



CHES Replacement Project

**Implementation & transition
working group webinar**

15 December 2021

Housekeeping: trouble shooting

- Check your system requirements
- Audio options:
 1. Use your computer's mic and speakers ("Computer audio"). Check that your computer's audio is unmuted
 2. Use a telephone to dial in ("Phone call")
 - Phone number: **+61 2 9087 3602**
 - Access code: **649-026-813**
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Further information:

<https://support.goto.com/webinar/how-to-join-attendees>

GoToWebinar Attendee System Check for Webcast Webinars

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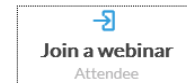


- ✔ OS - Windows 8.1
- ✔ Browser - IE 11
- ✔ Internet connection - Strong
- ✔ Flash - Enabled

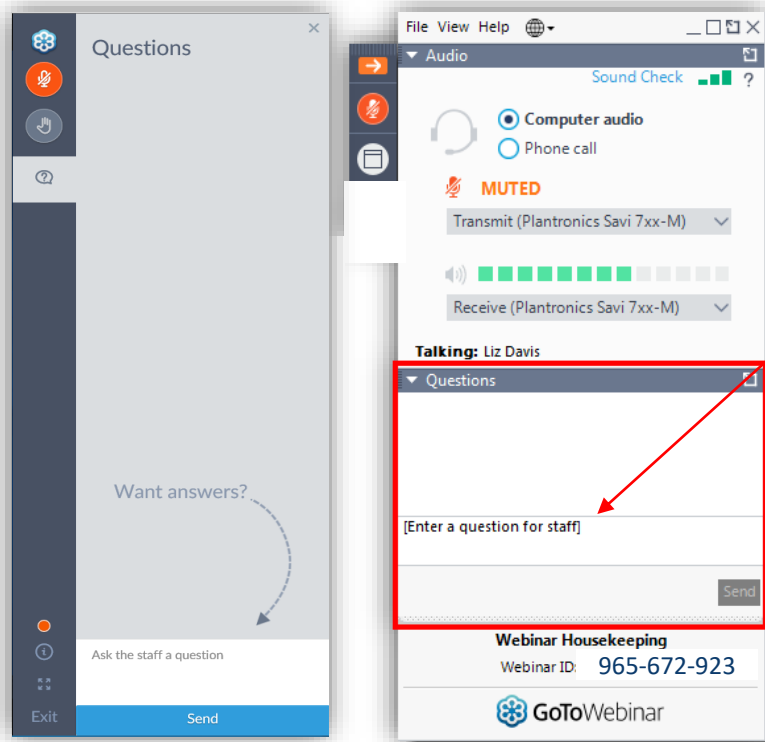
Test your system again

View System Requirements

Next steps



Housekeeping: how to submit questions



Your Participation

- To submit your text questions and comments use the Questions panel
- Note that your questions will not be seen by other attendees

For more information - refer to the webinar tips published on the ASX [CHES Replacement web page](#)

Agenda

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- Project update
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- ITE1
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- Operational readiness scenarios
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- Summary of feedback from cutover and migration focus groups
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- Project documentation – recent updates
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- Electronic CHES holding statements
-
- Q&A
-
- Next steps
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Presenters and introductions

- **Keith Purdie**

- **Fraser Moodie**

- **Christina D'Amico**

- **Jason Genford**

- **David Brine**

- **Karen Webb**

Project Update

Project update

December 2021

- > ITE1 opened on 30 November; software providers will now progressively transition from CDE into ITE1 from Dec – Feb 2022
- > Software providers testing of CDE10, which includes the netting and settlement changes, continues to progress
- > The third of three tranches of operating rule amendments, together with the combined package of rule amendments consultation period closed yesterday, 14 December
- > New documentation published including ITE1 Accreditation Guide and an uplift to the Guide to Testing Services for inflight migration and ITE1 test tools
- > A series of focus groups were hosted in early November with the aim to provide clarity on key cutover and migration activities such as MDRs, expectations on a rollback and migration approach
- > New CHES user working groups to be established in Q1 2022

ITE1

Industry test environment

ITE1 update

ITE1 opened at the end of November and is now available for **software providers** to start transitioning from CDE to ITE1:

- > ITE1 is a single integrated environment for completion of developer testing and technical accreditation
- > Transition period runs from Dec'21 to the end Feb'22
- > ASX is now contacting software providers to confirm; connectivity, test kit distribution and certificate distribution
- > ITE1 opens with full CHES functionality (subsequent software upgrades will be deployed into ITE1 only, bypassing CDE)
- > Software providers should note that their allocated test kit are unique to their organisation and they can only transact using data in their test kit
- > Self-serve test tools may have format changes from CDE
- > **NEW** - Assisted testing for ASX initiated workflow
- > ASX request that all support e-mail subjects include 'CDE' or 'ITE1' to assist with queries
- > Reduced non-Production support for ITE1 (and CDE) 20 Dec - 3 Jan (inclusive)

