

CHES Replacement Technical Committee Minutes

11 September 2024 Meeting

At the September meeting, the CHES Replacement Technical Committee Agenda and Actions were:

AGENDA AND KEY TOPICS DISCUSSED

- Welcome, open actions and feedback
- Project status
- Working Group updates
- Scope objectives update
- Release 1 – Industry Testing Approach - published
- Release 2 – Industry Testing Approach – proposed engagement plan
- Release 2 consultation update
- Forward engagement update

AGREED ACTIONS

There were no new actions raised at the September meeting.

Minutes from the meeting are attached.

Agenda

CHES Replacement Technical Committee

Date	11 September 2024	Time	2:00pm – 4:00pm
-------------	-------------------	-------------	-----------------

Location	Microsoft Teams Meeting
-----------------	-------------------------

1. Welcome, open actions and feedback

2. Project status

3. Working Group Updates

4. Scope Objectives Updates

5. Release 1 – Industry Testing Approach - published

6. Release 2 – Industry Testing Approach – proposed engagement plan

7. Release 2 Consultation Update

8. Forward Engagement Update

Action Items Raised in Meeting

Item number #	Action	Due date	Status	Owner
2024 July (1)	ASX to provide the proposed approach to technical & functional specification document delivery	11 September 2024	Open	ASX
2024 July (2)	ASX to provide guidance as to how R2 Implementation Risk Management and potential roll back options will be assessed and handled through the I&TWG and TC	11 September 2024	Open	ASX
2024 July (4)	ASX to provide an industry test approach when available	11 September 2024	Closed	ASX
2024 August (1)	ASX to clarify the ability to access CHES Replacement through an AWS end point	11 September 2024	Open	ASX

CHES Replacement Technical Committee Members

Company	Name	Job Title	Apologies
ASX	Tim Whiteley	Technical Committee Chair and CIO	
Independent Chair	Paul Rayson	Business Committee Chair	
Clearing and Settlement Participants			
ABN AMRO CLEARING	Matthew McMahon	Head of Operations	
AUSIEX	Ashish Jha	Director, Solution Delivery Management	
BANK OF AMERICA	Monika Arhns	Project Manager	
BNP PARIBAS	Wayne Murphy	Project Manager	
CITI	Lyall Herron	Program Manager	
CMC	Maral Istanbulian	Technical Business Analyst Team lead	
COMMSEC	*Mick Thompson	Trading Solution Architect	Ryan Jones – Crew Technical Lead
FINCLEAR SERVICES	Nikki Gleisner	Senior Business Analyst/Client Relationship Manager	
GOLDMAN SACHS			Simon Wyss – COO, Australia/ New Zealand Engineering
HSBC	Simon Siluk	Senior Product Manager	
INTERACTIVE BROKERS AUSTRALIA	Darren Halse	Managing Director	
J.P. MORGAN	Scott Oakland	Executive Director Product Management	
MACQUARIE GROUP	Paul Bragg	Operations Analyst	
MORGAN STANLEY SECURITIES	Rebecca Collins	Executive Director	
MORGAN STANLEY WEALTH	Andrew Sime	Executive Director	
MORGANS	Daniel Spokes	Director, Client Support Services	
NAB	Rodd Kingham	Head of Investment Service (WealthHub Securities)	
THIRD PARTY PLATFORM	Lee Muco	Chief Operating Officer	
UBS	Scott Hanlon	Head of Operations, Executive Director	
Third Party Software Vendors			
BROADRIDGE	Danielle Gerace	Head of Client Service Australia	
COMPUTERSHARE	Leanne Bailey	Senior Business Analyst	
FINCLEAR	Craig Gray	Head of Product, Clearing and Settlement	
FNZ	*Sue Schafer	Product Owner	Nick Clarke – Head of Product Management – Capital Markets
SECURITEASE	David Hinkley	General Manager	
AMOs			
ASX	Jimmy Halstead	Head of Trading Technology Markets, Technology	
CBOE	*John Williams	Director of Australia Equity Operations	Rylan Uherek, Vice President – Chief Operating Officer
NSX	Yemi Oluwi	Head of Market Operations and Technology	
SSX	Rajnish Tiwari	Head of Market Control & Exchange Technology	

