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Dear Clive and Andrew

Response to Consultation on the Scope and Implementation of CHESS Replacement Release 2 (Settlement and Subregister)

We welcome the opportunity to provide feedback on proposed Release 2 of CHESS Replacement, and appreciate the additional time extended to us to complete our response. As you know, Computershare has been an engaged participant in the discussions and analysis of requirements for CHESS replacement since the project commenced. We remain highly committed to support the replacement of this critical system infrastructure for the benefit of the Australian market.

In our response we have focussed on three key areas as outlined below. We have also completed the questionnaire which is attached to our email.

Prioritisation of core functionality

The prioritisation of system functionality for Release 2 needs to maximise benefit to the market, delivering on ASX group's core responsibilities with respect to settlement¹ and CHESS subregister administration ('Core'). Any system functionality not directly contributing to the integrity and effectiveness in delivering these responsibilities should not proceed without ASX providing a clear business case and obtaining broad market consensus.

The cost of this project – individually to stakeholders, and collectively to the market – has been significant; both in terms of real cost and the opportunity cost of resources diverted from alternate investment in innovation and development. These costs will continue to accrue until delivery of CHESS replacement. ASX should accordingly be fully focused primarily on delivering the Core system upgrade as quickly, competently and as safely as possible to support the market's continuing needs.

Regarding ASX's current approach to functionality assessment, the process appears to lack a structured and transparent methodology for evaluating proposed features. This approach does not adequately account for the cascading effects of each addition on the overall project timeline, development resources, and market-wide impact.

To address this, we recommend a more rigorous assessment framework. Each piece of proposed functionality should be clearly categorised as either Core, Revised or New. Furthermore, it should be explicitly labelled as essential or non-essential, with a clear rationale provided for this classification. The estimated development complexity should be indicated as Small, Medium, or Large, (from both an ASX and participants perspective) to give stakeholders a clear picture of the potential impact on project resources and timeline. Crucially, ASX should specify whether the functionality benefits all market participants or only a subset. This basic yet critical information would enable market participants to effectively prioritise functionality and assess the likelihood of timeline extensions.

¹ We note that the functionality for clearing is addressed in Release 1.

By adopting this approach, ASX would improve its risk management and foster greater stakeholder confidence in the project's direction and outcomes.

One current example of the opportunity cost facing the market is the likelihood that Australia will not reduce its settlement cycle to T+1 until at least 12 months after implementation of Release 2, currently flagged for 2030. The US and Canada migrated in May 2024, the UK has recently indicated intent to migrate by the end of 2027, and EU markets are likely to similarly move within the next few years. The move to T+1 is predicated on cost and risk reductions for market participants, and a delayed move to a new international standard could potentially impact Australian market competitiveness. We appreciate the arguments for prioritising replacing the aging technology underpinning CHES, however a consequence is that the market is caught in a 'catch 22' situation between CHES replacement and other market developments like T+1. This demonstrates the importance of striking the right balance in delivering the key elements of the system upgrade, to ensure the integrity and efficiency of CHES, while carefully testing the cost/benefit implications of any additional development requirements.

Clarity and timeliness of documentation

The Release 2 consultation paper did not offer the clarity that we had hoped to see in terms of proposed functionality and an articulated strategy for ensuring delivery of the ASX's core responsibilities. In various aspects, the information presented is too high level to enable robust assessment of the benefit and impact of proposed functionality, despite the additional knowledge we receive through our participation in various technical working groups.

Some examples include:

- changes to the already-agreed ISO2022 messages;
- specifics relating to the design and messaging requirements for corporate action elections with payment; and
- new requirements regarding subregister and issuer sponsored processes.

We have responded to these matters in the questionnaire, however further analysis and design information is required before an adequate assessment can be undertaken.

We would ask if ASX is confident that the consultation adequately informs stakeholders of the project's proposed direction, particularly for those who do not access the additional technical documentation?

We also continue to be concerned around the timing of documentation relating to the various committees, forums and working groups.

We have seen and repeatedly challenged the timeliness of documentation for CHES Replacement 2. As an example, in the initial phases of the Technical Committee, papers were issued immediately prior (less than 60 minutes) to the start of meetings, not allowing an opportunity for consideration of the agenda and topics of discussion. This is highly detrimental to the quality of engagement at the initial stages of the reset project. More recently, the design documents that ASX undertook to provide following a Business Design session were issued almost two months after the working group was held. We raised this as an issue in the September Business Committee meeting.