Operational readiness scenarios

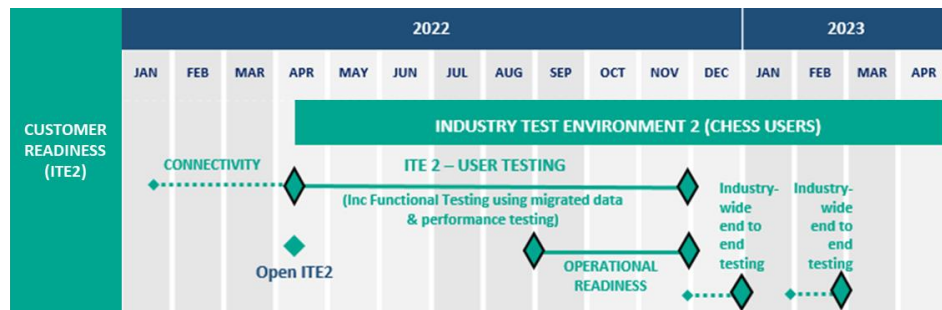
Industry Test Environment 2 (ITE2)

What is ITE2?

- > ITE2 is a test environment available for CHES Users to prepare for CHES replacement go live
- > ITE2 will be available from mid-April 2022

CHES users include:

- > Clearing and settlement participants
- > Settlement participants
- > Account participants
- > PISPs
- > Share registries
- > Payment providers
- > Approved market operators



Industry Test Environment 2 (ITE2)

Environment and Datasets

- > CHES users will be provided production equivalent UICs
- > Shared securities to allow for isolated testing and testing with counterparts
- > Test tooling will be available to assist with isolated testing
- > Market events will be scheduled to run throughout the environment
- > ASX will facilitate some functions to assist CHES users in their testing where required

Industry Test Environment 2 (ITE2)

What is CHES User Testing?

- > Allows for CHES users to familiarise themselves with their new software and prepare for their Operational Readiness assessment.
- > CHES users are expected to have met their own testing requirements in preparation for their Operational Readiness assessment.
- > CHES user will be able to participate in scheduled corporate actions, batch settlement and exception handling events
- > CHES user testing will remain available throughout the ITE2 environment.

Operational Readiness

What is Operational Readiness?

- > Provides both ASX and CHES users assurance that they are able to successfully operate their Business As Usual (BAU) functions using the CHES replacement system
- > Sufficient processes and procedure are in place for standard functions and exception handling scenarios
- > CHES users will be allocated a window within the Operational readiness phase to perform their assessment
- > CHES users will be required to provide evidence that they have sufficient processes and procedures in place for all BAU functions they are required to perform
- > Operational readiness scenarios for each CHES user type will be published in Q1 2022

Operational Readiness

Feature List

Clearing and Settlement Participant

← CHES user type

Account Management

← Feature

Account Creation

Account Modification

Account Cancellation

Account Holder Locking and Unlocking

} Functions

Operational Readiness

Description of Scenarios

Content	Explanation
Scenario Description	Business function the test relates to
Scenario Action	Conditions required for success completion
Scenario Pre Condition	Pre condition that must be met prior to conducting the test
Evidence Required	Specific evidence required to be provided to ASX
Considerations	Notes for successful testing
ISO2022 Message	ISO 20022 Message link
Test Tools	Test tool available to perform the test

Operational Readiness Scenarios - sample only

Clearing and Settlement Participant

Scenario Description	Scenario Action	Scenario Pre-condition	Evidence Required	Considerations	ISO20022 Messaging			Test Tools
					Sender	Recipient	Message Reference	
Account (HIN) and Holder Creation	Create a new account (HIN) and holder for the below account types; -Direct -Sponsored -Nominated Market Settlement Entrepot -Accumulation Entrepot	Sample Only	Sample Only					
Account (HIN) and Holder Update (Modification)	Update the registration details of the account (HIN) and holder.							
Account (HIN) Cancellation	Cancel an account (HIN) and holder.							

