

Consultation on the Scope and Implementation of CHES replacement Release 2 (Settlement and Subregister)

Reference	Question	Response (please enter your input in column D)	Guidance notes to complete column D
Respondent Details	Would you like your response to be confidential?	No	select the applicable response from the drop down
	Name	Matthew McMahon	First Name & Last name
	Email		Email
	Organisation	ABN AMRO Clearing Sydney Pty Ltd	Organisation Name
Organisation Cohort	Please select your organisation type (select all that apply). - See choices in column E	Clearing and Settlement Participant	election option: AMO election option: Clearing and Settlement Participant election option: Settlement-only Participant election option: Payment Provider election option: Share Registry election option: Software Provider election option: Industry Association election option: Other (Please specify below)
		If you answered - Other above please specify	Please complete if you answered 'Other' above (free text)
Q1	Please provide any feedback on the proposed design, scope and schedule for Release 2.	ABN AMRO has been an active participant in all ITWG, BDWG and CHES Technical Committee meetings to date. Relating to these meetings commencing in late 2023 and the on-going workshops and meetings through 2024, ABN AMRO has provided written feedback via email and verbally via bi-lateral meetings on key topics we believe has significant impacts to our clearing and settlement activities in CHES. These key topics are covered in the subsequent questions provided in this consultation paper.	Free text
Q2	Please provide any feedback on the proposed testing and industry readiness approach for Release 2.	ABN AMRO has been an active participant in all ITWG, BDWG and CHES Technical Committee meetings to date. Relating to these meetings commencing in 2023 and the on-going workshops and meetings through 2024, ABN AMRO has provided written feedback via email and verbally via bi-lateral meetings on key topics we believe has significant impacts to our clearing and settlement activities in CHES. These key topics are covered in the subsequent questions provided in this consultation paper.	Free text
Q3	Please provide any feedback on the proposed approach to interoperability for CHES replacement.	ABN AMRO welcomes the introduction of the CHES replacement system interoperability functionality.	Free text
Q4	Please provide any feedback on the proposed timing and approach regarding transitioning to a T+1 settlement cycle (noting that any such transition will not form part of the CHES replacement project).	ABN AMRO as outlined in the T+1 settlement cycle whitepaper, believe a number of CHES Replacement stage 2 new functionalities are key to supporting a highly efficient pre-matching settlement environment with low fail settlement rates as has been experienced in the recent US market transition to T+1 settlements. As such we support the ASX's recommended proposal for transition to T+1 after Release 2.	Free text
Q5	Does your organisation support the scope of the clearing upgrades for CHES replacement Release 2?	Supportive	select the applicable response from the drop down
	Please provide context to your response above	ABN is supportive of the scope of the clearing upgrades for CHES replacement Release 2. We recognise the challenge of balancing the introduction of numerous new functionality builds involving multiple industry stakeholders versus a successful implementation of a complex project. The proposed scope delivers the primary objectives of the project which includes providing immediate efficiency improvements and costs reductions for market participants.	Free text
Q6.1	Would your organisation use an optional segregated account structure if offered by the CHES replacement system?	Not applicable to my organisation	select the applicable response from the drop down
Q6.2	If you answered yes or possibly to Q6.1, which account structure would suit your organisation best?	Not applicable to my organisation	select the applicable response from the drop down
	If you answered - Other above please specify		Please complete if you answered 'Other' for question 6.2 in cell D25 (free text in cell D25)
	Please provide context to your response above		Free text for question 6.2
Q6.3	Please provide any further information about the proposed optional segregation models.		Free text
Q7	Does your organisation support the proposed scope of settlement for CHES replacement Release 2?	Supportive	select the applicable response from the drop down
	Please provide context to your response above	ABN is supportive of the proposed scope of settlement for Release 2, we welcome the additional enhancements offered by the TCS BaNCS MI product. As previously advised in regards to hold and release bilateral matching improvements, we do believe there should be a defined cut-off time prior to settlement cut-off when the holds are locked in for settlement and participants such as ourselves can go and borrow stock as required to meet our market obligations with confidence of knowing what messages are scheduled for settlement. Additionally we would welcome to the ASX market the European CSDR penalty fee regime, whereby any messages on hold which fail to settle on the intended settlement date are subject to cash penalties. In CHES world these are for $\text{€}101\text{€}$ messages and not market obligations towards the CCP. For this CSDR penalty fee there is an amount debited from the participant causing the settlement failure and credited to the participant impacted by the settlement fail.	Free text
Q8	Does your organisation support simplifying the processing of 'ex transactions' (i.e. Cum Entitlement Balances)?	Not supportive (please explain below)	select the applicable response from the drop down
