CHESS Replacement Technical Committee Minutes

06 November 2024 Meeting

At the November meeting, the CHESS Replacement Technical Committee Agenda and Actions were:

AGENDA AND KEY TOPICS DISCUSSED

- Welcome, open actions and feedback
- Project status
- Indicative Revised Release 2 Drop Roadmap
- Working Group updates
- Scope objectives update
- Forward engagement update.

AGREED ACTIONS

There was one new action raised at the November meeting.

1. ASX to consider further industry engagement at the ESPPSC to discuss participant viewpoints on payment channels

Minutes from the meeting are attached.

Agenda
CHESS Replacement Technical Committee

Date	6 November 2024	**Time**	2:00pm – 4:00pm
Location	Microsoft Teams Meeting		

1. **Welcome, Open Actions & Feedback**

2. **Project status**

3. **Indicative Revised Release 2 Drop Roadmap**

4. **Working Group Updates**

5. **Scope and Objectives Updates**

6. **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	December 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	December 2024	Open	ASX
2024 August (1)	ASX to clarify the ability to access CHESS replacement through an AWS end point	June 2025	Open	ASX
2024 November (1)	ASX to consider further industry engagement at the ESPPSC to discuss participant viewpoints on payment channels		Open	ASX

CHESS Replacement Technical Committee Members

Company	Name	Job Title	Apologies
ASX	Tim Whiteley	CIO	
Independent Chair	Paul Rayson	Business Committee Chair (Independent)	
Clearing and Settlement Participants			
ABN AMRO CLEARING	Matthew McMahon	Head of Operations	
AUSIEX	Ashish Jha	Director	
BANK OF AMERICA	Monika Arhns	Project Manager	
BNP PARIBAS	Wayne Murphy	Project Manager	
CITI	Lyall Herron	Program Manager	
CMC	Andrew rogers	Director of Broking Business	
COMMSEC	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	Nick Clarke	Head of Product Management – Capital Markets	
SECURITEASE	David Hinkley	General Manager	
AMOs			
ASX	Donna Gale	Product Manager, Trading Services	Jimmy Halstead – Head of Trading Technology Markets, Technology
CBOE	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	
SHARE REGISTRIES			
ADVANCE SHARE REGISTRY	Patrick Gan	IT Manager	

Company	Name	Job Title	Apologies
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	*Michelle Huckel	Policy Manager	Judith Fox – Chief Executive Officer
ASIC	Dodie Green Liang Chen	Senior Manager, Market Infrastructure Analyst, Market Infrastructure (Clearing & Settlement Facilities)	
	Derek Scott	Senior Specialist, Market Infrastructure Markets	
RBA	Kylie Stewart	Senior Manager, Domestic Supervision and Resolution, Payments Policy Department	
	Elizabeth Kandelas	Manager, Domestic Supervision and Resolution, Payments Policy Department	
AUSPAYNET			Luke Wilson, Chief Operating Officer

* Delegate

ASX Representatives

Name	Job Title	Apologies
Clive Triance	Group Executive, Securities and Payments	
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	
Ashley D'Souza	Senior Manager, Equities	
Jason Genford	Head of Technology Delivery	
Niven Cattanach	Senior Manager, Customer Readiness Delivery Manager	
Peter Jessup	Release 1 Product Owner (SI Business Lead)	

Name	Job Title	Apologies
Russell Eyre	Enterprise Architect, Securities and Payments	
Craig Springett	Accenture (SI)	
Mark A. Kaplan	Accenture (SI)	

AGENDA ITEM 1: Welcome, Actions and Feedback

The Chair welcomed members and delegates to the November meeting of the CHESS 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 9 October 2024 Committee minutes were approved and are now available on the CHESS replacement website.

An overview of the agenda was provided before the Chair introduced the three open actions from the 9 October meeting:

Item Number	Action	Discussion
2024 July (1)	ASX to provide the proposed approach to technical & functional specification document delivery.	A revised plan will be provided as part of ASX's response to industry feedback for the Consultation Paper for Release 2
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.	Guidance on R2 implementation risk management and potential roll back options is planned to be provided in the 2025 forward engagement plan post ASX's response to the Consultation Paper for Release 2.
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 is assessing the technical and commercial components and will engage with the industry to validate the demand in 2025.

