

ASX CHESS Replacement

Implementation & Transition
Working Group

3 May 2024

ASX acknowledges the
Traditional Owners of
Country throughout Australia.
We pay our respects to
Elders past and present.

ARTWORK BY: LEE ANNE HALL, MY COUNTRY MY PEOPLE



01 – Housekeeping

Troubleshooting

- > Please mute yourself when not speaking
- > Please use the 'raise hand' feature on MS Teams if you would like to ask a question
- > Please introduce yourself when talking for the benefit of all members
- > Meeting is being recorded for the purposes of capturing decision and actions
- > Dial in details (audio only):
 - **+61 2 7208 4607**
 - Phone Conference ID: **921 316 897#**
- > Presentation materials were distributed before the meeting and will be published on the website

01 – Important Information

Competition Law Reminder

- > Committee members are reminded to have regard to their obligations under competition law. In particular, please note that the Competition and Consumer Act prohibits a corporation from engaging with one or more persons in a concerted practice that has the purpose, effect or likely effect of substantially lessening competition.

Agenda

01 – Welcome and housekeeping

02 – T+1 Whitepaper

03 – Release 2 Timeline and Industry Testing

04 – Consultation Paper 1 Update

05 – Forward Engagement and AOB

02 – T+1 Whitepaper

Important Information

- > On 23 April 2024, ASX published a whitepaper on considerations for accelerating cash equities settlement in Australia to T+1
- > Please note that **no decision** has been made regarding a move to T+1.
- > The T+1 Working Group and Whitepaper are a separate engagement forum and are focused on the strategic decisions around whether the Australian market should consider moving to T+1.
- > A Business Design Working Group scheduled for 2 May is aimed to understand from a practical perspective what would be required to implement it, if that were to be the case.

03 – Release 2 Timeline and Industry Testing

Key Objectives and Outputs

The purpose of this I&T Working Group is to commence discussions on the indicative timeline and Industry Test phases for CHES Replacement Release 2

Objectives

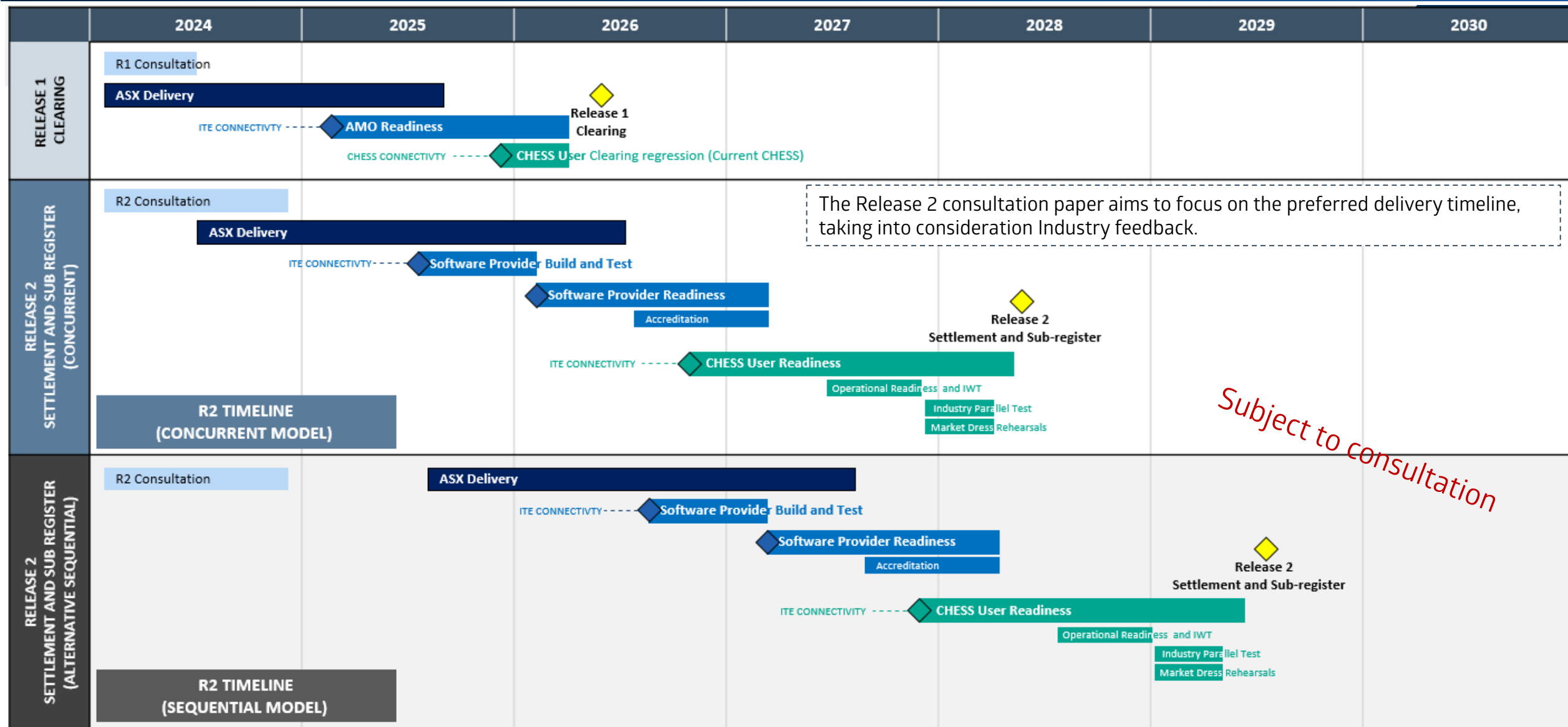
- Gather feedback on the proposed delivery timeline for Release 2 and potential overlap with Release 1.
- Gather feedback on the proposed Industry Test phases for Release 2 and clarify if additional activities need to be considered.

