

Stakeholder Feedback and ASX Response – Australian Payments Network Equity Settlement Payment Provider Sub-Committee (ESPPSC)

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.

Australian Payments Network Equity Settlement Payment Provider Sub-Committee (ESPPSC)

Focus Groups	28 November 2018 12 March 2019 18 June 2019 27 August 2019 14 November 2019 10 March 2020
Technical Committee	25 Feb 2020 07 April 2020
Number of respondents (on final proposal)	7
Related presentation materials	https://www.asx.com.au/services/iso20022-technical-committee.htm

Entitlement Election functionality (including Corporate Action related payments) is not a part of Day 1 CHES Replacement Scope. Refer to ASX's October 2020 response to consultation feedback for further details. All Functional Specification and Messaging content is subject to change in subsequent releases.

Topics	Stakeholder Feedback	ASX Response
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<p>RTGS - Real Time Payment Service Options</p>	<p>The ASX requested feedback on the preferred option for settlement of gross line-by-line transactions (Bilateral Demand DvP transactions, mFunds Redemptions & Applications, Corporate Actions Entitlement Election Payments).</p> <p>Two options were proposed for consideration, including re-purposing the existing CHES-RTGS service or the New Payments Platform (NPP).</p> <p>The feedback on the preferred option was in majority in favour of the CHES-RTGS solution, with one Payment Provider noting their preference for the NPP solution. Reasons cited included lack of usage by several members, relatively high costs for connectivity to NPP (for those members that do not use this service for other reasons) irrevocability of settlement including acknowledgement from the RBA-RITS, and lack of mature liquidity management capabilities in NPP.</p>	<p>Following consultation with Payment Providers the CHES-RTGS solution option was retained as the preferred option for settlement of real-time gross line by line cash transactions in CHES Replacement.</p>
<p>CHES-RTGS Service Overview</p>	<p>A service overview of CHES-RTGS was presented to members, including:</p> <ul style="list-style-type: none"> • Key changes from the original CHES RTGS solution; • Projected volumes for each new transaction type (Bilateral Demand DvP Settlement transactions; Corporate Action Entitlement Offer Payments for Rights Issues & Share Purchase Plans, and mFund applications and redemptions). <p>Members were advised by ASX that the CHES-RTGS process would follow similar flows to those of Batch Settlement; requiring a line-by-line acceptance or rejection of the Real Time Payment.</p> <p>Members noted that moving mFunds applications and redemptions from Batch Settlement to the Real Time Payments model would create significant operational challenges, and requested this be re-considered</p> <p>Concerns were also raised by members in relation to the potential volume of Corporate Action payments given the projected volumes presented by ASX.</p> <p>Members further raised concerns in relation to their own operational readiness if these services were required to be provided by April 2021 (projected go-live date).</p>	<p>As a result of feedback received from Payment Providers, ASX will:</p> <ul style="list-style-type: none"> • Retain mFund Applications and Redemption in the Batch Settlement process for Day 1; • Change the proposed payment solution for Corporate Action Entitlement Offer payments to allow for both line-by line payments and an aggregated payment per HIN to be made by Participants and Issuer Registries. <p>To alleviate member concerns regarding operational readiness for Day 1, ASX has made the utilisation of the CHES-RTGS service and associated use cases optional for Day 1 (April 2021) but mandatory by December 2021.</p>

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<p>CHES-RTGS – Usage of bank accounts instead of Payment Facilities</p>	<p>Members were requested to consider whether they preferred to retain Payment Facilities for the CHES-RTGS service, or whether it was preferred to make use of bank accounts for payment requests. ASX requested Payment providers to take into consideration the following when evaluating the options:</p> <ul style="list-style-type: none"> • the increased number of Bank Account details to be held by members as Issuers and their Registries are introduced to the CHES-RTGS service for Corporate Actions related payments; • the general lack of automation built into the current Batch Settlement process flows in relation to recording Payment Facilities; • projected volumes; and • alignment with current practices for Austraclear payments or other ASX Payment Services that a Payment Provider may already be a member of. 	<p>As a result of feedback received from Payment Providers, ASX will make use of bank account numbers when requesting payment for CHES-RTGS related instructions.</p>
<p>Batch Settlement – Projection Messages</p>	<p>ASX requested feedback from members as to the usage of the Bank Funds Transfer messages (EIS 300 and 302), with the understanding that members do not necessarily rely upon or utilise these message types currently and it would therefore be unnecessary to build new functionality to support this.</p> <p>Participant feedback to ASX indicated a majority of participants utilised these messages in their daily process flows; with some members automating the Bank Funds Transfer process based on these messages.</p>	<p>As a result of the feedback received from Payment Providers, ASX will continue to support:</p> <ul style="list-style-type: none"> • the Bank Funds Transfer EIS 300 and EIS 302 messages via an ISO20022 sett_120 and sett_121 message respectively; and • the Funding Obligation EIS 310 and 311 messages via an ISO20022 sett_133 and sett_135 message respectively.

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