Poor documentation management processes introduce risk into the project and reduces the ability for the market to 'all be on the same page' at this crucial stage of the project. In our view, it is critical to effective project management and governance that the following disciplines are observed:

- > Documents that are pre-reading for a meeting should be circulated at least a week in advance, with potentially a greater time period for longer and/or more complex subject matter;
- > All meetings should be minuted, and the minutes circulated promptly after the meeting; and
- > Design and other technical documents that are agreed to be issued following the discussions in a meeting must be circulated (or published with notice to attendees) as soon as reasonably practicable after the meeting. If there is a reasonable rationale for a period longer than two weeks, ASX should notify attendees and set appropriate expectations.

Due to these concerns with the extent of available information, we have responded to the consultation questionnaire to the best of our ability, but in certain areas (noted in the enclosed detailed responses and examples included above) have been unable to adequately assess the proposed functionality or determine the extent to which prior development for CHESS replacement can be re-purposed for this iteration. In our view, if the proposed functionality and its benefits are not adequately presented at this juncture in the project, they should be deferred for now and more critical features should be prioritised for day one delivery.

We are surprised that the proposal to amend handling of cum entitlement balances was put forward to working groups so late in the analysis period, during the Release 2 consultation response window. While we appreciate the arguments presented in support of these changes, this is a substantial new development for registrars and other stakeholders given the impact on messaging (already completed in the prior iteration of CHESS replacement) and well-established reconciliation mechanisms that support the successful execution of corporate actions. This change creates new risk for development schedules and if it is deemed by ASX to be an essential simplification to support future capacity requirements, ASX should consider de-escalating less critical functionality to manage the overall development impact.

Development timeline

The time allocated for software provider 'build and test' against ASX's development environment is limited, with access commencing from late 2025. With detailed information drops commencing in Q2 2025 through to mid/late 2026, it will be some time until we have a clear view on how much prior development can be re-used for Release 2 and resolution of design matters that remain outstanding for newly proposed functionality. ASX's proposal to regularly release documentation will allow work to commence, however latter releases face an increasingly shorter period in which to develop and test, particularly for complex items. Specifically, the schedule indicates that complex new registry functionality will be at the latter portion of the development window and we are not sure where the new cum entitlement balances work is scheduled in the high level timeline. We have noted within our consultation response that some functional proposals contain a number of detailed requirements that collectively may not be achievable in the time provided before readiness testing gets underway as we move into 2027.

Again, we note that ASX should focus Release 2 on the functionality necessary to upgrade the technology used to support its critical role in settlement and subregister administration. Once the Core functionality has been delivered, non-core features should be carefully assessed against the cost of further delaying other innovations for the Australian market, including a possible transition to T+1. Focusing now on Core requirements and deferring lesser priority issues should allow more time to be allocated to software development without altering project delivery timescales.

Refining the project scope to Core functions only will allow more time for development without putting the delivery date at further risk. Additionally, complex items should be prioritised earlier in the scheduling to allow more time for their completion. We would welcome the opportunity to speak further with you about these challenges.

Computershare remains committed to working with ASX and market stakeholders to ensure the safe delivery of CHESS replacement and other market projects. Our responses on the questions posed in the consultation are enclosed in the questionnaire. If you have any questions in relation to our responses, please contact me on [REDACTED] or via email: [REDACTED]