Outcomes

- Identify a preferred delivery timeline for Release 2 that takes into consideration Industry feedback. Note that the preferred delivery timeline will be subject to formal consultation.
- Identify additional Industry Test considerations for Release 2
- Inform future working groups in relation to the delivery timeline and industry test approach of Release 2.

03 – Indicative Release 2 Timeline as presented to the Nov 23 TC

Timelines below include both concurrent and sequential options. Note that the sequential timeline for release 2 decreases the amount of overlapping activities, but extends the proposed go-live date. The selected release 2 plan will be subject to market consultation and ongoing T+1 activities.



03 – Industry testing phases and approach

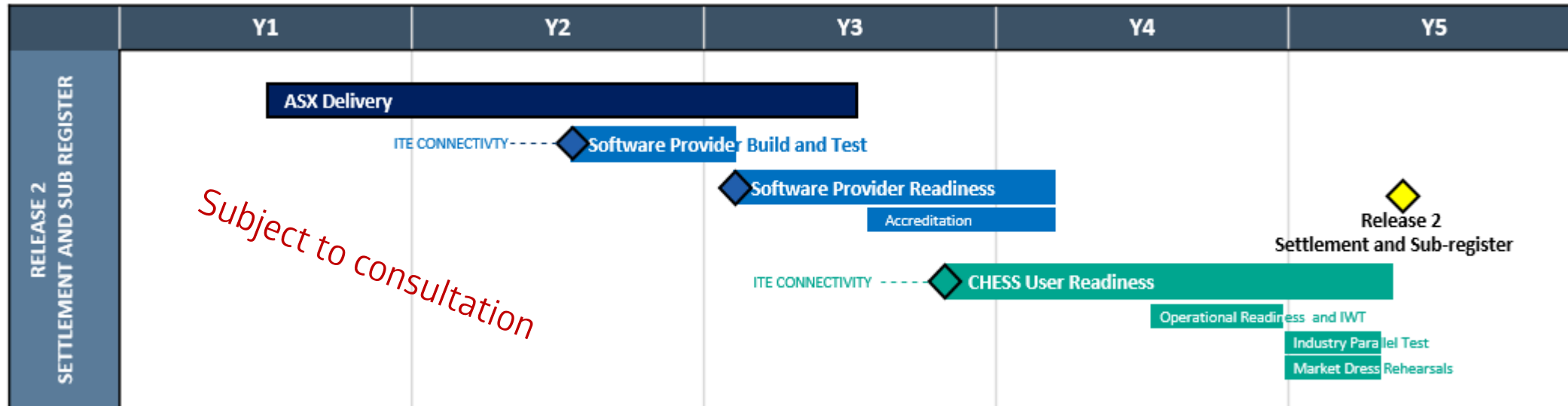
While we'll consult on the new system design, we recognize the industry's preference for using the existing ISO20022 messaging interfaces as a foundation. It is expected previous technical investments may be leveraged significantly.

