

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

26 June 2024

At its June meeting, the Business Committee was updated on:

- T+1 Settlement including
 - A summary of the status of responses to date on the Whitepaper on Considerations for Accelerating Cash Equities Settlement in Australia to T+1
 - A summary of the international activities regarding T+1, focusing on the recent migration of the US market and others to T+1 Cash Equities Settlement
- The status of the Cash Equities and Issuer Services Pricing Policy targeted for publishing during Q3 2024
- The status of the CHES Roadmap Refresh Report targeted for publishing during Q3 2024
- The CHES Replacement Project including;
 - Progress of the Proof of Technology tests
 - Updates on the CHES Replacement Technical Committee and Working Group activities
 - The status of the project industry consultation activities for the Partnership Program and Release 2
 - The approach to interoperability
- Service performance of CHES for the June 2024 quarter and work being done to maintain the stability of existing CHES
- The status of e-Statements take-up, and discussion around barriers to take-up
- Updates on the Australian Carbon Exchange initiative
- The status of the ASX Cash Equities Clearing and Settlement Code of Practice and the ASX Business Committee Charter.

AGREED ACTIONS

- Five of the nine open actions were closed
- There were no new actions raised at the Meeting.

Minutes from the meeting are attached.

Agenda

Business Committee

Date 26 June 2024 **Time** 2:00 PM - 4:00 PM

Location ASX Sydney Office and Microsoft Teams

1. Meeting Opening	Action	Presenter(s)	Time	Page
a. Welcome, apologies and Acknowledgement of Country	Noting	Chair	5 min	8
b. Minutes of 20 March 2024 meeting	Approval	Chair		8
ITEMS FOR PRESENTATION			95 min	Page
2. BC Member initiated item(s)				
a. Call for member-initiated items	Discussion	BC members	15 min	8
3. Clearing and Settlement Services, Issuer Services				
a. T+1 Update	Discussion	Andrew Jones, Lisa Briggs	20 min	8
b. Cash Equities Clearing and Settlement Services and Issuer Services Pricing Policy - Consultation	Discussion	Stephen Hammon	10 min	9
c. CHES Roadmap Refresh Report Update	Discussion	Andrew Jones	5 min	10
4. CHES Replacement project				
a. Project Update	Discussion	Andrew Jones, Tim Whiteley	15 min	11
b. CHES Replacement Public Consultation Update	Discussion	Andrew Jones	15 min	12
c. Approach to Interoperability	Discussion	Chris Boyes	15 min	13
QUESTIONS SESSION – ITEMS NOT FOR PRESENTATION			10 min	

5. Clearing and Settlement Services, Issuer Services				
a. Operational Performance: Cash Market Clearing and Settlement	Noting	Suzy Munro		14
b. Maintaining the stability of existing CHES	Noting	Sabra Mott		14
c. eStatements take-up	Noting	Karen Webb		14
d. Australian Carbon Exchange initiative – update	Noting	Karen Webb		14
e. ASX Cash Equities Clearing and Settlement Code of Practice update	Noting	Con Korkofigas		14
f. ASX Business Committee Charter update	Noting	Con Korkofigas		15
g. BC Membership Policy update	Noting	Andrew Jones		15
6. CHES Replacement project				
a. Partnership Program update	Noting	Andrew Jones		15
7. Meeting closing	Action	Presenter(s)	10 min	Page
a. Open actions	Approval	BC Secretariat		15
b. Forward work program and items to be kept in view	Discussion	BC Secretariat		16
c. Any other business	Discussion	Chair		16
d. Next meeting – 18 September 2024	Noting	Chair		16

