



SecuritEase International Limited
Level 6, 25 Victoria Street, Petone 5012

6 May 2024

ASX Limited
20 Bridge Street Sydney NSW 2000
PO Box H224 Australia Square NSW 1215

By email: CHESSReplacement@asx.com.au
Attention: Mr Steven Hannan

Dear Steven,

SecuritEase response to ASX's CHESS Replacement Partnership Program's - Development Incentive Pool Future Milestones Consultation Paper

SecuritEase appreciates the opportunity to respond to ASX's Consultation Paper on the timing and proportion of future development incentive pool payments.

Our response to this consultation paper is consistent with that of our letter to ASX dated 10 December 2023 setting out our response to ASX's bi-lateral 'soft soundings' referred to in this consultation paper.

Proposed Future Development Incentive Pool (DIP) Milestones and Payments

Front Loading Development Incentive Pool payments to mitigate schedule risks

1.0 SecuritEase expresses a strong preference for the 'front-loading' of DIP payments.

- 1.1. Front loading DIP payments would coincide with the period when expenses related to the CHESS Replacement project will surge.
- 1.2. Project and resource planning, analysis of requirements and specifications, creation of test plans and cases, are not only pre-requisites to 'cutting code' (the writing of software), but are also more resource intensive and expensive activities.

2.0 The alternative of 'back-ending' payments - conditional upon the equivalent of ITE entry and ASX Accreditation, carries uncontrollable risk, and associated expense, for parties outside ASX and its CHESS Replacement system development partners (TCS and Accenture).

- 2.1. '*CHESS Replacement v1.0*' experienced several significant delays of project milestones that impacted the entire industry, and the industry had no choice but to bare on-going delay expenses.
- 2.2. For instance, any deferral similar to that which transpired with *CHESS Replacement v1.0* could not only postpone the receipt of support payments but also escalate our resource-related expenditures and result in the opportunity costs associated with diverting our resources from creating profitable new products and services for the industry.

Suggestions for Development Incentive Pool Payment Milestones

3.0 An 80/20 DIP Split – SecuritEase’s preferred option

3.1. Should the decision be to divide the DIP into two payments, we propose an 80/20 split, as follows:

- a) An 80% DIP payment upon the release of technical specifications, marking the phase when the majority of software development costs for Release 1 – Clearing of the CHESS Replacement project commence.
- b) 2. A 20% DIP payment upon successful ASX Accreditation of our software.

4.0 An alternative 50 / 30 / 20 DIP Split

4.1. In the case of a three-payment structure, we propose a split of 50%, 30%, and 20%, accordingly:

- a) 50% payment upon the release of technical specifications.
- b) 30% payment at the midpoint between the technical specification release and ITE entry.
- c) 20% payment upon successful ASX Accreditation of our software.

SecuritEase remains committed to offering our full support to ASX in any capacity needed. Once again, we appreciate the opportunity to respond to ASX’s Consultation Paper and are confident that our insights will be of value.

Yours sincerely,

Cliff Richards

Cliff Richards
Managing Director
SecuritEase International Australia Pty Ltd.

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