Yours sincerely



Marnie Reid

CEO, Issuer Services, Australia and New Zealand
Computershare Investor Services

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?		select the applicable response from the drop down
	Name	Marnie Reid	First Name & Last name
	Email		Email
	Organisation	Computershare	Organisation Name
Organisation Cohort	Please select your organisation type (select all that apply). - See choices in column E		election option: AMO
		Settlement-only Participant	election option: Clearing and Settlement Participant
			election option: Settlement-only Participant
		Share Registry	election option: Payment Provider
		Software 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.	<p>Computershare remains supportive of the need to replace CHES and the need to ensure it is done safely with minimal risk across the industry. The details available relating to the proposed scope, particularly those items that are additional to the Day-1 scope of the prior project, are too high level for us to perform a proper assessment of the work to be done to deliver them.</p> <p>A number of items will require further design work to be completed before an assessment can be made, including new functionality for subregister and issuer sponsored processes, and process and data flows to support corporate action elections with payment. Preliminary design discussions on corporate actions with payment were not successful in delivering an effective design in the prior project. These same matters will take some significant time to debate and overcome before commitments can be made on their delivery.</p> <p>Without an understanding of the intended design, we and other stakeholders have no mechanism to assess the viability/business case for a new piece of development. This assessment includes whether the design is fit-for-purpose given the likely usage across different stakeholder groups. Before ASX commits items to the launch scope, they must ensure that there is an impact assessment of each new item and the group of items proposed to ensure that a balanced and viable plan is confirmed to the market.</p> <p>Further, given that the review of ISO 20022 messages by ASX and stakeholders is yet to commence (and will not do in earnest until early 2025) we are not in a position to assess how much of our prior work completed can be re-used under the new design. Re-use will depend on changes to the already-agreed ISO 20022 messages on known workflows and the design of additional scope items intended for the initial release, the design of which has not commenced. One key new work item relates to the simplification of cum entitlement balances which, while we understand the points made in working groups and the Consultation Paper on this topic, represents significant new development to ensure the continued smooth processing of corporate action events.</p> <p>To support future decision-making, for each proposed piece of functionality we recommend a rigorous assessment framework be applied. This framework must:</p> <ul style="list-style-type: none"> - categorise each feature as core, revised (based on existing capabilities), or new; - determine whether it is essential or non-essential, with a clear supporting rationale; and - estimate its development complexity as small, medium, or large, for ASX and impacted stakeholder groups. <p>This approach will enable better prioritisation of features, manage project risks more effectively, and provide all stakeholders with the necessary information to understand the potential impact on the project timeline and scope.</p>	Free text
Q2	Please provide any feedback on the proposed testing and industry readiness approach for Release 2.	<p>Consistent with feedback provided previously and in questions 20 & 21 below, we appreciate the additional consideration that ASX has had with the overall testing approach which is evident in the time allocated. That said, it is difficult to comment on the effort required in the lead up and during test phases, particularly as it relates to dress rehearsals and the recently discussed parallel testing phases.</p> <p>Please refer to questions 20 & 21 for feedback.</p>	Free text
Q3	Please provide any feedback on the proposed approach to interoperability for CHES replacement.	<p>Computershare supports initiatives to implement and enhance interoperability and looks forward to participating in any industry discussions as and when they arise to facilitate the expansion of the Australian financial market.</p> <p>We strongly believe that the existing capabilities for transfers and conversions to/from the Issuer Sponsored subregister should not be degraded as work proceeds on the current platform. In addition, we suggest that a review of the ASX Listing and Settlement Operating Rules relating to the Issuer Sponsored subregister may be appropriate to ensure that they are suitably supportive of open-access to the subregister by other potential market infrastructure providers.</p>	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).	<p>In our view, the timing and approach for the transition to T+1 needs to be agreed collaboratively by key market stakeholders. We note that the current misalignment of international settlement cycles has particular impact on ETF issuers and also dual-listed issuers conducting corporate actions, where disparate market rules on ex-dates must be navigated. While we do not offer a particular view on the appropriate timing for Australia to move to T+1, we remain concerned that the misalignment with international markets - particularly as we expect to see EU and UK mirror the US/Canadian move in the next couple of years - will be disadvantageous to Australia. Further to this, it may put ASX at a competitive disadvantage when promoting itself as a listings venue, particularly for companies seeking a dual listing. We also note that under the proposed timeline, Australia's move to T+1 will become dependant on the implementation of CHES Replacement. Any delays for CHES Replacement will have a direct impact on future timelines.</p> <p>This is another example of the opportunity costs experienced by the AU market as a result of the extended time needed for the CHES Replacement Project, and further reason why it is essential that ASX now focus directly on delivering Core functionality only.</p>	Free text
Q5	Does your organisation support the scope of the clearing upgrades for CHES replacement Release 2?	Not applicable to my organisation	select the applicable response from the drop down
	Please provide context to your response above	N/A	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?		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 D26)
	Please provide context to your response above	N/A	Free text for question 6.2
Q6.3	Please provide any further information about the proposed optional segregation models.	N/A	Free text
Q7	Does your organisation support the proposed scope of settlement for CHES replacement Release 2?	Conditionally supportive (please explain below)	select the applicable response from the drop down
	Please provide context to your response above	Computershare is broadly supportive of the proposed changes but notes that further detail is required on some items in order to assess the impact on registry operations.	Free text
Q8	Does your organisation support simplifying the processing of 'ex transactions' (i.e. Cum Entitlement Balances)?	Conditionally supportive (please explain below)	select the applicable response from the drop down