Action Items

Item number#	Action	Due date	Status	Owner
23-7-2	ASX to continue their analysis to articulate benefits of moving to T+1 settlement, including margin and capital savings analysis	Dec 2024	Open	ASX
23-12-2	ASX to prepare a roadmap to provide stakeholder impact visibility across the major work streams running in tandem (such as current CHES initiatives, CHES Replacement and T+1)	Sep 2024	Open	ASX
24-3-1	ASX to provide semi-annual updates regarding electronic statements ('eStatements') take-up	Sep 2024	Open	ASX
24-3-2	Holding statements – to consider establishing a Working Group to review impediments to, and incentivising take up of, holding statements and other investor updates in electronic form	Sep 2024	Open	ASX
23-10-4	ASX to explore additional ways to encourage take-up of eStatements	Mar 2024	Closed	ASX
23-10-5	ASX to collate findings from previous 3 regulatory expectations audits (FY23, FY22 and FY21) to provide visibility over the status of the findings	Mar 2024	Closed	ASX
23-12-1	ASX to consider how the entitlement claim process (related to failed settlements that coincide with corporate actions) could be improved and what additional role (if any) ASX may be able to perform in facilitating the claim process	Mar 2024	Closed	ASX
23-12-3	ASX to determine the timing and method of communicating the results of the breakpoint stress testing scheduled for completion end January 2024, as well as a market scenario playbook being developed	Mar 2024	Closed	ASX
24-3-3	ASX to consider whether TCS and Accenture should attend Business Committee meetings to hear from the market directly on relevant topics	Jun 2024	Closed	ASX

Business Committee Members

Company	Name	Job Title	Apologies
	Paul Rayson	Independent Chair	
CLEARING AND SETTLEMENT PARTICIPANTS			
ABN AMRO CLEARING	Adrian Rubin	Head of Operations	
AUSIEX	*Peter Robinson	Head of Operations	Patrick Salis, Chief Executive Officer
BANK OF AMERICA	*Neal Stringer	Chief Operating Officer, Global Markets	Stephen Hacker, Director, Head of Operations
BARRENJOEY MARKETS	Louise Boreham	Head of Operations	
BNP PARIBAS	Mark Wootton	Head of Custody Product Aust & NZ	
BURRELL & CO HOLDINGS	Saskia Jo	Associate Director – Finance	
CITI	Christopher Moore	Manager – Direct Custody & Clearing	
CMC	Andrew Rogers	Director of Broking Business	
COMMSEC	Sheridan Thompson	Executive Manager, Industry Engagement & Operational Resilience	
EUROZ HARTLEYS	Anthony Brittain	Executive Director, Chief Operating & Financial Officer	
FINCLEAR SERVICES	Leigh Conder	Chief Operating Officer	
FNZ CUSTODIANS (AUSTRALIA)	Paul Beal	Head of Capital Markets	
GOLDMAN SACHS	Yen Le	Executive Director	
INSTINET AUSTRALIA	Phil Penrose	Head of Australian Operations	
J.P. MORGAN	Craig Twentyman	Custody Product Head Australia & New Zealand, Executive Director	
MACQUARIE GROUP	*Paul Bragg	Operations Analyst	James Indge, Cash Equities Business Manager
MORGANS FINANCIAL	Daniel Spokes	Director, Client Support Services	
MORGAN STANLEY	Carrie Barrack	Country Business Manager	
MORRISON SECURITIES	William Slack	Chief Executive Officer	
OPENMARKETS AUSTRALIA	Rob Forbes	Chief Operating Officer	
RBC SECURITIES AUSTRALIA	Daniel Gray	Managing Director, Head of Business & Client Services, APAC	
STATE ONE STOCKBROKING			Geoff Reilly, Chief Executive Officer
THIRD PARTY PLATFORM	Lee Muco	Chief Executive Officer	
UBS	Conor Foley	Senior Business Manager	
WEALTHHUB SECURITIES	Anita Mead	Head of High Net Worth, Investment Platforms	
SETTLEMENT ONLY PARTICIPANTS			
CERTANE CT	Rose O'Rourke	Operations Manager	
CHIMAERA CAPITAL	Rochelle Pattison	Director	
HSBC	Toni Icevski	Head of Client Services, Securities Services	

