the market had stood down teams when ASX announced the project pause in late 2022. The ASX Project Director, CHES Replacement Project confirmed feedback had been received from a majority of members.

The member also asked for an update on ASX's RFI process. The ASX Project Director, CHES Replacement Project confirmed that the RFI had proceeded well and would soon move into the RFP process with successful parties, following a 'down-select' of potential vendors.

AGENDA ITEM 9: OTHER MATTERS

a) Forward work program

Referring to the forward work program, the Chair outlined the items planned for discussion at the next meeting, noting it was a fulsome list and that ASX had extended the meeting by an additional 30 minutes to run from 12.00pm to 2.30pm as contingency.

The Chair acknowledged feedback received offline to take papers as read, such as the service performance agenda item.

Member discussion:

A member noted their support for taking some agenda items as read, and potentially offering separate presentations to interested parties for a deeper dive outside of the meeting. The member suggested aiming to keep the meeting to 2 hours. Another member agreed with the sentiment of keeping meetings to 2 hours and proposing offline presentations to interested parties. The Chair acknowledged this feedback; ASX would keep the July meeting at 2.5 hours for contingency but target completion in 2 hours, and use the agenda to flag which agenda items it proposed to be taken as read for the meeting. Another member supported keeping the meeting to 2 hours, and noted the importance of balancing discussion on both current CHES and CHES replacement with the Business Committee.

Regarding the T+1 agenda item for July, an industry association member noted views from their member base that appetite and resources for consultation on T+1 was limited at present, especially given uncertainty regarding the CHES replacement solution design. The ASX Group Executive, Securities and Payments clarified that ASX's intention with the Business Committee before the July meeting was a brief survey to collect further information as to industry appetite and views on timing etc, not a formal industry consultation. Another member was supportive of a quick survey before the July meeting. Another member was also supportive of the survey, adding that industry consensus was important.

The Chair welcomed feedback and suggestions for agenda items for future meetings.

b) Any other business

The Chair thanked the Committee for their contributions and conversation.

No new actions or other business was raised.

c) Next meeting – 19 July 2023

The next meeting is scheduled for 19 July 2023, and ASX would prepare an agenda for a 2 hour meeting but retain a 2.5 hour invitation as contingency.

The meeting closed at 11.35am.

Signed as a correct record of the meeting.


Chair

20 July 2023

Date