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
	Please provide context to your response above	<p>The provision of this significant redesign of a fundamental process that underpins corporate action processing so late in the analysis period, and in the middle of the Release 2 consultation is concerning. If this change is a crucial deviation to support future capacity requirements, it should have preceded other requirement topics that were not tied to the core functioning of settlement and subregister administration. These changes are significant to technical message definitions, and processes and data flows that are long standing and crucial to the smooth execution of corporate actions for issuers and the minimisation of post-event claims by investors. The simplification topic is warranted, however it came very late in the overall analysis window and its impact is far reaching.</p> <p>We answer this question in 2 parts:</p> <p>1) Relating to the changes to override capabilities, we acknowledge ASX's reconsideration of the types of transactions that require the ability to perform basis overrides. The inclusion of Registry Holding Adjustments & Transformations, and movements both to and from the Issuer Sponsored subregister are welcomed.</p> <p>We have no concerns with limiting the override capability to a single flag replacing the variations that could exist today. In practice, we have not seen these multiple flags in use for many years given limitations on other parts of the transaction flow.</p> <p>2) Relating to the changes in reporting of cum entitlement movements and totals, ASX's proposed flow is logical and should support operations in a current T+2 and future T+1 environment. While we support the intended outcome it is important to note that the development impact of the proposal is significant. We encourage ASX to ensure that significant testing is performed across stakeholders to test new functionality and ensure an understanding of resulting impacts.</p> <p>In summary, we are conditionally supportive of the need to implement this simplification but caution that there should be no reduction in capability, particularly while we are operating in a T+2 environment on the new system, for a period which remains unknown.</p>	Free text
Q9	Does your organisation support the proposed scope of subregister and issuer sponsored processes for Release 2?	Not supportive (please explain below)	select the applicable response from the drop down
	Please provide context to your response above	<p>Computershare does not support the proposed scope as currently presented, as per the design meeting and separately published design documents</p> <p>While we acknowledge the importance of enhancing sub register and issuer sponsored processes, we believe the current proposal requires rationalisation. Our primary concern is the scale of the proposed number of requirements and the potential impact on the overall project timeline, complexity, and overall risk profile of CHES Replacement.</p> <p>We note that the ability to perform certain enquiries exists in current CHES and was proposed for Day-1 of the prior project. We recommend that this be the launch capability for R2, along with some agreed enhancements, with discussions to expand capabilities beyond that be continued at a later stage. Encouraging greater industry uptake of the existing or other available mechanisms will benefit the industry.</p> <p>We recommend a more structured approach to evaluating and rationalising the proposed functionalities. This approach should consider:</p> <ol style="list-style-type: none"> 1. The essentiality of each feature for core CHES operations 2. The breadth of market participants who would benefit from each feature 3. The potential impact on project timelines and resources <p>We suggest that ASX prioritise features that are critical to the successful implementation of CHES Replacement. Any additional enhancements must be evaluated for inclusion by balancing their benefits against collective project risks.</p> <p>Computershare remains committed to collaborating with ASX to refine the scope, ensuring a successful and timely implementation of CHES Replacement that balances necessary improvements with prudent project management. We welcome further discussions to clarify the proposed features and their potential impacts on the project's success.</p>	Free text
Q10	Does your organisation support the proposal to enhance registration details and allow for the sharing of additional investor information?	Conditionally supportive (please explain below)	select the applicable response from the drop down
	Please provide context to your response above	<p>Computershare understands that the format of the enhanced registration details is intended to remain consistent with that in the prior project. While much of this work had previously been completed, we cannot assess the work to be done until further design work is confirmed via the review of ISO 20022 messages and other related matters. Further, the transition of existing registration details to the new format remains a significant and potentially risky task. We look forward to further discussion on mechanisms that will allow stakeholders to consume details converted by ASX as part of the transition weekend.</p> <p>However, we are NOT SUPPORTIVE of the proposal relating to the sharing of additional investor information as this concept remains undefined and the elements and intended design may influence the risk and cost/benefit analysis needed to undertake this development. The design and certain aspects of sharing additional investor information need to be understood and agreed in order for this part of the proposal to proceed, e.g. ASX-store vs pass-through of information.</p> <p>Importantly, and as we have discussed with your team, the proposal relating to the transmission of FATCA/CRS details requires considerable changes in legislation entailing discussions and agreement with government (Treasury and the ATO) who may need to liaise with their international counterparts before any design work can be undertaken - this is not a technology or process question in the first instance. We recommend that this item in particular be removed from scope until appropriate agreement is obtained.</p>	Free text

