CHESS Replacement Technical Committee Minutes

09 October 2024 Meeting

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

AGENDA AND KEY TOPICS DISCUSSED

- Welcome, open actions and feedback
- Project status
- Release 2 consultation update
- Working Group updates
- Scope objectives update
- H1 2024 Pulse Survey Results
- Forward engagement update

AGREED ACTIONS

There were no new actions raised at the October meeting.

Minutes from the meeting are attached.

Agenda
CHESS Replacement Technical Committee

Date	9 October 2024	**Time**	2:00pm – 4:00pm
Location	Microsoft Teams Meeting		

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

2. **Project status**

3. **Release 2 – Consultation Update**

4. **Working Group Updates**

5. **Scope and Objectives Updates**

6. **Pulse Survey Results**

7. **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	November 2024	Open	ASX

CHESS Replacement Technical Committee Members

Company	Name	Job Title	Apologies
ASX			Tim Whiteley – CIO
Independent Chair	Paul Rayson	Business Committee Chair	
Clearing and Settlement Participants			
ABN AMRO CLEARING	*David West	APAC COO	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	Maral Istanbulian	Technical Business Analyst Team lead	
COMMSEC	*Neelesh Kumar	Senior 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			Nick Clarke – Head of Product Management – Capital Markets
SECURITEASE	David Hinkley	General Manager	
AMOs			
ASX	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	
Nikola Vanstan	Manager, CHESS User Relationships	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	

Name	Job Title	Apologies
Peter Jessup	Release 1 Product Owner (SI Business Lead)	
Russell Eyre	Enterprise Architect, Securities and Payments	
Craig Springett	Accenture (SI)	
Mark A. Kaplan	Accenture (SI)	

* Delegate

AGENDA ITEM 1: Welcome, Actions and Feedback

The ASX General Manager, Technology Delivery welcomed members and delegates to the October meeting of the CHESS Replacement Technical Committee (**Committee**).

The ASX General Manager, Technology Delivery noted that the Chair was an apology for the meeting.

The ASX General Manager, Technology Delivery 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 11 September 2024 Committee minutes were approved and are now available on the CHESS Replacement website.

An overview of the agenda was provided before the ASX General Manager, Technology Delivery introduced the three open actions from the 11 September meeting:

Item Number	Action	Discussion
2024 July (1)	ASX to provide the proposed approach to technical & functional specification document delivery.	Updates to the proposed approach are planned to be provided as part of the response to 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 by December 2024.
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 investigate the viability of this action internally and externally. Updates will continue to be provided to the Technical Committee.

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 product acceptance testing (**PAT**) and the Data Platform build:

  - PAT was completed behind schedule which has resulted in subsequent testing activities initiating later than planned. To mitigate the impact of the delays, additional test resources

have been deployed, key TCS resources are now onsite and work is in progress to streamline the code deployment process

- o The Data Platform build for CHESS replacement was delayed due to the enterprise decision to move Data Platforms. The Data Platform is not expected to impact the commencement of AMO build and test, however, is critical for Release 1 go-live. The Project is currently replanning against the updated Data Platform delivery plan to prioritise reporting and internal system integrations essential to Release 1 go-live

- The interim Proof of Technology (**PoT**) report has been received with no material issues being identified. PoT will continue for settlement and some failure scenarios

- KPMG has been onboarded and commenced assurance activities

- Drop 3 analysis with the TCS BaNCS MI requirements have been completed

- With regard to the key risks of the project:

  - o The risks of the scalability of the solution on the AWS technology stack will be closed. PoT has been completed from a clearing perspective and the interim report received

  - o The risk of impacts on the revised business case timeline due to Consultation Paper for Release 2 will be closed. The Project has received all submissions and an update will be provided in agenda item 3

  - o Risks and mitigants to the delays in the delivery of the Data Platform and PAT were discussed earlier.