APPROVED MARKET OPERATORS			
ASX	Jamie Crank	General Manager, Trading, Markets	
CBOE	John Williams	Director Australian Equity Operations	
NATIONAL STOCK EXCHANGE (NSX)	Chan Arambewela	Chief Operating Officer	
SYDNEY STOCK EXCHANGE (SSX)	Steven Larkins	General Manager, SSX Market Operations	
INDUSTRY ASSOCIATIONS			
THE AUSTRALIAN FINANCIAL MARKETS ASSOCIATION (AFMA)	Damian Jeffree	Senior Director of Policy	
AUSTRALASIAN INVESTOR RELATIONS ASSOCIATION (AIRA)	Ian Matheson	Chief Executive Officer	
AUSTRALIAN CUSTODIAL SERVICES ASSOCIATION (ACSA)	Andrew Gibson	ACSA Director and Executive Sponsor, ACSA Operations Working Group	
AUSTRALIAN SHAREHOLDERS' ASSOCIATION (ASA)	Fiona Balzer	Policy & Advocacy Manager	
GOVERNANCE INSTITUTE OF AUSTRALIA (GIA)	Megan Motto	Chief Executive Officer	
STOCKBROKERS AND INVESTMENT ADVISERS ASSOCIATION (SIAA)	Judith Fox	Chief Executive Officer	
REGISTRIES			
BOARDROOM	*Kornel Toth	Senior Manager, Risk & Compliance	Tharun Kuppanda, Head of Risk, Compliance and Regulatory Partnerships
COMPUTERSHARE	Scott Hudson	General Manager – Market Liaison	
MUFG PENSION & MARKET SERVICES	Peter Jackson	Chief Operating Officer	

* Delegate

ASX Management

Name	Job Title	Apologies
Clive Triance	Group Executive, Securities and Payments	
Andrew Jones	General Manager, Equities, Securities and Payments	
Hamish Treleaven	Chief Risk Officer	
Tim Whiteley	Chief Information Officer, Chair CHES Replacement Technical Committee	
Sally Palmer	Deputy General Counsel	
Con Korkofigas	Senior Legal Counsel and Senior Manager	
Diane Lewis	General Manager, Regulatory Strategy and Executive Advisor	

Suzy Munro	General Manager, Securities and Payments Operations
Sabra Mott	General Manager, Securities and Payments Technology
Karen Webb	Head of, Issuer Services, Securities and Payments
Stephen Hammon	General Manager, Business Management, Securities and Payments
Triona Quinlan	General Manager, Technology Delivery, ASX Technology Delivery
Steven Hannan	Senior Engagement Manager, Equities, Securities and Payments
Chris Boyes	Senior Product Manager, Equities, Securities and Payments
Lisa Briggs	Senior Manager, Equities, Securities and Payments

Ernst & Young

Name	Job Title	Apologies
*Roberto Fitzgerald	Partner, Financial Services	Juan Carlos Martin
Laura West	Senior Manager, Business Consulting	
* Delegate		

Observers

Name	Job Title	Apologies
Benjamin Cohn-Urbach	Acting Senior Executive Leader, Market Infrastructure (ASIC)	
Dodie Green	Senior Manager, Market Infrastructure (ASIC)	
Liang Chen	Analyst, Market Infrastructure (ASIC)	
Derek Scott	Senior Specialist, Market Infrastructure Markets (ASIC)	
Kylie Stewart	Senior Manager, Financial Market Infrastructure, Domestic and Payments (RBA)	
Elizabeth Kandelas	Manager, Financial Market Infrastructure, Domestic and Payments (RBA)	

AGENDA ITEM 1: MEETING OPENING

a) Welcome, apologies and Acknowledgement of Country

The Chair welcomed members and delegates to the June meeting of the Business Committee.