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
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)	Tax File Numbers (TFNs), Australian Business Numbers (ABNs) and Australian Company Numbers (ACNs)	election option: Tax File Numbers (TFNs), Australian Business Numbers (ABNs) and Australian Company Numbers (ACNs)
		Bank account details	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
		Mobile numbers	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	Tax File Numbers (TFNs), Australian Business Numbers (ABNs) and Australian Company Numbers (ACNs) - YES - Pass through only Foreign Account Tax Compliance Act (FATCA) / Common Reporting Standard (CRS) details such as tax residency and foreign tax identification number(s) - NO [From Q10]: The proposal relating to the transmission of FATCA/CRS details requires considerable changes in legislation entailing discussions and agreement with government (Treasury and the ATO) who may need to liaise with their international counterparts before any design work can be undertaken - this is not a technology or process question in the first instance. We recommend that this item in particular be removed from scope until appropriate agreement is obtained. Bank account details - YES - pass through only. Mobile numbers - YES - pass through only, subject to privacy and other appropriate legal considerations	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?	Conditionally supportive (please explain below)	select the applicable response from the drop down
	Please provide context to your response above	Computershare supports this proposal on the basis that the design remains as described (i.e. no centralisation or ASX storage of elections) and consistent with the design already catered for in the prior project. Further, more detailed design work is required before all proposed aspects can be accepted - these will need to be reviewed in terms of current market practice and ensuring adherence with issuer requirements. As with the introduction of all new functionality, it is important that a cost benefit assessment is done to ensure that the design and implementation is appropriate and balanced against its likely usage across stakeholders. Share registry acceptance of an election remains further subject to compliance with issuer and plan rules, assessed at the time of the event.	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?	Conditionally supportive (please explain below)	select the applicable response from the drop down
	Please provide context to your response above	Our preferred response to this item would be to 'RESERVE JUDGEMENT' pending further design and the evaluation of a business case. We caution that the design of this capability has the potential to become quite complex and should be right-sized to deliver an achievable outcome for all stakeholders. Some of our considerations are noted below. The design of messaging, process flows and payment processes must be simple, cost effective and have no detrimental effect on the issuer's execution of the event. Timeframes and certainty should not be impacted. Importantly, the payment mechanism should not add cost to the issuer, delay the receipt of funds to an issuer, or impact the ability to record payments received and process refunds. The design of this functionality has the potential to add complexity to an effective process if not well considered. Some key considerations:- - CHES Replacement would become an additional channel into the share registry for the transmission of elections and funds - the process must accommodate the receipt of elections/funds directly with the share registry - receipt of an election without funds by the share registry would not be regarded as a valid election, - receipt of an election with funds by the share registry does not constitute an acceptance by the issuer as further validation and processing will be performed by the share registry, on behalf of the issuer, as part of the event. - ASX should not record the election nor report on event progress and outcomes. Other considerations will be explored when appropriate. Ensuring that the overall design of this proposed election and payment process is simplified will be key to the assessment of the cost benefit analysis that must support this functionality prior to work commencing on the technical and legal design that must underpin this work. Part of this cost benefit analysis will be to understand the likely use of this functionality across different groups of stakeholders to ensure the design and impact is appropriate for the likely outcome. We note that this proposal is not critical to the functions of settlement and subregister administration - its inclusion should not come at the risk of over-extending the launch scope of CHES Replacement R2, noting that it was excluded from scope previously due to the complexities in the design for both elections and payments	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?	Not supportive (please explain below)	select the applicable response from the drop down
	Please provide context to your response above	At this stage we cannot express support for these two proposed changes (additional payment-related information in securities movements and a new workflow for representing payment details) due to the lack of a business case to support their development. We have no visibility of the size of the audience, likely uptake and potential charging model. These changes represent new functionality that are not essential to the functions of settlement and subregister administration, and they add to the development burden on issuers for the development and implementation of CHES Replacement (R2). Their inclusion should not come at the risk of over-extending the launch scope of CHES Replacement R2. This functionality should be reconsidered at another time.	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		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 order to properly consider this as an additional data channel, we require additional information. For example, we are interested in understanding what additional data we could request, on behalf of an issuer, from the optional API. Equally, we are keen to understand the controls that ASX will place on requests for API data. We look forward to further discussion on this matter.	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
			election option: Other (Please specify below)
	If you answered - Other above please specify		Please complete if you answered 'Other' for question 15.2