Operational Readiness Scenarios

Next Steps

- > In January:
 - > Publication of the Operational Readiness guide
 - > Publication of the first tranche of Operational Readiness Scenarios

Summary of feedback from cutover and migration focus groups

Cutover & migration strategy

- > ASX held a series of focus group sessions with stakeholders in November. The purpose of the sessions were to:
 - Explain the key migration and cutover activities – MDRs, rollback expectations and the approach to migration
 - Obtain input for inclusion in the migration and cutover strategy ahead of its release
- > The focus groups were organised by cohort on the basis that the MDR activities discussed was tailored for the functions undertaken by each user group
 - Sessions held with share registries (3/11), vendors (4/11), clearing & settlement participants (9/11) and AMO working group (14/12)
 - ASX thanks all organisations who participated and/or provided written feedback
- > A summary of substantive feedback received, and a response to it, has been included in the cutover and migration strategy paper

Migration and Cutover Focus Groups

Summary of feedback

High level timeline for the cutover weekend

- > A number of respondents did not express concerns with the high level timeline presented for the cutover weekend timeline
- > Some indicated they will need to validate the timeline internally in advance of market dress rehearsals to confidently confirm the required activities can be completed in the allocated time
- > Additional feedback included:
 - The need to consider rollback timing across CHES users to inform when a go / no-go decision will need to be made
 - Customer migration reports were requested earlier in 2022 in order to plan the weekend activity well in advance of the MDR phase
 - The provision of more detailed information earlier than planned to assist CHES users understand the activity needed on the Friday prior to the migration, and anything expected over the weekend event

Migration and Cutover Focus Groups

Summary of feedback

Snapshot of data to support Market Dress Rehearsals

- > Mixed views on using current date data versus prior dated data, and potential risks associated with each approach
 - Overall, more stakeholders prefer 'current date' data as this most closely aligns to the go-live plan
 - Some strong views regarding technical constraints in using 'current date' data in terms of it being a logistical challenge for users immediately preceding a MDR weekend

Environments and production data considerations

- > ASX will be using the 'to-be' production environment for all dress rehearsals, including MDRs. It will be the same production environment that will be used as part of the Go Live weekend.
- > Each rehearsal will use unmasked production data, requiring production like security controls to be in place
- > The majority of respondents highlighted that CHES users will primarily use a production-like test environment to participate in MDRs, rather than a 'to-be' production environment. ASX will need to prove CHES users can connect their production environment to ASX's 'to be' production environment prior to go-live.

Migration and Cutover Focus Groups

Summary of feedback

Project Timeline

- > ASX requested any additional feedback that would help in preparation for the MDR phase. Feedback included:
 - Seeking more detailed information on the MDR timeline and entry and exit criteria for a go/no go decision
 - Earlier clarification of CHES users MDR activities
 - Potential resourcing and environment challenges in supporting both MDR2 and IWT2
 - More detail on what testing can occur post MDR Day 1, including running a settlement cycle (noting this is not expected to be a parallel run alongside Production)
 - Requests for further cohort specific working groups to collectively work through the requirements
 - Consideration for a non settlement day on the Friday (pre migration) and the Monday (post migration)

Next Steps

- > Present key aspects of the cutover and migration strategy in an upcoming I&T webinar
- > Continue engagement on these issues in new CHES user readiness working groups to be established in Q1 2022

Cutover and migration strategy

Overview

- > ASX will publish the cutover and migration strategy this Friday, 17 December
- > The cutover and migration strategy will provide:
 - an overview and timeline for cutover and migration;
 - the migration scope including CHES user considerations and expectations;
 - a summary of data quality management including timeframes for remediation;
 - an overview of the cutover weekend including key activities for CHES users;
 - the approach for MDRs including key considerations;
 - an introduction to post MDR day one testing;
 - the release plan for other supporting industry testing documentation;
 - A summary of cutover and migration focus group feedback

Project documentation – recent updates

Industry testing supporting documentation

Significant documentation to support ITE1 already published

Documentation already published:

- > Industry Test Strategy – **Jun 21**
- > Connectivity Guide (ITE1) – **Jul 21**
- > Messaging Accreditation (netting & settlement updates) – **Aug 21**
- > Guide to Testing Services (ITE1) – **Sep 21**
- > Failover & Recovery details (ITE1) – **Sep 21**
- > Connectivity Guide (ITE-M) – **Sep 21**
- > Connectivity Guide (ITE2) – **Sep 21**
- > CHES UI (mFunds) – **Sep 21**
- > Guide to Testing Services (uplift) – **Nov 21**
- > Accreditation Guide (ITE1) – **Nov 21**

Upcoming documentation (end Dec):

- > Cutover & Migration Strategy – **Dec 21**
- > Ledger connectivity updates – **Dec 21**
- > ITE2 application form – **Dec 21**

Upcoming key documentation milestones

- > User Testing & Operational Readiness Guide (ITE2) – **Jan 22**
- > Updated Guide to Testing Services (ITE2) – **Jan 22**
- > Operational Readiness Scenarios – **Q1 2022** (first tranche – Jan 2022)
- > Industry Wide Testing HL plan – **May 22**
- > Market Dress Rehearsal (MDR) details – **Jul 22**
- > Industry Wide Testing details – **Sep 22**

The forward release plan will continue to be updated highlighting when key deliverables and topics will be published to the market.