The meeting attendance was recorded and is reflected in the tables provided. One update was noting that Link Market Services has changed its trading name to MUFG Pension & Market Services.

An Acknowledgement of Country was made.

b) Minutes of 20 March 2024

The previous minutes from the 20 March Business Committee were approved and are now available on the ASX [website](#).

An overview of the agenda was provided, and members were reminded of their obligations under competition law and encouraged active participation, noting the purpose of the Committee was for stakeholders to provide input and feedback.

ITEMS FOR PRESENTATION

AGENDA ITEM 2: BC MEMBER INITIATED ITEM(S)

a) Call for member-initiated items

One member requested information on the approach on interoperability, with the Chair noting the topic was included in the meeting agenda.

Members were encouraged to raise any topics or ideas for future agendas.

Member discussion

No additional member feedback recorded.

AGENDA ITEM 3: CLEARING AND SETTLEMENT SERVICES, ISSUER SERVICES

a) T+1 Update

The ASX General Manager, Equities, Securities and Payments, provided an update on T+1 which included:

- Responses from the Whitepaper on Considerations for Accelerating Cash Equities Settlement in Australia to T+1 are currently being reviewed by ASX
- The Consultation on the Scope and Implementation of CHES Replacement Release 2 will highlight both CHES Replacement proposals for, and industry feedback on, T+1.

The ASX Senior Manager, Equities, Securities and Payments, provided a summary of international activities regarding T+1:

- ASX has been engaging in T+1 discussions within the Asia region, hosted by the Value Exchange
- The presence of manual hyper-care processes in the US region may be artificially supporting the initial post-transition statistics being observed.

A member provided an update from observations on the market and organisational-centric feedback as a US agent.

The ASX Senior Manager, Equities, Securities and Payments, provided an update on the recent Whitepaper titled 'Considerations for Accelerating Cash Equities Settlement in Australia to T+1', noting:

- ASX's appreciation of the effort taken to provide comprehensive responses to the Whitepaper, which is highly beneficial to the ongoing planning and consultation being undertaken
- 38 responses were received with a summary of industry feedback planned to be published towards the end of July / beginning of August
- The industry feedback will be used as inputs into the CHES Replacement Consultation Paper on the Scope and Implementation of CHES Replacement Release 2 planned for release in Q3 2024.

Member discussion

A member sought confirmation on the length of the preparation periods being proposed in the whitepaper responses. The ASX General Manager, Equities, Securities and Payments noted that feedback captured included timeframes between one year and up to two-and-a-half years, but 18 months is a common timeframe, which is consistent with feedback captured to date.

A member provided a supplementary comment that settlement rates went down from Asian market Participants.

A member expressed interest regarding the impact of the MSCI (Morgan Stanley Capital International) rebalance date and requested further elaboration. Another member provided this detail and concluded by noting how much pressure a MSCI rebalance brings to teams and investors and illustrated the role of hyper-care during such an important transition period. The Chair reiterated the learning to avoid scheduling T+1 during a quarterly MSCI rebalance.

Another member noted the significant amount of preparation work undertaken by their organisation to assist clients to meet their affirmation rates. The member also noted that within their organisation there was a slow-down in lending, which may have obscured some potential impact on fail rates.

A member enquired as to any potential difference experienced in trading volumes due to T+1. Consensus from a number of members was that there was no change in trading volumes.

A member sought a timeframe on when an immediate and longer-term decision will be made regarding T+1. The ASX General Manager, Equities, Securities and Payments confirmed that the ASX will provide a proposed position in the Consultation Paper on the Scope and Implementation of CHES Replacement Release 2, due for release in Q3, noting the industry will then have an opportunity to respond to this.

b) Cash Equities Clearing and Settlement Services and Issuer Services Pricing Policy – Consultation

The ASX General Manager, Business Management, Securities and Payments, provided a supplementary update on the status of the current Pricing Policy:

- The Policy began development during the first iteration of CHES Replacement and the ACCC (Australian Competition and Consumer Commission) was originally engaged at that time as part of the Policy development process

