

Stakeholder Feedback and ASX Response – Standardised Registration Details (Account and Holder creation, modification)

Stakeholder Feedback and ASX Response

ASX values the feedback it receives from stakeholders to determine the optimal solution design for each new business requirement. As part of its stakeholder engagement process, ASX has published a summary of the feedback it has received from stakeholders from the relevant Focus Groups and ISO 20022 Technical Committee meetings on the solution design of this new functionality.

This feedback is presented in the form of a table, and lists the key topics raised by stakeholders across both forums. The table provides a summary of stakeholder feedback and ASX's response to that feedback, highlighting where relevant the evolution of the functional specifications of each new business requirement based on stakeholder feedback and further analysis done by ASX. While ASX has considered the issues, comments and suggestions made by each impacted stakeholder, the differing and at times conflicting needs of various stakeholder groups mean that final functional specifications may not support suggestions received or retain aspects notwithstanding concerns raised.

The table does not identify any organisation or individual who raised a particular topic or question for discussion, nor does it intend to capture individual responses received from stakeholders; rather it is intended to be a summary only.

Standardised Registration Details (Account and Holder creation, modification)

Focus Group	31 October 2018 19 March 2019 26 March 2019
Technical Committee	22 May 2018 27 November 2018 26 March 2019
Number of respondents (on final proposal)	7
Related presentation materials	https://www.asx.com.au/services/iso20022-technical-committee.htm
Related Day 1 Consultation Paper Requirement(s)	2.2.4 – Account information – Standardised registration details

To pics	Stakeholder Feedback	ASX Response
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<p>Adoption of ISO 20022</p>	<p>Stakeholders raised some concerns that the adoption of ISO 20022 results in potentially larger data sets within messages for account creation and modification involving substantial re-engineering of their existing systems to accommodate this.</p>	<p>Messaging standard ISO 20022 accommodates larger data sets in comparison to existing CHES proprietary messaging.</p> <p>The adoption of ISO 20022 responds to industry feedback including:</p> <ul style="list-style-type: none"> • in reports by the Council of Financial Regulators on competition in clearing Australian cash equities which captured consultation feedback received that the uniqueness of CHES protocols and bespoke information and technology systems to interface with CHES (including the Australia-specific nature of messaging protocols used by CHES) may be an impediment to parties seeking to participate in Australian markets and limiting the scope to leverage efficiencies from operational processes in other international markets;¹ and • from the Advisory Forum and the Business Committee established under the ASX Code of Practice which identified the adoption of global messaging standards as an important initiative to be introduced as part of CHES Replacement.² <p>ISO 20022 is widely recognised as the global post-trade messaging standard and it is appropriate that it be adopted as the standard for the Australian marketplace.</p> <p>The adoption of ISO 20022 messaging standard will also see a substantial consolidation of messages where registration details are carried. ASX anticipates the number of messages required to support functions that use registration details to consolidate from current 91 bespoke EIS messages to an anticipated 29 ISO 20022 messages.</p>
<p>Multiple messages to facilitate account creation</p>	<p>Stakeholders raised some concerns in relation to the initial solution proposal for Registration Standardisation, whereby messages for account (HIN) and holder creation formed base messages for transfer and SRN enquiry message flows. This involved one message per Account (HIN) and another message per holder (where up to four holders per account is supported).</p>	<p>While the initial ASX proposal for separate holder and account messages was consistent with ISO 20022 standards and usage, ASX was able to utilise an alternative ISO 20022 message and revised the proposal such that the account and holder information can be carried in a single message.</p>