Member discussion

No member feedback recorded.

AGENDA ITEM 2: Project Status

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

- The Project is tracking amber due to the delays in testing and the delivery of the data platform:
  - System Integration Testing (**SIT**) for Drop 1 is progressing and is now targeting completion by mid-November 2024, two weeks behind schedule. To date, the Project has completed 75% of SIT.
  - TCS has delivered Drop 2 into the ASX environment where shakedown testing has commenced.

- Build of the data and reporting steel thread is planned to commence in early-November 2024.

- It is not anticipated that the delay in the Data Platform build will impact commencement of AMO Build and Test. However, the Data Platform build is a critical component for Release 1 go-live. The Project will reassess the impact of these delays once the CHESS replacement Data and Reporting Plan has been baselined.

- Five assurance reviews commenced in mid-September 2024. A further two assurance reviews were finalised in October 2024 with no risks or issues being reported.

- The Project team has commenced analysis on Release 2, primarily focussed on ISO20022 messaging.

- With regard to the key risks of the project:

  - The Project's schedule holds a dependency on the Cloud Foundations Program and this continues to be managed closely.

  - Risks and mitigants to the delays to testing and the delivery of the Data Platform were discussed earlier.

Member discussion

A member queried how the Data Platform build for CHESS replacement has been represented in the updated Release 1 Indicative Project Timeline. The ASX General Manager, Technology Delivery clarified that the Data Platform was originally planned in the Drop 3 build, however, has now been moved into the Drop 4 contingency build. The Chair advised that the Data Reporting build is not expected to utilise the full capacity of the Drop 4 contingency build.

A member queried if the delays in the Data Platform build are being treated as an issue rather than a risk. The ASX General Manager, Technology Delivery advised that the delays were initially treated as a risk, however, are now being treated as an issue as the risk has realised.

A member queried whether the purpose of the Drop 4 was to address defects found in Drops 1 to 3. The ASX General Manager, Technology Delivery advised that Drop 4 could be used to address defects found in earlier drops. The ASX General Manager, Technology Delivery further noted that the Project team intends to address high priority defects within the Drop wherever possible or push to the next drop rather than deferring to Drop 4.

A member queried whether the Project could provide additional information in relation to the failed testing. The ASX General Manager, Technology Delivery advised that additional information can be provided on the defects and severity associated with testing.

AGENDA ITEM 3: Indicative Revised Release 2 Drop Roadmap

The ASX Senior Product Manager, Equities, Securities and Payments provided a high-level overview on the indicative Revised Release 2 Drop Roadmap outlining the featured scope of each of the drops and the users involved.

Member discussion

A member sought additional information on whether holding related reports planned for Drop 1 will be made available to participants if they can perform transfers on holdings. The ASX Senior Product Manager, Equities, Securities and Payments advised that the current indicative plan is for holding balance reports to be made available for registries and participants.

Some members outlined their preference for corporate actions functionality to be brought forward from Drop 5 to an earlier drop. The ASX General Manager, Equities, Securities and Payments advised that bringing corporate actions functionality forward can be investigated after an industry position was finalised in 2025.

A member queried whether the Drop 1 functionality was optional and was not going to be mandated. The ASX Senior Product Manager, Equities, Securities and Payments clarified that Drop 1 functionality was optional.

A member sought additional information on the timing of the proposed rule changes and how it will be coordinated. The ASX General Manager, Equities, Securities and Payments advised that the rule changes will be performed in one batch rather than drop by drop and that this would be coordinated in 2025.

AGENDA ITEM 4: Working Group Updates

a) Implementation & Transition Working Group

The ASX Senior Manager, Customer Readiness Delivery Manager provided indicative insights on the response themes to the Consultation Paper for Release 2 and the areas that require further engagement. It was noted that these areas will form the basis for discussions at the 28 November Implementation & Transition Working Group meeting.