Software Provider readiness includes

- Software Provider build & test
- Software Provider system testing, inflight migration testing and performance testing
- Accreditation

CHES User readiness includes

- CHES user testing, inflight migration testing and performance testing
- Operational readiness
- Industry-wide Testing
- Industry Parallel Test (limited processes)
- Market Dress Rehearsals



03 – Industry testing phases and approach

Industry Testing for Release 2

Software Providers refers to third party software vendors or those developing software in-house. To ensure the appropriate level of testing is conducted, the following Industry Test phases are planned.

Software Provider Readiness – ASX will provide an industry test environment comprising of the Release 2 target state code base. Software provider readiness includes a number of test phases.

- **System testing** will allow Software Providers to complete functional and non functional testing and provide the opportunity to conduct performance testing and simulated network outage testing. Software Provider build and test will allow early testing to commence while the final release candidate is delivered to support final testing and preparation for accreditation.
- **Inflight Migration Testing** demonstrates workflows starting in current CHES complete successfully in CHES Replacement.
- **Technical accreditation** is a mandatory requirement ensuring all systems connecting to ASX platforms conform to both functional and non-functional requirements of ASX.

03 – Industry testing phases and approach

Industry Testing for Release 2

CHESS users refers to clearing and settlement participants, approved market operators (AMOs), payment providers and share registries. To ensure the appropriate level of testing is conducted, the following Industry Test phases are planned.

CHESS User Readiness – ASX will provide an industry test environment comprising of the Release 2 target state code base. CHESS user readiness includes a number of test phases:

- **User Testing** allows CHESS users to internally test functionalities on newly delivered software from the software providers or developed in-house, including account management, transfers & conversions, batch settlement etc. This test phase will also provide the opportunity to conduct performance testing and simulated network outage testing.
- **Inflight Migration Testing** demonstrates workflows starting in current CHESS complete successfully in CHESS Replacement.
- **Operational Readiness** is a mandatory test phase providing ASX assurance that CHESS users are ready for go-live and that they are able to successfully operate their Business As Usual (BAU) functions using the CHESS Replacement system.
- **Industry-Wide Testing** provides an opportunity for CHESS users to participate in a simulated production-like working environment. ASX will facilitate a co-ordinated industry-wide test to provide CHESS users the ability to perform business related functions with other counterparties.

03 – Industry testing phases and approach

Industry Testing for Release 2

The following activities are planned to further mitigate risk to the Release 2 Go Live.

- **Industry Parallel Test**– de-risk the Release 2 Go Live by comparing limited business processes between current CHES and CHES Replacement. This provides the opportunity to
 - compare limited ISO feeds from the market with EIS feeds received by current CHES
 - validate new ISO messaging infrastructure is functioning correctly
 - monitor and gain experience with the live system ahead of the go live weekend
- **Market Dress Rehearsals**– will ensure all required activities to successfully cutover to the Release 2 target state can be completed within the required timeframe over a single weekend.

Planning for both of these activities are in progress and will be tabled at a future I&T WG.

04 – Consultation Paper 1 Update

Following response period closure

Feedback requested within Consultation Paper 1

- Staged implementation
- Design, scope, and schedule for Release 1 Clearing
- Release 1 Industry Testing approach
- Release 1 Industry Testing duration
- Release 1 Go Live Readiness

Next Steps

- Responses closed on April 24. ASX are in the process of collating and analysing responses.
- Responses will be factored into Release 1 design and implementation plan discussions to aid in the formation of ASX's response to consultation paper 1 feedback
- ASX's Release 1 Response will seek feedback at the **May 29 Advisory Group**.
- The planned release date for ASX's Consultation Response is **June**.

05 – Forward plan and AOB

CY2024 Schedule

TC Meeting	Date	Time
May meeting	Wednesday 8 May	2pm – 3.30pm
June meeting	Thursday 6 June	2pm – 3.30pm
July meeting	Wednesday 10 July	2pm – 3.30pm
August meeting	Wednesday 7 Aug	2pm – 3.30pm
September meeting	Wednesday 11 Sept	2pm – 3.30pm
October meeting	Wednesday 9 Oct	2pm – 3.30pm
November meeting	Wednesday 6 Nov	2pm – 3.30pm
December meeting	Thursday 5 Dec	2pm – 3.30pm

BC Meeting	Date	Time
June meeting	Wednesday 26 June	12pm – 2pm
September meeting	Wednesday 18 Sept	12pm – 2pm
December meeting	Wednesday 11 Dec	4pm – 6pm

Disclaimer

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Thank you.