- The Policy and associated regulatory engagement were paused when the first iteration of CHES Replacement was paused and ACCC engagement has now recommenced
- The draft Pricing Policy developed over the past year is well advanced and will cover:
 - The cash equities clearing business
 - The cash equities settlement business
 - The issuer services business
- The key purpose of the Pricing Policy is to build on the commitments ASX has made under the Code of Practice to focus on providing pricing transparency for the clearing, settlement and issuer services businesses including an annual review process
- Public consultation on the Policy will occur in the third quarter of 2024
- A draft of the Policy has been shared with ASIC (Australian Securities and Investment Commission) and ACCC.

Member discussion

A member sought information on some of the key changes to the Policy compared to the initial Policy development process. The ASX General Manager, Business Management, Securities and Payments, noted:

- The existing ASX Code of Practice addresses regulatory expectations for cost reflective pricing
- With the upcoming implementation of the Competition in Clearing and Settlement (CCS) legislation, it is anticipated that rules being brought in under that legislation will address the regulatory expectations and cost reflective pricing, as well as issuer services. Given this, ASX is considering a comprehensive Pricing Policy, focused on a fair rate of return across the business.

A member sought clarification regarding ASX's approach to defining the reasonable rate of return. The ASX Group Executive, Securities and Payments noted that ASX's Policy proposal will reflect the need for pricing transparency of the returns to ASX compared to the various risks in providing the licensed cash equities clearing, settlement and issuer services.

A member sought confirmation on the timing of the Consultation Paper on the Cash Equities Clearing and Settlement Services and Issuer Services Pricing Policy. The ASX General Manager, Business Management, Securities and Payments, confirmed it is scheduled to be released prior to the 18 September Committee meeting Q3 2024, and the Policy consultation will be tabled as an item for discussion at the 18 September Committee meeting.

A member requested a calculator to accompany the Policy to assist with like-for-like analysis compared to the previous Policy. The ASX Group Executive and the ASX General Manager, Business Management, Securities and Payments, highlighted that this Policy is a framework to demonstrate how ASX is proposing to deliver fair and transparent pricing under the Policy. The ASX General Manager, Business Management, Securities and Payments also noted that the Consultation Paper can be supplemented with bilateral meetings to address any individual member queries.

The Chair noted that this will continue to be a topic of discussion for the Committee.

c) CHES Roadmap Refresh Report Update

The ASX General Manager, Equities, Securities and Payments, provided an update on the CHES Roadmap Refresh Report (the Report), which is planned to be made publicly available in Q3 2024. The Report outlines the updates to the CHES Roadmap since it was published in April 2023, highlighting that:

- CHES remains adequately supported from a financial, technological, and human capital perspective based on current projections of future growth.
- Services provided by CHES continue to operate within key performance indicators, meeting or exceeding all service level objectives.
- The current CHES program of work has completed 18 of the 27 initiatives in the April 2023 CHES Roadmap (including all planned FY23 initiatives).
- The CHES Roadmap has been updated to track and monitor seven new initiatives.
- ASX will continue to undertake independent audit and assurance activities over the progress and completion of Roadmap initiatives.

Member Discussion

A member sought to understand if the Roadmap is a consultation exercise or a showcase of ASX's plan. The ASX General Manager, Equities, Securities and Payments confirmed that it should be considered an update on progress of the initiatives to support CHES through to 2032. Another member sought clarification on the flexibility of the Roadmap in terms of deadline dates and adjustments if the project requires pivoting and if it can be achieved within the timeframe.

The ASX General Manager, Equities, Securities and Payments noted there are three key timetables in place:

- Existing CHES Roadmap of the upgrades to maintain CHES until it is replaced which ASX plans to publish in time for the September Business Committee meeting
- Clearing Replacement for CHES, known as Release 1, with a target go-live date of Q1 2026 – detailed in the Consultation Paper on Staged Implementation Approach and Implementation of Release 1
- Settlement Replacement for CHES, known as Release 2, which will have a detailed timeframe in the Consultation Paper on the Scope and Implementation of CHES Replacement Release 2 which is planned to be issued in August 2023.