Member discussion

No member feedback recorded.

b) ISO Design Working Group

The ASX Senior Manager, Equity Post Trade provided the following key updates from the 29 October ISO Design Working Group (ISOWG) meeting:

- The Project outlined the high-level process to turn business design documents into ISO schema and guidelines, introduced MyStandards and ISO messages and the proposed meeting dates for 2025.

- Feedback was requested from ISOWG members by 19 November 2024 on:

  o if there were objections to the proposed approach on updating the version of all messages to version 01

  o reviewing draft ISO Envelope (which is attached to the Business Application Header within MyStandards)

  o reviewing draft Business Application Header (head.001.001.04) in MyStandards, giving consideration to:

    ▪ ASX's proposal to only accept UIC for CHESS replacement, however retaining BIC within the message schema to support future interoperability requirements.

- The next ISO working group will be held on 10 December and will cover some of the Drop 1 functionality.

Member discussion

Some members provided use cases for BIC's and queried whether further consideration was required on whether they should be retained for CHESS replacement. The ASX Senior Manager, Equity Post Trade acknowledged that industry feedback on the use of BIC's for CHESS replacement had been received and that this will be addressed as part of the ISOWG and Technical Committee if required.

c) AMO Working Group

No update provided as the next AMO Working Group was scheduled for 14 November 2024.

d) Business Design Working Group

The ASX Senior Product Manager, Equities, Securities and Payments provided the following key updates from the 17 September Business Design Working Group (BDWG):

- The business design document for cum entitlement balance and market claims has been published for feedback.

- Revisions to published business design documents in response to industry feedback are expected to be completed by November 2024.

- The 23 October BDWG discussed challenges to the current ETF creation and redemption process in CHESS, the potential solutions and next steps.

Member discussion

No member feedback recorded.

AGENDA ITEM 5: Scope and Objectives Backlog Update

The ASX Senior Product Manager, Equities, Securities and Payments provided an update on the proposed next steps of the CHESS replacement Scope Objectives, subject to ASX's governance processes. It was noted that:

- The CHESS replacement Scope Objectives are proposed to progress to develop detailed design and specifications with industry via BDWGs, ISO WG & I&TWGs.

- Some aspects of the scope items may require further engagement before proceeding to detailed design. These topics are planned to be taken forward via the Technical Committee and Business Committee in December 2024 and onwards into 2025.

- The Project plans to engage the Business Committee on the proposed next steps at the 11 December Business Committee meeting. Technical Committee members were requested to align viewpoints internally with their Business Committee representatives.

Member discussion

Some members queried whether further discussions could be held on the proposed reduced scope of payment advice notifications. The ASX Senior Product Manager, Equities, Securities and Payments advised that discussions can be held and the proposed next steps were an early indicative view.

Some members commented that it would be beneficial to have participant representation at the ESPPSC to provide viewpoints on payment channel standing instructions. The ASX Senior Product Manager, Equities, Securities and Payments acknowledged the comments and captured it as an action for ASX to investigate further industry engagement at the ESPPSC.

AGENDA ITEM 6: Forward Engagement Plan

The ASX Senior Manager, Stakeholder Engagement provided a summary on the forward engagement plan, highlighting the following:

- The next Business Committee is scheduled for 11 December 2024.

- The next Technical Committee is scheduled for 3 December 2024 to provide updates to the 2025 forward engagement plan and Release 2 consultation.

Member discussion

No member feedback recorded.

AGENDA ITEM 8: Observer Feedback

The independent meeting observer noted that the meeting was high-quality.

It was noted that the meeting ran to time and that there were no technical issues for meeting attendees.

The independent meeting observer further noted that the agenda items were well presented, particularly project status, risks and roadmap. The Working Group summaries were succinct and there was excellent industry engagement throughout the meeting.

The meeting closed at 3:06PM.

Signed as a correct record of the meeting.

_____   _____3/12/2024_____

Chair   Date