Refer to Section 6 of the Industry Test Plan.

Already published documentation

Accreditation details published end November 2021

<https://asxchessreplacement.atlassian.net/wiki/spaces/CSP/pages/1688474164/Accreditation+Guide>

Accreditation Guide



This section covers:

Children Pages

- Section 01 - Introduction to Accreditation Guide
- Section 02 - ASX Accreditation Process
- Section 03 - Technical Accreditation Testing
- Section 04 - Connectivity Accreditation
- Section 05 - Messaging Accreditation Testing
- Section 06 - Supplementary Information for Messaging Accreditation

Assists Software Providers with accreditation process in ITE1.

Details of:

- > Connectivity accreditation steps
- > Performing messaging accreditation – and updated to the scripts
- > Accreditation checklists by cohort (section 03)
- > Optional criteria
- > Re-accreditation requirements

Upcoming documentation publications

Notable highlights

Cutover and Migration Strategy

This section covers: Cutover and Migration Strategy



Cutover and Migration

Dec'21

i Table of Contents

- Cutover and Migration Strategy Table of Contents
- Section 01 - Introduction to the Cutover and Migration Strategy
- Section 02 - Cutover and Migration Overview and Timeline
- Section 03 - Data Migration
- Section 04 - Cutover Weekend
- Section 05 - Market Dress Rehearsals
- Section 06 - Post MDR Day 1 Testing
- Section 07 - 'To be' Production Environment
- Appendix A - Focus Group Summary

Performing Operational Readiness



Implementation Phases

From Jan'22

i Table of Contents

- Purpose
- Objective
- Entry Criteria to Operational Readiness
- Performing Operational Readiness
- Providing Test Evidence
- Exit Criteria from Operational Readiness
- How to Read the Operational Readiness scenarios

Scenarios will be progressively released

Upcoming documentation publications

December release – other items


For access to the ITE2 environment all CHESSE Users will be required to submit an **Application Form** to ASX.

The form will include:

- > Legal entity organisation
- > Organisation role to be played in ITE2
- > Network connectivity options
- > Application access options
- > Additional security contact details.

For those who will be new to the ITE process (previously not in CDE nor ITE1) you will also submit an additional **Subscriber Technical Access Agreement**.

Both documents will be made available within the [Industry Test Environment pages here](#).



Sample

ASX Clearing and Settlement Platform (CSP)

Industry Test Environment (ITE 2) Application Form

December 2021 | Version 1.0

Under this Application Form a Subscriber may request access to the ITE2 Technical Environment. ITE2 is open to all CHESSE production users. Applications must be made in the intended Production role of the entity.

All fields require completion before returning. Please complete and return this form to CHESSEReplacement@asx.com.au. Please include in the subject line 'ITE2 Application Form'.

	Subscriber	ASXO
Name		ASX Operations Pty Ltd
ABN/ACN *		42 004 523 782
Address		

Please provide additional details to help us configure the ITE2 environment to your requirements

Please indicate if your organisation wishes to use BIC rather than UIC for [party identification](#). And complete the below table.

BIC identifier		BIC identifier	
UIC identifier		UIC identifier	

ITE2 forms will only start to be processed from Feb'22.

ITE2 subscriber/role types will be created to reflect the entity's status and role in the 'to-be' Production environment. Please select one from the roles below.

- Participant
- Issuer
- Payment Provider

Electronic CHESS holding statements

Electronic CHES holding statements

LIVE 13 December 2021

An electronic delivery option for CHES holding statements is now available

- > Investors will be able to receive electronic holding statements and view a historical archive of statements (at no charge to the investor)
- > ASX will waive issuer holding statement fees for electronic holding statements
- > Transition to electronic holding statements will help reduce paper volume
- > A more efficient system for brokers handling returned mail

Further information about electronic CHES holding statements and notifications, including FAQs, is available here

<https://www.asx.com.au/statements> for investors and participants

How to read your CHES holding statement

The issuer's name and logo

Your name and address as registered in CHES

The security to which the statement relates

Date the transaction is recorded in your CHES holding

Description of the transaction

The transaction ID is a supplementary reference and may be useful for enquiries

Important messages will appear here

Details of your CHES sponsor – your first point of contact

Your unique CHES number. Keep your HIN confidential and only disclose it in dealings with your CHES sponsor