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
	Please provide context to your response above	<p>ASX and Share Registries should review the reporting proposed through the ISO20022 messaging protocol from TCS BANCs to ensure there is no loss of essential reporting and functionality. We welcome further discussion on this matter.</p> <p>Additionally, we urge ASX to consider the fees charged to issuers for standard and ad-hoc reporting given the shortcomings in the current model for some issuers. We refer ASX to our comments contained in our response to your 2022 consultation on Issuer Services: New Pricing. Discussions on the potential use of an alternate mechanism should include costings to issuers and their share registry.</p>	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?	Conditionally supportive (please explain below)	select the applicable response from the drop down
	Please provide context to your response above	We are conditionally supportive of this proposal provided that we can ensure that messages are received in-tact and complete. ASX's current protocol includes the provision of the message length which is used to ensure that the entire message has been received. Our technical teams would like ASX to provide more detail on how this will be achieved under the new protocol.	
Q17	Which (if any) months should be avoided for CHES replacement Release 2 go-live? - See choices on column E	<p>Computershare has significant concerns about the current go-live "Big-Bang" implementation proposal for CHES Replacement Release 2. The proposed approach carries substantial risks given the complexity of market participants and the limited time over a 2 day weekend for potential rollback or to resolve connectivity matters.</p> <p>While we acknowledge ASX's additional consideration of testing efforts, we remain concerned that a single cut-over for R2 represents significant market-wide risk, particularly regarding connectivity and scale matters. To mitigate these risks, we recommend:</p> <ol style="list-style-type: none"> 1. Extended Implementation Window: Factor in additional time during the implementation weekend to allow for thorough testing and correction of any implementation or connectivity issues before normal business activities resume. 2. Preferred Go-Live Period: We strongly recommend targeting the Easter weekend for implementation. At a minimum, another long weekend should be considered to provide the extended window necessary for a smoother transition. 3. Quieter Periods: If a long weekend is not feasible, we suggest considering January, February, or July as potential implementation periods, as these months typically see lower levels of corporate activity. 4. Months to Avoid: We strongly advise against implementing in October or November due to it being the peak Annual General Meeting season. <p>It is important that the upgrade period include a buffer for addressing unforeseen issues and ensure a more controlled transition to the new system. The periods described above align with the need to minimise disruption to market operations during peak periods.</p> <p>Additionally consideration needs to be given to the potential periods for parallel testing and dress rehearsals as these may also impact operational systems and/or staffing. We look forward to further discussion on these planning matters. Computershare remains committed to working collaboratively with ASX to ensure a successful implementation of CHES Replacement Release 2, with a focus on minimising risks and ensuring market stability throughout the transition process.</p> <p>NB: the proposal to simplify cum entitlement balance processes introduces a new implementation consideration for companies in an EX period during the transition. Some design consideration may be required to ensure that any in-flight events are not disrupted over the implementation weekend. Depending on the outcome of those considerations, peak dividend periods may need to be avoided as well.</p>	<div style="background-color: #e0ffe0; padding: 2px;">election option: January</div> <div style="background-color: #e0ffe0; padding: 2px;">election option: February</div> <div style="background-color: #e0ffe0; padding: 2px;">election option: March</div> <div style="background-color: #e0ffe0; padding: 2px;">election option: April</div> <div style="background-color: #e0ffe0; padding: 2px;">election option: May</div> <div style="background-color: #e0ffe0; padding: 2px;">election option: June</div> <div style="background-color: #e0ffe0; padding: 2px;">election option: July</div> <div style="background-color: #e0ffe0; padding: 2px;">election option: August</div> <div style="background-color: #e0ffe0; padding: 2px;">election option: September</div> <div style="background-color: #e0ffe0; padding: 2px;">election option: October</div> <div style="background-color: #e0ffe0; padding: 2px;">election option: November</div> <div style="background-color: #e0ffe0; padding: 2px;">election option: December</div>