These activities are designed to provide Committee members with opportunities to provide feedback on ASX's planned activities.

AGENDA ITEM 4: CHESS REPLACEMENT PROJECT

a) Project Update

The ASX CIO provided an overall update of the project including:

- The Proof of Technology (PoT) test is progressing well and is a key mitigation of risk for Release 1. The effort of the teams involved in the CHES Replacement Technical Committee and Working Groups has been outstanding and heavily focused on incorporating all feedback and items of any note to the Consultation Paper on the Scope and Implementation of CHES Replacement Release 2.

Member Discussion

A member queried whether the Consultation Paper on the Scope and Implementation of CHES Replacement Release 2 was due to be published this quarter, or whether that date had changed. The member also queried whether the Release 2 resource requirements were still required for the proposed June timeframe.

The ASX CIO deferred the consultation paper query to the next agenda item and noted that the resource commentary was focused on the potential overlap in Release 1 and Release 2, as noted in the options proposed in the initial project timelines. The ASX CIO noted that the potential risk of resource contention across the releases has led ASX to start Release 2 work at a slower pace to mitigate this risk.

The member then sought clarification on the timeline of Release 2, to which the ASX CIO responded that the timeline was consistent with previous implementation estimates, however ASX will continue to work with industry to confirm further details.

Another member sought information on how the Project Governance Framework is incorporating conversations about emerging technologies, noting the project timeline scenarios extend through to 2029. The ASX CIO then noted that the system architecture is designed to support outside innovation and interoperability throughout its lifetime to allow ASX and others to build and connect outside processes to the CHES Replacement platform. The ASX Group Executive, Securities and Payments commented that adaptability across many access points was a key priority in the solution selection process for the new platform.

A member noted that the Technical Committee and Business Design Working Groups seem to be quite productive and provide good engagement.

Another member sought updates on the implementation of TCS BaNCS for MI platform in international markets. The ASX Group Executive, Securities and Payments noted that the selection process for TCS included seeking references which included other exchanges which had already implemented or planned to implement the TCS BaNCS for MI platform. The ASX General Manager, Equities, Securities and Payments noted discussions are still underway with international exchanges to capture insights and recommendations that will assist with the ASX delivery plans.

b) CHES Replacement Public Consultation Update

The ASX General Manager, Equities, Securities and Payments, provided an overview of the four consultations currently in the market and also acknowledged the amount of work it is for both ASX and the industry. The updates on these Consultations were outlined as:

- The ASX Response to feedback on the Consultation Paper on Staged Implementation Approach and Implementation of Release 1 will be released imminently

- The second paper is the Consultation on the Development Incentive Pool Future Milestones. This has been drafted but the publication will be held until November 2024 to coincide with the finalisation of the CHES Replacement scope and associated consultation process. This will allow the consultation paper to be more definitive in relation to the milestones that will be confirmed through the Consultation Paper on the Scope and Implementation of CHES Replacement Release 2
- The Whitepaper on Considerations for Accelerating Cash Equities Settlement in Australia to T+1 is in drafting to capture the industry feedback. This will inform ASX's position in the Consultation Paper on the Scope and Implementation of CHES Replacement Release 2
- The Consultation Paper on the Scope and Implementation of CHES Replacement Release 2 is on track for publication in early August. These four Consultations will support the decision process that confirms the forward plan for the CHES Replacement project, which will be provided to the ASX Boards in November 2024.

Member Discussion

A member sought clarification on the recommended date of T+1. The ASX General Manager, Equities, Securities and Payments, noted that the Whitepaper will provide a summary of industry feedback and the proposed timeline will be detailed in the Consultation Paper on the Scope and Implementation of CHES Replacement Release 2.