Company	Name	Job Title	Apologies
SHARE REGISTRIES			
ADVANCE SHARE REGISTRY	Patrick Gan	IT Manager	
AUTOMIC GROUP	*Richard Kennedy	Senior Software Engineer	Marcelo Dantas – Chief Information Officer
BOARDROOM	Evelyn Cinco	Team Lead – BA/QA	
COMPUTERSHARE	Scott Hudson	General Manager – Market Liaison	
LINK MARKET SERVICES	Blanca Valle	Senior Technical Business Analyst, Corporate Markets	

* Delegate

Observers

Company	Name	Job Title	Apologies
AFMA	Damian Jeffree	Senior Director of Policy	
AIRA	Ian Matheson	Chief Executive Officer	
GIA	Simon Pordage	Brand Ambassador for Governance (Institute of Australia & Company Secretary for ANZ)	
SIAA	Judith Fox	Chief Executive Officer	
ASIC	Dodie Green Liang Chen Derek Scott	Senior Manager, Market Infrastructure Analyst, Market Infrastructure (Clearing & Settlement Facilities) Senior Specialist, Market Infrastructure Markets	
RBA	Kylie Stewart Elizabeth Kandelas	Senior Manager, Domestic and Payments, Financial Market Infrastructure Manager, Financial Market Infrastructure, Domestic and Payments	
AUSPAYNET			Luke Wilson, Chief Operating Officer

* Delegate

ASX Representatives

Name	Job Title	Apologies
Clive Triance	Group Executive, Securities and Payments (Project Sponsor)	
Andrew Jones	General Manager, Equities	
Triona Quinlan	General Manager, Technology Delivery	
Steven Hannan	Senior Manager, Stakeholder Engagement, Equities	
Chris Boyes	Senior Product Manager, Securities and Payments	
Jason Genford	Head of Technology Delivery	
Peter Jessup	Release 1 Product Owner (SI Business Lead)	
Russell Eyre	Enterprise Architect, Securities and Payments	
Priscilla Ferri de Barros	Manager, Messaging Expertise, Business Analysis & Delivery	

Name	Job Title	Apologies
Craig Springett	Accenture (SI)	
Mark A. Kaplan	Accenture (SI)	

* Delegate

AGENDA ITEM 1: Welcome, Actions and Feedback

The Chair welcomed members and delegates to the September meeting of the CHES Replacement Technical Committee (Committee).

The Chair reminded members of their obligations under Competition Law and encouraged active participation, noting the purpose of the Committee was for stakeholders to provide input and feedback.

The meeting attendance was recorded and is reflected in the tables provided.

The 7 August 2024 Committee minutes were approved and are now available on the CHES Replacement [website](#).

An overview of the agenda was provided before the Chair introduced the four open actions from the 08 August meeting:

Item Number	Action	Discussion
2024 July (1)	ASX to provide the proposed approach to technical & functional specification document delivery	ISO Specifications have been included in the Release 2 timeline and will be managed via the ISOWG commencing in October
2024 July (2)	ASX to provide guidance as to how R2 Implementation Risk Management and potential roll back options will be assessed and handled through the I&TWG and TC	ASX continues to provide guidance on R2 implementation risk management at the I&TWG and then updates to the Technical Committee
2024 July (4)	ASX to provide an industry test approach when available	Agreed to close. Industry test approach for Release 1 was published on 6 September 2024. ASX will continue to provide regular updates on the industry test approach from the August I&TWG onwards. Refer to agenda items 5 and 6.
2024 August (1)	ASX to follow up member query regarding ability for AWS hosted sites to connect into the AWS environment without needing to leave and re-enter	ASX continues to follow the query up with the member and will address this as part of the AMO WG

Member discussion

A member requested for action 2024 August (1) to remain open and continue to be addressed as part of the Technical Committee given the broader impacts. The Chair confirmed that work remains in progress and agreed that the action will remain open for the Technical Committee.

AGENDA ITEM 2: Project Status

The ASX Technology Delivery General Manager provided key updates on the project's delivery and risks, noting that:

- A technology enablement workstream has been included to track the key milestones that support the delivery of CHES replacement on the cloud. At this stage, these milestones include the:
 - Proof of technology interim and final reports
 - NFT, ITE and to-be prod environment provisioning
 - External assurance activities on the design effectiveness of cloud controls and the design of testing on the cloud
 - External assurance activities on the operating effectiveness of cloud controls and operational readiness to run CHES Replacement on the cloud.
- The indicative Release 1 timeline has been updated to include additional milestones on:
 - Build and test documentation release
 - Non-functional and major incident testing.
- The Proof of Technology (**PoT**) Cycle 4 testing has completed, successfully processing 15 million trades in 6 hours. This concludes PoT for clearing.
- KPMG has been appointed as the primary assurance provider. Onboarding activities have commenced with KPMG expecting to be onsite by September.
- With regard to Release 1:
 - The Project has deployed the Drop 1 code into the Product Acceptance Testing (**PAT**) environment where testing has commenced
 - Drop 2 build is continuing and will target the completion of the scope required to facilitate the commencement of the AMO build and test phase in Q1 2025.
- The Project has commenced Release 2 planning and is aiming to publish the plan in November 2024.
- With regard to the key risks of the project:
 - T+1 risk continues to be monitored through Consultation Paper for Release 2
 - The Project will continue to monitor and mitigate the risks associated with cloud deployment, including through control assurance activities
 - PoT has largely mitigated the risk of scalability of the solution from a clearing perspective. Testing will continue to progress from a settlement perspective
 - Industry engagement on the Consultation Paper for Release 2 is helping to address the risks which may emerge that lead to revisions in the business case timeline

- Delay in the delivery of the Data Platform. Whilst the data platform is not critical for the AMO build and test phase, it's required for Release 1. Currently awaiting the key milestones of the Data Platform Plan.

Member discussion

No member feedback recorded.

AGENDA ITEM 3: Working Group Updates

a) Implementation & Transition Working Group

The ASX Head of Technology Delivery, provided a summary of the 04 September I&T Working Group (I&TWG), highlighting the key topics discussed:

- The case study on Brazil's implementation of single cutover (**B3**) and how implementation risk was mitigated through parallel production
- The proposed Release 2 timeline, noting that ASX is still considering all industry feedback including the responses to Consultation Paper for Release 2.

The ASX Manager, Messaging Expertise provided an overview of the B3 case study, highlighting:

- Brazil's integration of its four clearing houses was executed in 3 releases, each implemented as a single cut-over requiring a period of industry testing, including parallel production. The scope and complexity of B3 extended beyond that of CHES replacement
- The industry testing approach for B3 enabled the market to test new functionality, perform operational readiness activities, and reproduce the specific critical processes in the test and to be production environment.
- A challenge of B3 was ensuring that the industry was ready to perform and complete parallel production. This was mitigated by the implementation of a taskforce to track industry readiness and provide support as required
- The processes, key objectives and key learnings of parallel production for B3.

Member discussion

A member sought information on whether there was a rollback plan for B3. The ASX Manager, Messaging Expertise confirmed that B3 had a rollback plan which could be followed in the event that a key milestone was not met prior to go-live.

Some members sought information on the processes for parallel production for Release 2. The ASX Head of Technology Delivery, confirmed that ASX had indicatively provisioned for four dress rehearsals and parallel testing cycles. Another member sought information on the duration of each parallel test cycle for B3. The ASX Manager, Messaging Expertise confirmed that parallel production for B3 was performed in consecutive two-week cycles unless an issue was identified.

Some members commented on the importance of understanding the scope and objectives of parallel production, and on what could be automated given the operational impacts. The ASX Head of Technology

Delivery advised that ASX will work with the industry to confirm the next level of details for parallel production.

A member agreed that tracking readiness was an effective tool utilised in another program of work and sought information on whether this could be applied to earlier phases of the CHES replacement project. The ASX Head of Technology Delivery advised that ASX is planning to implement a tracking mechanism when industry testing commences.

A member sought information on how the industry can respond to Consultation Paper for Release 2 given that details regarding parallel production have not been provided. The ASX General Manager, Equities, Securities and Payments advised that further details on industry testing approach will be provided in 2025, and to continue to use the Technical Committee and Working Groups to provide feedback.

b) AMO Working Group

The Chair provided the following key update from the 15 August AMO Working Group (AMOWG):

- Feedback was received on the proposed architecture set up. A proposed plan has been developed in response to the feedback and will be presented at the next AMO WG meeting.

Member discussion

No member feedback recorded.

c) Business Design Working Group

The ASX Senior Product Manager, Equities, Securities and Payments provided the following key updates from the 22 August Business Design Working Group (BDWG):

- Feedback was received on the different scenarios that needed to be considered for Cum Entitlement Balances. The next BDWG will be extended to continue these discussions and walkthrough the scenarios raised
- The business design document for corporate actions has been published for feedback
- The final documents that are planned to be published are in relation to electronic dividend claims and cum entitlement balance.