	Please provide supporting detail for each month that should be avoided	<p>Computershare has significant concerns about the current go-live "Big-Bang" implementation proposal for CHES Replacement Release 2. The proposed approach carries substantial risks given the complexity of market participants and the limited time over a 2 day weekend for potential rollback or to resolve connectivity matters.</p> <p>While we acknowledge ASX's additional consideration of testing efforts, we remain concerned that a single cut-over for R2 represents significant market-wide risk, particularly regarding connectivity and scale matters. To mitigate these risks, we recommend:</p> <ol style="list-style-type: none"> 1. Extended Implementation Window: Factor in additional time during the implementation weekend to allow for thorough testing and correction of any implementation or connectivity issues before normal business activities resume. 2. Preferred Go-Live Period: We strongly recommend targeting the Easter weekend for implementation. At a minimum, another long weekend should be considered to provide the extended window necessary for a smoother transition. 3. Quieter Periods: If a long weekend is not feasible, we suggest considering January, February, or July as potential implementation periods, as these months typically see lower levels of corporate activity. 4. Months to Avoid: We strongly advise against implementing in October or November due to it being the peak Annual General Meeting season. <p>It is important that the upgrade period include a buffer for addressing unforeseen issues and ensure a more controlled transition to the new system. The periods described above align with the need to minimise disruption to market operations during peak periods.</p> <p>Additionally consideration needs to be given to the potential periods for parallel testing and dress rehearsals as these may also impact operational systems and/or staffing. We look forward to further discussion on these planning matters. Computershare remains committed to working collaboratively with ASX to ensure a successful implementation of CHES Replacement Release 2, with a focus on minimising risks and ensuring market stability throughout the transition process.</p> <p>NB: the proposal to simplify cum entitlement balance processes introduces a new implementation consideration for companies in an EX period during the transition. Some design consideration may be required to ensure that any in-flight events are not disrupted over the implementation weekend. Depending on the outcome of those considerations, peak dividend periods may need to be avoided as well.</p>	Free text
Q18	Do you have any further feedback on ASX's proposed implementation approach for Release 2?	<p>Computershare appreciates the challenges ASX has described that have led to the current proposed implementation approach. We have provided considerable feedback past correspondence and recent working group discussions on this topic.</p> <p>Given that ASX has proposed implementing Release 2 as a single release, we strongly urge ASX to adopt a conservative approach to the scope of R2. This approach should focus primarily on existing capabilities and critical functionality required for ASX to meet its obligations to replace CHES safely and within the proposed timeframe.</p> <p>Our key concerns and recommendations are:</p> <ol style="list-style-type: none"> 1. Complexity and Risk Correlation: We emphasize that the more complex the CHES Replacement 2 launch solution becomes, and the further it deviates from core functionality necessary for the majority of the market, the greater the risk imposed on the development timeline and implementation. This risk is particularly acute given ASX's choice of a "Big-Bang" implementation. 2. Scope Management: We have noted throughout our response that several critical design matters are still to be fully understood. Despite the time horizon, the development window remains limited. Given previous delays and cost overruns, we must collectively take a pragmatic and risk-averse approach to ensure the successful delivery of CHES replacement. 3. Functionality Rationalisation and Prioritisation: Any system functionality not directly contributing to the integrity and effectiveness of settlement and subregister administration, and the delivery of ASX's core responsibilities, should not proceed without ASX providing a clear business case and obtaining broad market consensus from impacted stakeholders. 4. Risk Mitigation: The inclusion of non-essential functionality should not come at the risk of over-extending the launch scope of CHES Replacement R2 for ASX and the stakeholders who are required to deliver it. <p>We strongly believe that a focused, core-functionality approach will significantly reduce development and implementation risks and increase the likelihood of a successful transition. This strategy aligns with the critical nature of CHES in Australia's financial infrastructure and acknowledges the complexities involved in such a significant system overhaul.</p> <p>Computershare remains committed to collaborating with ASX to ensure a successful implementation of CHES Replacement Release 2, with a focus on minimising risks and ensuring market stability throughout the transition process.</p>	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?		select the applicable response from the drop down
	Please provide reasoning for your response above	Please refer to our response to Question 4.	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.	Please refer to our response to Question 4.	Free text

