

CHES Replacement Technical Committee Minutes

7 August 2024 Meeting

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

AGENDA AND KEY TOPICS DISCUSSED

- Welcome, open actions and feedback
- Project status
- Assurance Plan
- Risk discussion on Release 2 implementation
- Working Group updates
- Scope objectives update
- Release 2 consultation update
- Forward engagement update

AGREED ACTIONS

There was one new action raised at the August meeting.

1. ASX to clarify the ability to access CHES Replacement through an AWS end point without leaving the AWS environment to reconnect

Minutes from the meeting are attached.

Agenda

CHES Replacement Technical Committee

Date	7 August 2024	Time	2:00pm – 4:00pm
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Location	Microsoft Teams Meeting
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1. Welcome, open actions and feedback

2. Project Status

3. Assurance Plan

4. Release 2 Implementation – Risk Discussion

5. Working Group Updates

6. Scope Objectives Update

7. Release 2 Consultation Update

8. Forward Engagement Update

9. Observer Feedback

Action Items Raised in Meeting

Item number #	Action	Due date	Status	Owner
2024 June (1)	ASX to revert to the Technical Committee with the Assurance activity schedule, once it is available	7 August 2024	Closed	ASX
2024 July (1)	ASX to provide the proposed approach to technical & functional specification document delivery	7 August 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	7 August 2024	Open	ASX
2024 July (3)	Members to revert with any initial feedback on Cum Entitlement Approach presented in July Committee Meeting	7 August 2024	Closed	Members
2024 July (4)	ASX to provide an industry test approach when available	7 August 2024	Open	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 MERRILL LYNCH	Monika Arhns	Project Manager	
BNP PARIBAS	Wayne Murphy	Project Manager	
CITI	Lyall Herron	Program Manager	
CMC	Maral Istanbulian	Technical Business Analyst Team lead	
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 FINANCIAL	Daniel Spokes	Director, Client Support Services	
NAB	Rodd Kingham	Head of Investment Service (WealthHub Securities)	
THIRD PARTY PLATFORM	Lee Muco	Chief Operating Officer	
UBS	*Andrew Lockhart	Executive Director, Investment Bank Operations	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	Jimmy Halstead	Head of Trading Technology Markets, Technology	
CBOE	*Joseph Metcalf	Head of Software Engineering APAC	Rylan Uherek – Vice President – Chief Operating Officer
NSX	Yemi Oluwi	Head of Market Operations and Technology	

Company	Name	Job Title	Apologies
SSX	Rajnish Tiwari	Head of Market Control & Exchange Technology	
SHARE REGISTRIES			
ADVANCED SHARE REGISTRY	Patrick Gan	IT Manager	
AUTOMIC GROUP	*Richard Kennedy	Senior Software Engineer	Marcelo Dantas – Chief Information Officer
BOARDROOM	Michael Mullins	Chief Information Officer	
COMPUTERSHARE	*Cate Gilbert	Technical Specialist – Special Project Support	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 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, Securities and Payments	
Triona Quinlan	General Manager, Technology Delivery	
Russell Eyre	Enterprise Architect, Technology Delivery	
Chris Boyes	Senior Product Manager, Equities, Securities and Payments	
Jason Genford	Head of Technology Delivery, Technology Delivery	

Name	Job Title	Apologies
Peter Jessup	Release 1 Product Owner (SI Business Lead)	
Michelle Dal Pozzo	Senior Program Manager, Assurance	
*Ricky Budd	Manager, Equities, Securities and Payments	Steven Hannan – Senior Manager, Stakeholder Engagement, Equities
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 August 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 10 July 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 five open actions from the 10 July meeting:

Item Number	Action	Discussion
2024 June (1)	ASX to revert to the Committee with the assurance activity schedule when it is available	Action addressed and closed through the presentation of Assurance Plan in agenda item 3.
2024 July (1)	ASX to provide the proposed approach to technical & functional specification document delivery	An update on the proposed approach to technical & functional specification document delivery was provided as part of ISO Working Group discussions in agenda item 5. Updates will continue as additional detail becomes available.
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	An initial overview of the Release 2 implementation risk management and potential roll back options was provided in agenda item 4.
2024 July (3)	Members to revert with any initial feedback on Cum Entitlement Approach presented in July Committee Meeting	Action closed due to limited member feedback. Any ongoing feedback on Cum Entitled Approach will be received in the Business Design Working Group.
2024 July (4)	ASX to provide an industry test approach when available	Updates on the industry test approach will be provided in the Implementation & Transition Working Group from August onwards.