Member discussion

A member sought additional information on how the ASX was going address responses to cum entitlement balances in Consultation Paper for Release 2. The ASX Senior Product Manager, Equities, Securities and Payments noted that ASX is primarily seeking feedback on whether moving to a simplified solution for cum entitlement balances is the right approach and how that would impact the industry.

AGENDA ITEM 4: Scope and objectives backlog update

The ASX Senior Product Manager, Equities, Securities and Payments provided the following key updates:

- Details to support the CHES Replacement scope objectives have been provided through the Consultation Paper for Release 2 and linked to a business design document if available
- Considerations on holding adjustments, and ETF creation and redemptions have been incorporated into the prioritised backlog of CHES replacement
- Transfer of cum entitlement balances will be discussed at the September BDWG and bilateral matching will be discussed at the November BDWG
- Reviewing deferred settlement and proxy voting have been placed in the future backlog.

Member discussion

Some members sought information on when the scope objectives and functional specifications would be made available as the industry will need sufficient time to assess the information. The ASX Senior Product Manager, Equities, Securities and Payments noted that the business design documents capture industry design considerations and can be used as an input to create the functional specifications for CHES replacement. The indicative timing of these functional specifications will be based on the proposed Release 2 plan which is expected to be provided in November 2024. The ASX Head of Technology Delivery noted that industry feedback has been received on timing of specification milestones and that the Project is reviewing whether there's any opportunities to provide this earlier to industry.

A member sought information on whether the scope objectives will be submitted to the Business Committee. The ASX General Manager, Equities, Securities and Payments advised that these documents will be submitted to the Business Committee and prioritised based on the planned ISO drops.

AGENDA ITEM 5 and 6: Industry Test Approach for Release 1 and Release 2

The ASX Head of Technology Delivery provided updates on the following matters:

- The Release 1 industry test approach was published on 6 September
- Responses to the Consultation Paper for Release 2 will be used to build an engagement plan for Release 2 industry testing
- Industry parallel tests and rollback will continue to be discussed at the ITWG.

A member queried whether Clearing Participants had to perform mandatory testing. The ASX Head of Technology Delivery confirmed that Clearing Participants will be asked to regression test messages that are in scope for backwards compatibility.

A member sought additional information on the involvement for Clearing and Settlement Participants during the AMO parallel testing. The ASX Head of Technology Delivery confirmed that this section was optional for Participants and in response to feedback from those who were interested in seeing outcomes of the parallel test.

Some members queried the timing of the documentation releases that support the test cases. The ASX Head of Technology Delivery confirmed that feedback will be welcome on the potential timing of these documentation releases.

A member queried whether clearing participants will need to be accredited to perform mandatory testing. The ASX Head of Technology Delivery confirmed that the interface is not changing and that Clearing Participants will be asked to connect to the current CHES test environment to test scenarios for backwards-compatible messages.

AGENDA ITEM 7: Release 2 – Consultation Update

The ASX Senior Manager, Stakeholder Engagement provided an update on the Consultation Paper for Release 2, highlighting the key topics:

- Consultation Paper on Release 2 will be available for feedback until 13 September 2024
- If there are any challenges in providing feedback by the due date, members are encouraged to reach out to discuss any potential alternative solutions
- Consultation response capability was designed to accommodate industry feedback and is offered through the following methods:
 - Qualtrics online form (preferred for data traceability)
 - Downloadable spreadsheet
 - Freeform responses.

Member discussion

No member feedback recorded.

AGENDA ITEM 8: Forward Engagement Plan

The Chair provided a summary on the forward engagement plan highlighting the following:

- The next Business Committee is scheduled for 18 September 2024 with updates on CHES replacement, Consultation Paper for Release 2 and other agenda items
- The next Technical Committee is scheduled for 9 October 2024. The Pulse Survey responses for Q1 and Q2 2024 will be included as part of the meeting agenda.

Member discussion

No member feedback recorded.

AGENDA ITEM 9: Observer Feedback

The independent observer noted that the pre-read material was provided with sufficient time, evidenced by the robust discussions from a broad spectrum of participants during the meeting. The independent observer also noted some noise feedback from some dial-in participants during the meeting, however, this did not impact the informative session.

The meeting closed at 3:24 PM.

Signed as a correct record of the meeting.

A handwritten signature in black ink, appearing to read 'G. White', is written over a horizontal line.

Chair

9/10/2024

Date