	Please provide context to your response above	The Cum Entitlement Balances functionality is key to the stock lending market due to its risk mitigating process what is commonly known as a collateral cum-ex dividend swap. The settlement of stock borrow on a cum-dividend basis is also extremely important on both the dividend ex-dividend and record dates. In the case of other corporate actions such as renounceable rights issue and accelerated rights issues, the ability to transfer between ABN AMRO and its stock lending counterparties is also a key risk mitigating factor so that the responsibility for the processing of the corporate action event can be handled by the legal owner of the shares. It is important to the stock lending market that these practices can be continued.	Free text
Q9	Does your organisation support the proposed scope of subregister and issuer sponsored processes for Release 2?	Supportive	select the applicable response from the drop down
	Please provide context to your response above	Generally ABN AMRO is not highly active in processing issuer sponsored but welcomes the additional features that provide an improved investor experience. This could be delayed until a further release after go-live.	Free text
Q10	Does your organisation support the proposal to enhance registration details and allow for the sharing of additional investor information?	Supportive	select the applicable response from the drop down
	Please provide context to your response above	The sharing of additional investor information will also provide an improved investor experience. This could be delayed until a further release after go-live.	Free text

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Q11	What additional investor information would your organisation find useful to be transmitted via CHES? - See choices on column E (and select all that apply, via separate rows in column D)		election option: Tax File Numbers (TFNs), Australian Business Numbers (ABNs) and Australian Company Numbers (ACNs)
		Foreign Account Tax Compliance Act (FATCA) / Common Reporting Standard (CRS) details such as tax residency and foreign tax identification number(s)	election option: Foreign Account Tax Compliance Act (FATCA) / Common Reporting Standard (CRS) details such as tax residency and foreign tax identification number(s)
			election option: Bank account details
			election option: Mobile numbers
			election option: Other (Please specify)
	If you answered - Other above please specify		Please complete if you answered 'Other' for question 11 (free text for cell D42)
	Please provide context to your response above	Most of the additional information is not of use for a nominee account structure.	Free text
Q12.1	Does your organisation support the proposal for corporate action elections without payment (e.g. DRP/BSP) within the scope of Release 2 of CHES Replacement?	Supportive	select the applicable response from the drop down
	Please provide context to your response above	ABN AMRO supports the proposal for corporate action elections without payment. Generally the process to elect directly to the registries is tedious and inefficient with a high degree of processing risk involved due to a delay in acceptance acknowledgement. The new function will reduce the risk involved with the current process and provide a major efficiency improvement for this time consuming election. ABN AMRO is not highly active in corporate actions without payment, as such a key consideration in opting in for this feature is the additional ASX costs required to subscribe to the reference point or other fee structure associated with this feature. Some registries offer an online option to elect DRP/BSP electronically which creates the same efficiencies and immediate acceptance acknowledgement however the excessive annual cost outweighs the benefit and risk reduction to the business.	Free text
Q12.2	Does your organisation support the proposal for corporate action elections with payment (e.g. Rights, Share Purchase Plans) within the scope of Release 2 of CHES Replacement?	Supportive	select the applicable response from the drop down
	Please provide context to your response above	ABN AMRO supports the proposal for corporate action elections with payment. Similar to the response in Q12.1, there are large risks associated with the election and payment of major corporate actions that would be nullified with the ability to elect via CHES and pay via the CHES settlement batch. Generally speaking BPAY is an effective solution for payment of such corporate actions that doubles as an election acceptance. Once the payment required via BPAY exceeds 1 million dollars then banking SSI are required from the registry which can incur additional costs payable to the registry. Again ABN AMRO is not highly active in corporate actions with payment that exceed 1 million dollars, as such a key consideration in opting in for this feature is the additional ASX costs required to subscribe to the reference point or other fee structure associated with this feature. Depending on the additional ASX costs associated with this feature, once it is introduced and the costs disclosed, any excessive annual cost that outweighs the benefit and risk reduction to the business will determine if it is adopted by ABN AMRO.	Free text
Q13	Does your organisation support the proposal for the ability to transmit additional corporate action distribution information within the scope of Release 2 of CHES Replacement?	Conditionally supportive (please explain below)	select the applicable response from the drop down