AGENDA ITEM 2: Project Status

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

- Activities related to the Consultation Paper on Staged Implementation of Release 1 are now complete
- The Consultation on the Scope and Implementation of CHES replacement Release 2 (**Consultation Paper for Release 2**) is now published for review

- The Proof of Technology Cycle 3 testing has successfully processed four million trades in 60 minutes and has now progressed to testing 15 million trades.
- TCS will generate an interim report outlining all tests performed and whether any changes are required to support scalability
- With regard to Release 1:
 - Drop 1 build is in progress to deliver the FIX Gateway connectivity into the TCS BaNCS™ platform – build of the FIX Gateway is complete and product acceptance testing will be conducted
 - Drop 2 detailed analysis and build is underway
- Planning for Release 2 is still underway with industry input being incorporated through Working Group discussions.
- With regard to the key risks on the project:
 - Risk of overlap between Release 1 and Release 2 has been addressed and is subsequently closed
 - T+1 risk is intended to be addressed in the Consultation Paper for Release 2
 - Risk of scalability of the Amazon Web Technology (**AWS**) technology stack is likely to be mitigated by performing Proof of Technology cycles
 - Impacts from revised timelines are being addressed through industry engagement and through the responses received as part of the Consultation Paper for Release 2
 - Discussions continue to be held between the Board and the Regulator on cloud deployment

Member Discussion

A member sought information on whether it's possible to access CHES Replacement through an AWS end point without leaving the AWS environment to reconnect. The Chair acknowledged the question noting that participants will still require to come through all gateways and noted an action to address the question further in bilateral meetings and the AMO Working Group.

AGENDA ITEM 3: Assurance Plan

The ASX Assurance Senior Program Manager provided an overview of the CHES replacement assurance plan, the scope of which covers Release 1 (Clearing) activities to go live and key Release 2 (Settlement and Sub-Register) activities to the end of CY2024.

A risk-based approach was used to develop the Assurance Plan. The design process considered macro-level anchor milestones, industry practices and assurance frameworks, historical project findings, project identified risks, and the detailed plans of the project.

The reviews will be conducted by a mix of independent internal and external assurance parties. The primary assurance provider will cover a wide range of topics and maintain continuity of oversight.

An independent assessment of the assurance plan was completed by EY in June 2024 with the report made public on the CHES replacement website in July. The assessment concluded that the assurance plan was fit for purpose and appropriate for the project's size and complexity.

Timings and assignment of assurance providers against reviews are currently indicative and based on the current project schedule. Adjustments may occur as the project schedule evolves and based on the outcomes of the RFP process for external providers.

Member discussion

A member sought information on whether the assurance provider will engage with stakeholders directly involved with the project. The ASX Assurance Senior Program Manager confirmed that there will be interviews with industry stakeholders. The engagement will depend on the review topic and nature of the review.

AGENDA ITEM 4: Release 2 Implementation – Risk Discussion

The ASX Head of Technology Delivery and SI Business Lead provided an overview of the key risks, mitigants and industry testing approaches for Release 2 implementation:

- In relation to Release 2 implementation risks and mitigants:
 - Various staging options for Release 2 were discussed, however, no single option was identified to reduce overall risk when compared to a single release. An enhanced assessment of benefits and risks will continue to be conducted to provide further input to the initial assessment
 - Industry discussions have been held to align on the key risks causing concern to frame future discussions on risk mitigants and implementation strategies
 - Interest was sought from the Industry in being provided with access to migrated accounts as an early risk mitigation activity
 - Other specific risks discussed included industry readiness, functional issues, connectivity, migration, and performance issues. Mitigation strategies such as open and transparent readiness tracking, contingency planning, and extensive industry testing were highlighted.
- In relation to industry testing approaches and requirements:
 - The importance of industry wide and parallel testing at mitigating functional issues, and what it means for the testing environment to run alongside the production environment
 - The need for an effective support model post-go-live to quickly identify and resolve issues as part of go-live readiness
 - Detailed mapping of test phases to risk categories and proposed durations for each phase were presented

The ASX Head of Technology Delivery and SI Business Lead noted that the ASX will continue to explore industry testing and underlying case studies, contingency planning scenarios and a decision framework, and industry testing tools to support testing.

Member Discussion

A member noted the importance of industry parallel testing for the success of single cutovers, and on industry consultation to identify the requirements and successful exit criterion.

Another member sought information on the expectations for parallel testing e.g. dual environments. The ASX Head of Technology Delivery and SI Business Lead confirmed that further discussion is required and that there will be a case study presented in the next I&T Working Group given that parallel testing is a key risk mitigant.

Another member sought clarification on whether the testing program will be tailored to the different requirements for specific CHES users. The Chair confirmed the parallel test will be designed in conjunction with all participants, noting this will require a block of effort to support.

AGENDA ITEM 5: Release 2 Working Group Updates

a) Implementation & Transition Working Group

The ASX Head of Technology Delivery, SI Business Lead and Release 1 Product Owner provided a summary of the 6 August I&T Working Group (I&TWG), highlighting the key topics discussed:

- Options for Deferred Settlement Trading was previously discussed, noting feedback has been requested from Vendors and Clearing Participants in the coming month to move forward with a decision
- Detail on how ASX expects documentation release to operate into the Release 2 timeline
- The ISO Working Group has been incorporated into the Release 2 timeline to ensure the ISO specifications form part of each drop:
 - Once the ISO specifications have been finalised, they will be updated in 'My Standards' for both internal and external build teams to access
 - Functional specifications will be confirmed and worked on during the build phase, noting the aim to minimise constant changes in specifications based on feedback from the last project
 - Clarity on the delivery of reports for each functional drop and rules on the consultation process will be reflected in the timeline at a future date to help address industry feedback

The ASX General Manager, Equities, Securities and Payments requested nominations from the group for the upcoming ISO Working Groups.