Your balance in the security after being adjusted by the transaction

Number of units that will increase or decrease your balance

Ex/Cum status of a transaction processed in the ex period may appear here

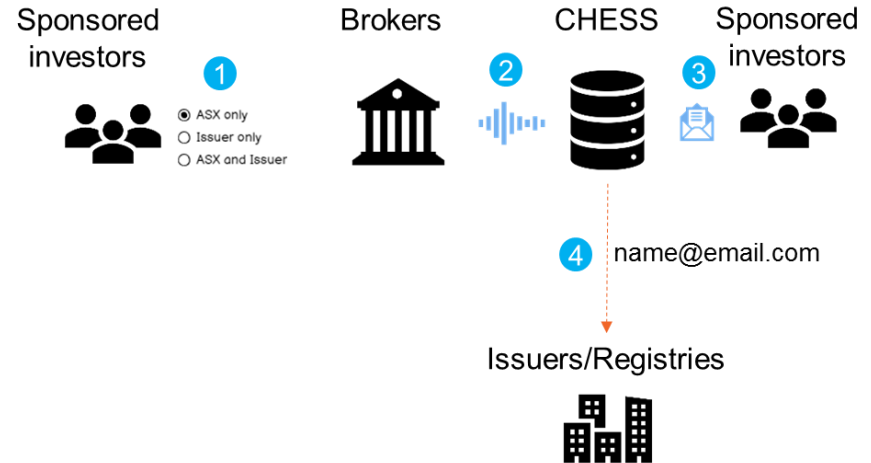
Date	Transaction Type	Transaction ID	In/Cum	Status	Qty	CF	Holding Balance
Balance Brought Forward From 01 Dec 20							
					20000		20000
01 Dec 19	Measurement of Securities due to	0100000000000000			0		0
04 Dec 19	Measurement of Securities due to	0100000000000000			0		0
07 Dec 19	Measurement of Securities due to	0200000000000000			1000		1000
14 Dec 19	Measurement of Securities due to	0300000000000000			1742		1742
17 Dec 19	Measurement of Securities due to	0100000000000000			6921		6921
Final Holding Balance to 17 Oct 19							
							20000

Disclaimer: ASX Settlement Pty Limited ('ASX Settlement') operates CHES. This statement is issued by ASX Settlement under the ASX Settlement Operating Rules ('Rules') and this statement, nor for the administration of CHES. ASX Settlement's responsibility is limited to the correction and reissue of any inaccurate information. The closing balance transactions that have not been effected on the CHES subregister as at the End of Day (as defined in the Rules) on the day indicated. Reliance should not be placed on the complete record of the current holding.

Electronic CHES holding statements

Utilising existing infrastructure where possible reduces the market burden

1. Investors will elect for electronic delivery via their sponsoring participant
 - Consent may include that email address can be provided to issuers via CHES
2. Participants will send email address and consent election to CHES via messaging
 - Participants will be electronically notified of bounced emails and returned mail
3. CHES will send statements to investors
4. Where the investor has consented via their participant, email address will also be provided to issuers (via their registry)



Electronic CHES holding statements

Considerations for participants

- > Technical overview of solution published in August:
https://www.asxonline.com/content/dam/asxonline/public/notices/2021/August/electronic_communications_technical_guide_aug_2021.pdf
- > Primary considerations for participants:
 - Does the participant have the functionality to send emails to CHES via an EIS 201 or 203 message?
 - How will participants collect elections to enable investor participation in electronic statements?
 - Will investors be asked to elect into just ASX electronic communications and/or will they be asked if they consent to emails also being provided to issuers?
 - What additional procedures/training/automation is required to handle the new electronic returned mail solution and obtain correct addresses from investors?

Fees normally charged to participants for updating emails for existing clients will be waived

For further information contact issuers@asx.com.au

Q&A

Next steps

Next steps

Key points from today's webinar:

- > Cutover and migration strategy to be published Friday, 17 December
- > Operational Readiness Scenarios to be published Q1 2022 (first tranche - January 2022)
- > New CHES user working groups to commence from Q1 2022

Review and feedback:

- > Webinar recording, slides and Q&A will be published on the CHES Replacement webpage
- > Provide feedback by contacting CHESReplacement@asx.com.au – use “I&T webinar” as the subject heading
- > Feedback welcome by COB Wednesday, 12 January '22

Next I&T Working Group meeting:

- > Date: Wednesday, 23 February 2022

Thank you.



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