<p>Standardisation of registration details</p>	<p>Stakeholder's views on this topic varied. While some stakeholders welcomed standardisation of registration details, others questioned the overall benefits of applying a reform that has a significant change impact on the industry.</p>	<p>As indicated above, the adoption of global post-trade messaging standard ISO 20022 responds to industry feedback and is appropriate for adoption as the standard for the Australian marketplace.</p> <p>Messaging standard ISO 20022 involves a structured format for the provision of account and holder details whereas existing CHESS proprietary messaging involves the population of such registration details in text format within the available six lines of 30 characters (180 characters).</p> <p>The design of message formats in the CSP for registration details also needs to reflect that in ISO 20022 message format:</p> <ul style="list-style-type: none"> • multiple account owners are not supported in a single field; • individual accounts (HINs) and owners (holders) are separate concepts; and • owners (holders) need to be associated to a unique account (HIN). <p>The recording of account and holder data in a structured format, in line with international ISO 20022 standards, allows for more detailed and accurate data that can be easily queried by users.</p> <p>This includes the ability to accommodate a person's or entity's full legal name and other registration details which cannot currently be accommodated within current design limitations (180 characters). This can facilitate a more complete record of members for issuers, including for:</p> <ul style="list-style-type: none"> • issuer constitutions which allow up to 4 holders; and • self-managed superannuation funds (SMSFs) which require that each member of the fund be a trustee unless the trustee of the fund is a corporate entity. Up to four individual holders are allowed for a SMSF - and therefore up to four individual trustees could hold fund assets. <p>In relation to SMSFs, ASX also notes that the Government supports future legislative change to accommodate up to six individual holders – and therefore up to six individual trustees.</p> <p>The adoption of Messaging standard ISO 20022 which involves a structured format for the provision of account and holder details will also support new and future business requirements requested through the Working Group process in 2017, including:</p> <ul style="list-style-type: none"> • Account information - Additional investor information • Account information - Centralised data capture and storage • Electronic provision of holding notifications.
<p>Investor communications</p>	<p>Stakeholders raised concerns related to the potential impact on existing printing services with the introduction of registration standardisation.</p>	<p>While CHESS Replacement will facilitate and encourage electronic communication, ASX has designed a solution that is compliant with Australia Post's (windowed envelope) mailing address requirements (40 characters by 7 lines) to which printing capabilities would already adhere.</p>
<p>Data attributes for accounts and holders</p>	<p>Stakeholder feedback requested ASX to provide the relevant data attributes that will be provided for each business process or asset class (e.g. what account or holder data will be collected or disseminated for cash equities processes vs. mFund processes?).</p>	<p>ASX is continuing to work through the solution design process for the transmission and capture of investor information and, as such, is not yet in a position to respond in relation to what users need to build to accommodate this investor information per asset class.</p> <p>Notwithstanding this, ASX will not compel users to provide additional investor data.</p>

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Maintenance of email addresses	Stakeholder feedback requested ASX to clarify if changes to limit the supply and maintenance of email address to the controlling participant would be introduced, similar to how registration detail updates are managed in the current environment.	ASX is continuing to work through the solution design process for electronic holding statements, which may necessitate the use of email address, and, as such, is not yet in a position to respond in relation to limitations in the supply and maintenance of email addresses.
ISO 20022 draft messages specifications	Stakeholder feedback received on the proposed ISO 20022 draft messages requested ASX to simplify the use of message blocks and elements relating to Single vs. Joint Holders and Company vs Individual Types.	The ISO base message requires the data to be populated in the proposed structure, whilst making all messages in the message set identical and easier to implement.

¹ Page 21 of *Competition in Clearing Australian Cash Equities: Conclusions – A Report by the Council of Financial Regulators* dated December 2012 <https://static.treasury.gov.au/uploads/sites/1/2017/06/Competition-in-clearing-and-settlement-of-the-Australian-cash-equity-market.pdf> and page 26 of *Review of Competition in Clearing Australian Cash Equities: Conclusions – A Report by the Council of Financial Regulators* dated June 2015 https://treasury.gov.au/sites/default/files/2019-03/C2015-007_CFR-ConclusionsPaper.pdf
² Pages 10 and 26 of *Review of Competition in Clearing Australian Cash Equities: Conclusions – A Report by the Council of Financial Regulators* dated June 2015 https://treasury.gov.au/sites/default/files/2019-03/C2015-007_CFR-ConclusionsPaper.pdf

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