	Please provide context to your response above	While the additional corporate action distribution information is of additional benefit, ABN AMRO already has automated processes in place to notify clients of such information or in some cases requires a manual action of a low volume process. Additionally a key consideration in opting in for this feature is the costs associated to receive this additional information.	Free text
Q14	Does your organisation support the proposed connectivity and interface options in CHES replacement Release 2?	Supportive	select the applicable response from the drop down
	Please provide context to your response above	ABN AMRO is supportive of the proposed connectivity and interface options, this would be an invaluable addition to BIA and BCP planning. As CHES connectivity issues have been experienced in the past resulting in challenges with completing some CHES settlements, a secondary connection that is not currently possible will reduce risks associated with BCP implementation and RTOs.	Free text
Q15.1	Would your organisation be interested in using an optional data API if offered by the CHES replacement system as part of Release 2?	Possibly (please explain below)	select the applicable response from the drop down
	Please provide context to your response above	In the case that the API is required for real time CHES holding position reconciliations then the API would be a business requirement to maintain the current status quo. Once again the cost structure associated with subscribing to this API would be a key consideration for our business, if the costs outweighs the benefit and risk reduction linked to this feature then we would not intend to use the data API. A build by our CHES vendor may also remove the need to use an API.	Free text
Q15.2	If you responded yes or possibly to Q15.1, what would your organisation use the data API for?	Holding Balances	election option: Holding Balances
		Other (please specify below)	election option: Other (Please specify below)
	If you answered - Other above please specify	Cum-entitlement balances	Please complete if you answered 'Other' for question 15.2
	Please provide context to your response above		Free text
Q16	Given the other strong security controls, do you support ASX's proposal not to use ISO 20022 message signing of both input and output?	Not applicable to my organisation	select the applicable response from the drop down
	Please provide context to your response above		
Q17	Which (if any) months should be avoided for CHES replacement Release 2 go-live? - See choices on column E	January	election option: January
			election option: February
			election option: March
			election option: April
			election option: May
			election option: June
			election option: July
			election option: August
			election option: September
			election option: October
			election option: November
			December

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	Please provide supporting detail for each month that should be avoided	Only January and December due to change freezes and limited staffing over the holiday period.	Free text
Q18	Do you have any further feedback on ASX's proposed implementation approach for Release 2?	ABN AMRO supports ASX's recommendation to proceed with Release 2 as one release. We agree this is the best approach for risk mitigation and successful implementation of such a large and complex project.	Free text
Q19.1	If a decision is made to move to T+1, is your organisation supportive of ASX's proposal that a T+1 go-live date be at least 12 months after the Release 2 go-live date, and at a minimum 18 months after a decision to transition to T+1?	Supportive	select the applicable response from the drop down
	Please provide reasoning for your response above	ABN AMRO expects the market to agree to transition to T+1 settlements well in advance of the CHES Replacement go-live date anticipated in 2029. As such we support an ASX T+1 go-live date to be at least 12 months after the Release 2 go-live date, this should allow sufficient time for all market participants and industry stakeholders to make additional preparations for the transition.	Free text
Q19.2	Are there any other factors that ASX should consider regarding approach and timeline for a transition to T+1 settlement? If so, please provide further detail.	N/A	Free text
Q20.1	With the information currently provided, is your organisation supportive of the time for Software Providers to complete their build and test in preparation for accreditation? Please explain, including relevant detail if not supportive	ABN AMRO is supportive of the time for Software Providers to complete their build and test in preparation for accreditation	Free text
Q20.2	To assist Software Providers with their industry testing, do you have any further feedback on testing scope, duration or approach?	N/A	Free text
Q21.1	With the information currently provided, is your organisation supportive of the time for CHES Users to complete their testing in preparation for Operational Readiness? Please explain, including relevant detail if not supportive	ABN AMRO is supportive of the time for CHES Users to complete their testing in preparation for Operational Readiness. ABN AMRO will be prepared to complete all testing required within the designated timeframes. Resources required for project planning and testing will be allocated and dedicated to complete testing requirements.	Free text
Q21.2	To assist CHES Users with their industry testing, do you have any further feedback on testing scope, duration or approach?	N/A	Free text
Q22	To assist CHES Users with their go-live readiness, do you have any further feedback on testing scope, duration or approach?	N/A	Free text