



CHES Replacement Project

**Implementation & transition
working group webinar**

23 May 2022

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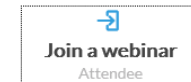


- ✔ OS - Windows 8.1
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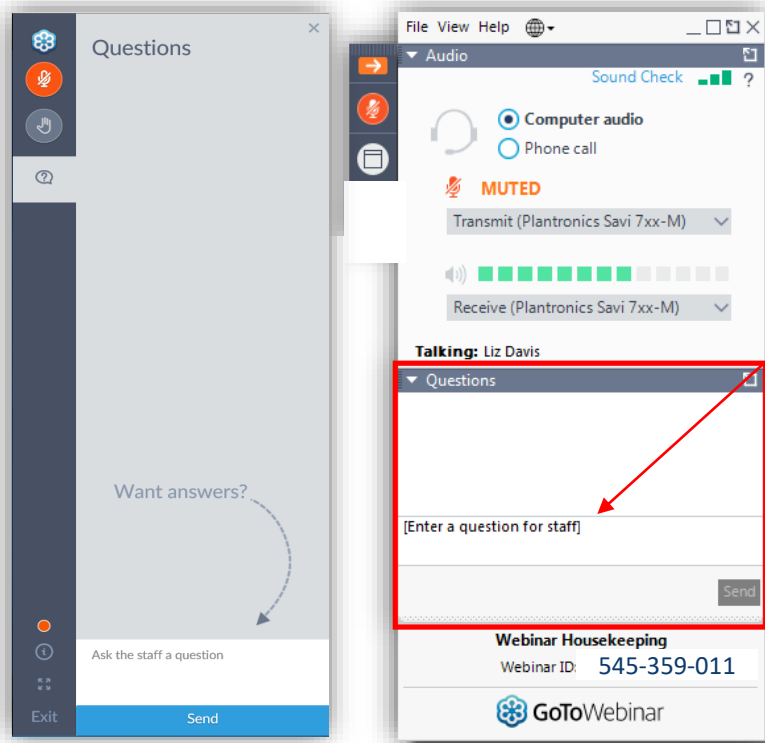
Test your system again

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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- Delay to go-live
-
- Near term milestones
-
- Replanning process including stakeholder engagement
-
- Other project updates
-
- Assurance program
-
- Q&A
-

Presenters and introductions

-
- Keith Purdie
-
- Tim Hogben
-
- Katie McDermott
-
- Greg Hanlon
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- Hamish Treleaven
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Project Update

Project update

Confirmation of delay to go-live

- ASX has confirmed that April 2023 for go-live is no longer viable
- This decision reflects:
 - delay to the remaining delivery of application software
 - time required for software providers and CHES users to complete testing and other readiness activities before April 2023
 - preserving the critical path for industry readiness activities
 - near term competing demands for stakeholders including technology and project resources
- Early stakeholder sentiment & feedback:
 - recognition of the complexity and size of the program
 - more time needed for stakeholders that were not on track to meet key milestone dates
 - disappointment with some having recently scaled-up project resourcing in preparation for CHES user readiness activities with a delay having an impact on costs
 - aligned to delivering CHES replacement safely rather than implementing on time with increased risk
- ASX is committed to providing:
 - the market with relevant and timely updates, including where revised dates are unknown
 - more certainty and clarity on the process and timing for a new plan, especially near term milestones

Project update

Near term milestones

Software providers readiness activities in ITE1

- v1.3 of software is on track to be deployed by ASX into ITE1 from 29 July '22
- v1.3 will allow software providers to test:
 - re-instated functions i.e. class mergers and change of controlling participant
 - known issues and defects
 - performance improvements
- A reset is planned for end of May to re-seed corporate action events; expecting additional resets every ~3 months to allow for environment data refreshes and releases for any further defects or issues
 - Further releases are highly likely and will ensure continued optimisation of the software and cater for outstanding defects, performance optimisation and internal supportability
- Accreditation strategy is moving to a two stage process to provide (i) a readiness checkpoint on software provider functional development to v1.3, and (ii) confidence for C&S facility users on progress to readiness activities
 - first stage will involve initial accreditation on v1.3 commencing from end of August '22 and needs to be completed by end of this year
 - second stage will involve a final accreditation closer to go live - this is to ensure all upgrades, issues and defects have not had any unintended consequences

Project update

Near term milestones

CHES user readiness activities in ITE2

- ITE2 is open for onboarding, allowing CHES users to test connectivity, security certificates and limited testing of transactions to validate full end to end connectivity to CHES
- ~50% of eligible organisations have already submitted an application form and now in various states of onboarding
- Software vendors will need to release software on v1.2 to allow for CHES user limited testing for onboarding
- CHES users should target to be onboarded by beginning of September '22*
- Once onboarding to ITE2 is complete, CHES users will wait until release of code, v1.3, is deployed into ITE2
- CHES user testing can commence on v1.3 from September '22
 - ASX recognises software providers may need longer than 4 weeks to test before deploying software on v1.3 into ITE2
- Testing of corporate action events will be available from the opening of ITE2; unlike ITE1 corporate action events will not need to be reseeded every ~3months, thereby avoiding the need for a refresh
- Resets will continue to be required for defect fixes/patch releases until such time upgrades are available for testing