Member Discussion

A member sought information on when ASX can deliver publication of specifications to manage expectations, specifically for the first drop of functional specifications. The ASX Head of Technology Delivery and SI Business Lead confirmed it would be three months prior to each drop, noting ISO specifications will be provided much earlier.

Another member sought information on the process to address issues with design once documentation has been completed. The ASX Head of Technology Delivery and SI Business Lead confirmed there will be time to address those issues through the ISO Working Group.

Another member sought information on whether the ISO Working Group will include a comparison of the messaging that TCS BaNCS™ product provides versus what was agreed upon in the first iteration of CHES Replacement. The ASX Head of Technology Delivery and SI Business Lead noted that as an agenda item for the ISO Working Group.

A member sought clarification on when ASX requires the nominations for the ISO Working Groups. The ASX General Manager, Equities, Securities and Payments confirmed in the next month.

Another member noted the global nature of development teams may be offshore and sought clarification on the scheduling of hours for the ISO Working Group. The ASX General Manager, Equities, Securities and Payments noted for specific topics and nominated specialists, time zones will be taken into consideration when scheduling.

b) AMO Working Group

No update provided as next AMO Working Group is scheduled for the 15 August 2024

c) Business Design Working Group

The ASX Senior Product Manager, Equities, Securities and Payments provided a summary of the 11 July 2024 Business Design Working Group (BDWG), highlighting the key topics discussed:

- Elections for corporate actions with a choice and electronic payment notices and the out of the box solutions available from the TCS BaNCS™ product
- The alignment of industry feedback on business design with global standards
- The Business Design Document is currently underway and will be distributed for feedback
- The proposal to simplify the design complexity of the Cum Entitlement Balance is currently underway

Member discussion

No member feedback recorded.

AGENDA ITEM 6: Scope Objectives Updates

Topic was discussed in conjunction with Working Group Updates.

Member discussion

No member feedback recorded.

AGENDA ITEM 7: Release 2 – Consultation Update

The ASX General Manager, Equities, Securities and Payments provided a summary on the Consultation Paper for Release 2, highlighting the key topics:

- Consultation Paper for Release 2 and industry feedback on T+1 was published on 2 August 2024
- Consultation response capability was designed to accommodate to industry feedback and is through the following methods:

- Qualtrics online form (preferred for data traceability)
- Downloadable spreadsheet
- Freeform responses
- It was very likely for the go-live date to be 2029 to reduce overlap and prioritise Release 1. The timeframe for go-live in 2029 was broad to ensure industry readiness, however, feedback on timeframes via the consultation process is welcomed
- The key issues:
 - Go-live date
 - Interoperability: Technical foundations to be built and tested prior to go-live
 - Account segregation: Optional model to be built into the system.

The ASX General Manager, Equities, Securities and Payments provided a summary on the proposed approach to transition to T+1 Settlement:

- Option 1: Immediate build – was not recommended due to lack of industry appetite and clarity on the benefits able to be realised
- Option 2: Between Release 1 and Release 2 – was viable but would delay the project by 18-24 months
- Option 3: Go live with Release 2 – was not recommended due to lack of preference from the industry
- Option 4: After CHES replacement - was the recommended option targeting earliest implementation by 2030 to enable sufficient industry capacity and reduce the risk of potential delays to Release 2.

The ASX General Manager, Equities, Securities and Payments noted that industry feedback via a response to the Consultation Paper for Release 2 was encouraged. The ASX General Manager, Equities, Securities and Payments acknowledged a tight six-week response timeframe and noted that response extensions can be requested if required.

Member discussion

No member feedback recorded.

AGENDA ITEM 8: Forward Engagement Plan

The ASX General Manager, Equities, Securities and Payments provided a summary on the forward engagement plan highlighting the following:

- The next Technical Committee is scheduled for 11 September 2024
- The next Business Committee is scheduled for 18 September 2024 with the agenda to be circulated shortly
- The ISO Working Group is expected to commence in October, pending nominations
- The next Business Design Working Group will be based on cum entitlement balance, scheduled for 22 August with the pre-reading recommended for the Consultation Paper for Release 2.

AGENDA ITEM 9: Observer Feedback

The independent meeting observer noted that the pre-read information was provided with sufficient time to enable review from members and allow for robust discussion in the forum. The independent meeting observer highlighted that the Working Group updates were beneficial to the forum and provided in a timely manner for members to incorporate into the discussion.

The meeting closed at 3:11 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

11/09/2024

Date