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Sent by email to: chessreplacement@asx.com.au

RE Feedback CHES Replacement: Consultation Paper on Staged Implementation Approach and Implementation of Release 1 (Clearing Services)

Consultation Feedback

Stakeholder Engagement

- In regards to the first project attempt to replace CHES, industry had noted that often, consultation material relating to sub-working groups and special purpose requests from ASX was sent with insufficient time for the required pre-reading.
 - ❖ Our observation is that this situation has not been consistently addressed.
- Furthermore, in certain instances where these discussions were held via video, the supporting infrastructure was inadequate e.g. with poor audio quality which resulted in a poor consultation experience.
 - ❖ Our observation is that this situation has not been consistently addressed.

Staged Implementation

- ❖ From a project perspective it would make sense to separate it to reduce risk.
- ❖ We note that there may be some doubling up of effort but costs may go to the benefit of reduced risk.

Design, Scope and Schedule for Release 1 (Clearing)

- ❖ NSX is supportive of the move to using the industry standard FIX Protocol for the AMO messaging interface.
- ❖ The consultation paper states that the 096-01 Security Detail message is being replaced with an sFTP file and refers to 3.2.4 CHES AMO Alternate File Based Interface. This section describes the file to be used by AMOs when connectivity or other issues prevent the use of the FIX Protocol message-based format for transmitting trades and price registration.

What consideration has been made to using one of the FIX Protocol security definition messages for this purpose?

Interoperability

- Interoperability to extend into multiple clearing, settlement and subregister providers is a cornerstone feature to create a pathway for competition. Although this is excluded from the scope of Release 1, the



design aspects relating to interpretability needs to be wide-ranging and not subject to confirmation bias.

For example, we see the open access to records and sharing of data such as Holder Identification Numbers (HINs) as being a core feature of interoperability and extends into already supported concepts such as consumer data rights and data ownership.

As such, we welcome early consultation on the topic of interoperability.

Release 1 Industry Testing approach

- The parallel test phase places loads on AMOs for tests that could in the most be achieved by ASX. Other benefits could be achieved in other test phases without requiring AMOs to make changes to their production environment.

Release 1 Industry Testing Duration

- NSX needs to consult with its vendors on the final specification but expects the process to take 12 months from the publication of the final specification. The proposed build phase of 3 months could be challenging with vendor scheduling.

We note that the period given by for development of the feed on the ASX side is approximately 3 times the period given to AMOs to develop to the feed and request that this imbalance be redressed.

Release 1 Go Live Readiness

- NSX will require attestations from ASX Clear as a supplier under the Market Integrity Rules.

Yours faithfully,

NSX Management