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
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	<p>NOT SUPPORTIVE</p> <p>Computershare is mindful that the current timeline (as at August 2024) proposes just over 12 months in the 'Software Provider Build and Test' phase, testing against ASX's environments, from late Q4 2025 with an additional 3 months if work were to commence when the first Functional Specifications are released in mid Q3 2025. At this stage, without the analysis of ISO20022 messages being performed (to be done over the course of 2025), we are still not clear on the changes needed to work and messaging already completed in the prior project. Our work-to-be-done cannot be estimated.</p> <p>Over the course of the development window in 2026, with the scale of needing to:</p> <ul style="list-style-type: none"> - re-incorporate/upgrade work previously complete, - perform essential development on mission critical corporate action capabilities to support the simplification of cum entitlement balances (most notably, reporting and reconciliation), and - build out any new additions to scope (e.g. various issuer sponsored subregister enquiries, elections with payments, additional notifications) <p>we are concerned that the development window does not seem sufficient to prepare key stakeholders for readiness testing and accreditation which commences in early 2027. Additionally, migration activities are yet to be considered as part of that development pipeline. While they can be undertaken later in the schedule, it will be prudent for us to keep these in mind throughout the development period.</p> <p>We urge ASX to ensure that the scope of R2 is managed such that no undue risk is added to this project's timeline - the focus should remain on delivering a replacement to the existing system.</p> <p>As it relates to testing, feedback provided to ASX on the prior project included problems relating to how issues were raised by stakeholders to ASX's team and visibility of progress/outcomes of ASX's investigations. Software fixes took a long time to be released to the test environment, hampering other testing efforts. We look forward to improvements relating to ASX's processes for testing and management of the test environment, including visibility of functionality to be re-delivered, issues encountered by us and other stakeholders, and an ETA on resolution.</p> <p>ASX and stakeholders are yet to discuss specifics relating to accreditation testing. Similar to the needs stated above, accreditation testing will require detailed planning for scenarios and test data. Further industry discussion is required.</p>	Free text
Q20.2	To assist Software Providers with their industry testing, do you have any further feedback on testing scope, duration or approach?	See 20.1	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	<p>CONDITIONALLY SUPPORTIVE</p> <p>Computershare acknowledges the additional consideration that ASX has put into the complexities of testing this significant market-wide implementation. It is evident in the extended period and phases for testing, which now spans 2 years. ASX has indicated they will enhance testing processes and environment management.</p> <p>For all phases of testing, we require additional information on systems environments and test data requirements (content and scale). Some aspects will be simple, with the replication of your prior CDE, ITE1/2 environments. However, the construction of test data and test scenarios will be time consuming in advance of those actual test phases, particularly where we are testing across stakeholders - the prior project had not made it that far. As noted previously, improvements to ASX's mechanisms to report issues and track their resolution will be important to ensure user testing is effective and efficient, particularly as the number of parties involved in testing increases.</p> <p>Critically though, the requirements relating to dress rehearsals and parallel testing must be well understood by all before we can provide informed commentary. The recently presented Brazil experiences were interesting case studies. We will require a complete understanding of the expectations relating to data, scale and systems environment requirements needed to undertake these activities. Will they involve test migrations? What is their anticipated cadence? Will we be using production data? How can we manage this safely and in what environment(s)?</p> <p>It is important that we assess the impact on our environments and production obligations across these phases of testing. Our production environments are in use most weekends and any planned downtime is scheduled and notified to users well in advance. The timing of dress rehearsals and parallel runs will be important to understand.</p> <p>We must document what risk they will offset and what risks to the project will still remain. There will still be implementation risks that we need to consider.</p> <p>As market readiness activities get underway, we welcome visibility of ASX and stakeholder progress towards implementation given our interdependence on each other across the ecosystem.</p>	Free text
Q21.2	To assist CHES Users with their industry testing, do you have any further feedback on testing scope, duration or approach?	<p>See 21.1</p> <p>We look forward to working closely with ASX on industry testing planning activities.</p>	Free text
Q22	To assist CHES Users with their go-live readiness, do you have any further feedback on testing scope, duration or approach?	<p>See 21.1</p> <p>We look forward to working closely with ASX on readiness activities.</p>	Free text