*subject to stakeholder engagement

Project update

Next steps in ASX's replanning

- Further planning continues with our technology partner to deliver a revised integrated plan
 - Delivery and testing of the next software release, v1.3, including code fixes and change requests are in line with expectations
 - Planning for further software releases, including potential consequences to subsequent project milestones – a key dependency on providing a new go live date
- Management of multiple external test environments concurrently including, ITE1, ITE2, ITE-M, to-be Prod
- Planning and testing of ASX's integration activities
 - **Internal** integration with ASX operating environment
- There will be a process of engagement with the regulatory agencies on the replan including an independent external review of the replanning process and new project plan

Project Update

Next steps in stakeholder engagement

- ASX will seek input from CHES users and software providers for consideration as part of the replanning process for the program through June and July
- The proposed process and timing for engaging with stakeholders to determine a revised project timeline includes:
 1. Stakeholder working groups by cohort to be held w/c 20 and 27 June
 - A schedule setting out the proposed industry testing and operational readiness streams, including their duration, sequencing and potential questions for consideration will be provided to attendees to facilitate a discussion on the project plan and potential black-out periods in the calendar year
 - All software providers and CHES users will be provided the opportunity to attend a WG session and there will be a process for stakeholders to provide written feedback
 2. Implementation & Transition WG webinar in July/August
 - ASX will collate and communicate a summary of stakeholder feedback

Project Update

Next steps in confirming a new go-live date

- The timing for the completion of the replan, including a new go-live date is a function of:
 - Stakeholder engagement process to obtain input on the project plan
 - Assessment on all stakeholder feedback
 - Replanning the delivery of the final code drop
 - Replanning for ASX's internal delivery including systems integrations and testing
 - The time required for EY to complete its review of the replan
 - ASX's internal governance processes

Project Update

Other notable call outs

- CDE has now been successfully decommissioned
- Software providers are now testing in ITE1 supporting all CHESS user types and collectively have covered ~95% of available functionality in v1.2
- Failover testing in ITE1 commences from 24 May allowing software providers to test the resiliency of their interfaces and to support connectivity accreditation scenarios
- Clearing and settlement participants have remediated ~70% of all reported HIN exceptions as at the start of May
- Customer migration reports were published end April
- New documentation published on 18 May under [What's New](#)
- ASX's response to consultation feedback on operating rule amendments is on track to be published in June

CHES Replacement Assurance Program

Assurance Program Overview

- The assurance program has an important role to play in ensuring the CHES replacement project meets its objectives and it will provide important inputs into the governance of key project milestones
- ASX's CRO is the executive sponsor of the assurance program to provide appropriate independence
- The assurance program comprises reviews undertaken by external parties and others will be undertaken by internal ASX resources that are independent of the project. It covers topics such as Project Governance, Security, Performance, Scalability, Testing Strategy, Data Migration, Readiness and Incident scenario playbooks
- The results from the reviews will be provided to the project team, ASX's Executive Steering Group (ESG), the ASX CS Boards, and the regulatory agencies.
- EY is providing a further layer of assurance over the entirety of the project's assurance program under additional licence conditions. These EY Licence Condition Reviews (including the pre Go-Live review) will be publicly released. These reviews will provide stakeholders with transparency regarding the management of the findings of the other reviews undertaken by the project's assurance program
- Any actions arising from the reviews will be tracked by the assurance program work stream, with reporting to the ESG, and the Technology Committee (a new Sub-Committee of the ASX Board)

Assurance Program Design

Program purpose

- The assurance program has two key purposes:
 - Assist in ensuring the project meets its objective of the successful replacement of CHES with a system based on DLT that meets ASX's functional & non-functional requirements (secure, reliable, available, performant etc.)
 - Provide confidence to internal and external stakeholders relating to functional and non-functional aspects of the replacement system, and decision-making for key milestones (including, readiness for go-live)

Program design

- The assurance program has been designed taking a top-down approach with a focus on:
 - Important project milestones – ITE1, ITE2 and go-live: topics for independent review considered in the context of the objectives of the upcoming phase of the project and associated risks
 - Four key areas to ensure comprehensive review coverage of the project and change management
 - Project governance
 - Technical solution & design
 - Operational processes and controls
 - Industry readiness and implementation

Assurance Program Design

Program design

- Undertaking specific and focused reviews in the lead up to the three key project milestones – ITE1, ITE2 and go-live – means that the reviews will be effectively staggered over the remainder of the build and the readiness activities. The key benefits of this approach include:
 - It allows any improvements identified in reviews to be actioned as the project progresses
 - It supports decision-making associated with the key project milestones
- The assurance program broadly comprises of 3 types of external and internal independent reviews:
 - External independent review
 - Specialist external expertise embedded in specific workstreams involving continuous review and reporting at appropriate milestones and with a quality assurance layer to provide independence
 - Internal independent review by ASX Internal Audit
- There are about 40 independent reviews across a variety of topics and executed at key project milestones. A full list was published on 28 February '22 and is available on the CHES replacement webpage [here](#)

Q&A

Next steps

Key points from today's webinar:

- April 2023 is no longer a realistic date to go live
- Version 1.3 will be deployed in ITE1 end July '22. Accreditation will then commence end Aug '22 with a two stage strategy
- ITE2 opened for onboarding in April and should be completed by early September '22
- CHES user testing can commence from September '22
- CHES user working groups will be scheduled in June '22 to seek feedback on CHES user readiness testing streams
- Planning continuing with the remaining delivery of software which is a key dependency to providing a new go-live date

Next steps

Review and feedback:

- Webinar recording, slides and Q&A will be published on the CHESS Replacement webpage
- Provide feedback by contacting CHESSReplacement@asx.com.au – use “I&T webinar” as the subject heading
- Feedback welcome by COB Thursday, 6 June '22

Next I&T Working Group meeting:

- July/August 2022

Thank you.



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