Another member congratulated ASX on the transparency and much improved process and collaborative environment of the project this time around. The member sought clarification on whether ASX will publish non-confidential responses to the Whitepaper on Considerations for Accelerating Cash Equities Settlement in Australia to T+1. The ASX General Manager, Equities, Securities and Payments confirmed that the responses will be published.

The Chair sought further feedback to confirm that members were in agreement with the delayed publication of the Partnership Program paper and confirmed no further feedback was raised or received from members on the topic.

A member commented on the productive nature of the Working Groups and wanted to highlight, considering the comprehensive materials provided, that Organisations ensure they are sending the right people to the forums to then have fruitful contributions to these meetings.

A member noted that the working groups are useful but smaller organisations are finding challenges in resourcing across the wide variety of working groups. The member noted that the working groups are important and where possible ASX should take smaller organisation's situations into account. The ASX CIO acknowledged the project is in a particularly busy period and that in the future ASX will endeavour to provide a steadier rhythm of working groups and consultations in the future.

The Chair urged members to continue to provide feedback to ASX on the working groups and consultation.

c) Approach to Interoperability

The ASX Senior Product Manager discussed the approach to interoperability in the CHES Replacement project, emphasising the importance of early visibility and feedback, noting that interoperability considerations will be included in the Consultation Paper on the Scope and Implementation of CHES Replacement Release 2.

The ASX Senior Product Manager presented the steps needed outside the project to achieve full interoperability, emphasising the need for a clear definition of the competing service, technical interfaces, industry-wide testing, rule changes, operational changes, and risk management. The ASX CIO noted that if a competitor emerges during the CHES Replacement project, it can be incorporated into the plan. The ASX Group Executive, Securities and Payments encouraged members to consider any other forms of interoperability that may arise in the future.

Member discussions

A member raised a question about the concept of interoperability at the sub-register level. The ASX CIO and the ASX Senior Product Manager explained the current capabilities in Australia and potential future developments regarding HIN and registration details, and that it would require further guidance from the industry, but the TCS BaNCS for MI solution will be built to include access to the sub-register and data for parties seeking interoperability

Another member expressed concerns about the functional changes required to support interoperability at the sub-register level. The ASX CIO, ASX General Manager, Equities, Securities and Payments, and ASX Senior Product Manager acknowledged the complexity and the large number of rules that could be impacted by interoperability changes. The ASX CIO noted that the features specific approach to building for interoperability would depend on the model and processes being built to.

The ASX General Manager, Equities, Securities and Payments noted that the TCS BaNCS for MI platform has been used in other markets with competing CSDs, settlement and clearing, indicating its underlying capability to support interoperability.

The Chair concluded the discussion, confirming that the approach and questions around it will be set out in the Consultation Paper on the Scope and Implementation of CHES Replacement Release 2 and will also form part of the agenda for the 10 July Technical Committee meeting.

QUESTIONS SESSION – ITEMS NOT FOR PRESENTATION

AGENDA ITEM 5: CLEARING AND SETTLEMENT SERVICES, ISSUER SERVICES

a) Operational Performance: Cash Market Clearing and Settlement

The Chair cited the numbers on the report on operational performance look good.

Member discussions

No member feedback recorded.

b) Maintaining the stability of existing CHES

The Chair noted this was discussed earlier in the meeting.

Member discussions

No member feedback recorded.

c) eStatements take-up

The ASX Head of Issuer Services, Securities and Payments, provided an update on eStatements which included:

- Statistics of the uptake of eStatements compared to the last meeting, showing a positive percentage change

- An incentive is being introduced that provides optional pricing for any messaging related to HIN updates. This is planned for Q3 2024, and communications will be sent to the market prior, regarding the effective date and process. Updates to the technical guide for eStatements and other material about opting into the alternate fee will also be provided.

Member discussions

A member raised a point about the establishment of a Working Group to address the impediments in relation to eStatements. The ASX General Manager, Equities, Securities and Payments confirmed that this action has been noted for discussion at the next Business Committee meeting in September. Another member suggested establishing the Working Group sooner due to issues other than just uptake.

Another member sought information as to whether any large retail brokers could share their timelines for moving to eStatements. A member response was provided confirming they are planning to deliver an opt-in solution for their clients, in the next quarter.

The Chair acknowledged the difficult issues with this transition and emphasised the importance of the Working Group to navigate these challenges.

d) Australian Carbon Exchange initiative – update

The Chair confirmed this item (page 53) was for noting.

The ASX Head of Issuer Services, Securities and Payments noted that Q3 will be a busy period, as the Clean Energy Regulator may also issue a consultation paper covering this topic in Q3 2024.

Member discussions

No member feedback recorded.

e) ASX Cash Equities Clearing and Settlement Code of Practice update

The Chair expressed both 5(e) and 5(f) are for noting purposes, with the amendments to the Code of Practice and the Business Committee Charter as a consequence of the formation of the Advisory Group that were discussed at the last meeting, having now been made following approval by the Board. The final versions are now available on the ASX website.

Member discussions

No member feedback recorded.

f) ASX Business Committee Charter update

The Chair expressed both 5(e) and 5(f) are for noting purposes, with the amendments to the Code of Practice and the Business Committee Charter as a consequence of the formation of the Advisory Group that were discussed at the last meeting, having now been made following approval by the Board. The final versions are now available on the ASX website.

Member discussions

No member feedback recorded.

g) BC Membership Policy update

The Chair updated the forum on the status of the Membership Policy, being in draft form to codify the practical elements of appointing members to BC.

The ASX General Manager, Equities, Securities and Payments, confirmed that the Membership Policy is almost complete and will be circulated prior to the next Business Committee meeting.

Member discussions

No member feedback recorded.

AGENDA ITEM 6: CHESS REPLACEMENT PROJECT

a) Partnership Program update

The topic was already covered earlier in the meeting.

Member discussions

No member feedback recorded.

AGENDA ITEM 7: MEETING CLOSE

a) Open actions

The Chair provided a brief update on open actions:

- Item 23-7-2: Analysis of benefits of T+1 will be an ongoing item until December 2024
- Item 23-10-4: eStatements has been superseded by two new actions, hence closed
- Item 23-10-5: Findings of previous regulatory expectations addressed in March meeting, also closed
- Item 23-12-2: Roadmap has been partly addressed but remains open as a part of a broader action
- Item 23-23-3: Stress testing was dealt with in the March Business Committee meeting as well as bilaterally, hence also closed
- Item 24-3-1: An eStatements update will be provided in the September Business Committee meeting
- Item 24-3-2: Will be included as part of the eStatements update (Item 24-3-1) in the September Committee meeting.
- Item 24-3-3: TCS and Accenture will not attend the Business Committee and will continue to be represented at the CHES Replacement Technical Committee.

Member discussions

No member feedback recorded.

b) Forward work program and items to be kept in view

The Chair noted the next two Business Committee meetings will occur on 18 September and 11 December 2024, respectively.

Member discussions

No member feedback recorded.

c) Any other business

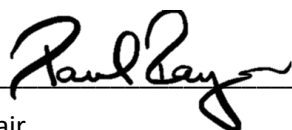
Member discussions

One member sought information on whether a high-level overview could be provided on the Consultation Paper on the Scope and Implementation of CHES Replacement Release 2 in the September or December Business Committee meeting. The ASX General Manager, Equities, Securities and Payments confirmed that an update could be provided in September.

d) Next meeting – 18 September 2024

The meeting closed at 1:36 PM.

Signed as a correct record of the meeting.

A handwritten signature in black ink, appearing to read 'Paul Bayne', is written over a horizontal line.

Chair

20/09/2024

Date