Member discussion

A member queried whether the Drop 1 testing delays will impact Drop 2. The ASX General Manager, Technology Delivery advised that the delays have not impacted the scope of Drop 2, however, may impact testing as resources have been diverted to support Drop 1. The mitigants outlined earlier are likely to reduce the impact of these delays.

A member queried whether the revised Data Platform build will impact PoT testing. The ASX General Manager, Technology Delivery clarified that the revised data platform build will not impact PoT as the technology change does not impact the TCS BaNCS solution rather the data and reporting solution which is separate.

AGENDA ITEM 3: Release 2 – Consultation Update

The ASX General Manager, Equities, Securities and Payments provided indicative insights into the submissions from the Consultation Paper for Release 2, highlighting the key topics:

- 37 submissions have been received which broadly covers a cross section of the industry

- Broad in-principle support has been received for T+1 settlement, interoperability, single release, settlement scope and ISO 20022 messaging

- A key theme identified for day 1 functionality was for the Project to consider deferring business processes that were different, changed or increased risk from the day 1 functional go-live processes to minimise the risks of a single release. This is currently being investigated

- The importance of the documentation and processes that support industry testing, including transparency across the 12-to-18-month period when industry testing is being performed

- The challenges in identifying an appropriate go-live month

- Further industry engagement will be required on corporate actions in 2025 to determine the final position due to the complexities of the new functionality requirements, and the varying cost and benefit impacts to industry cohorts.

Member discussion

A member sought additional information on how ASX will consider deferring business processes from day 1 functionality. The ASX Senior Product Manager, Equities, Securities and Payments advised that ASX is investigating building to the new functionality scope as part of the build and test phases but that the scope may be operationalised after go-live.

The member responded that there may be an additional level of testing required from a test scenario perspective should industry go live with dormant code. The ASX General Manager, Equities, Securities and Payments agreed that there may be a trade-off, however, this proposed approach balances the industry feedback received from the Consultation Paper for Release 2.

Some members commented on the critical need to delineate what should be mandatory versus optional for day 1 functionality. The ASX General Manager, Equities, Securities and Payments advised that Working Groups are planned to be held in 2025 to facilitate discussion between industry to identify what is optional versus mandatory.

AGENDA ITEM 4: Working Group Updates

a) ISO Design Working Group

The ASX Senior Manager, Equity Post Trade provided an overview of the upcoming ISO Design Working Group (ISOWG):

- The ISOWG has been incorporated into the Release 2 timeline to ensure the ISO specifications form part of each drop. The initial kick-off meeting is planned to be held on 29 October and on a monthly cadence thereafter

- Members are requested to nominate two representatives that have a technical understanding of ISO messages to participate in the ISOWG

- The My Standards portal will be used to seek feedback for the ISO messages.

Member discussion

A member sought clarification on the scheduling of hours for the ISOWG meetings given key representatives may be offshore. The ASX General Manager, Equities, Securities and Payments advised that the kick-off meeting will be held at 1pm Sydney time, however, ASX will work with the nominees on the timing of future meetings.

b) Implementation & Transition Working Group

The ASX Manager, CHESS User Relationships outlined that consensus had been reached on deferred settlement trading with option 2 being endorsed at the 02 October I&T Working Group (I&TWG).

The ASX Senior Manager, Customer Readiness Delivery Manager provided an overview on the proposed engagement approach for industry test activity for Release 1 and Release 2. It was noted that:

- Industry testing topics have been split into two cohorts depending on complexity

    o Topics that have been considered as less complex are proposed to be addressed within an I&TWG meeting.

    o Topics that require additional input or clarity from industry to achieve a clear set of requirements or outcomes are proposed to be addressed through focus group sessions. Where a focus group is required, a meeting agenda and an early request for feedback will be incorporated to ensure that time is focussed on matters where there are diverging industry views or concerns raised.

- Focus groups for Release 2 are scheduled for February and March 2025 to identify and understand the industry requirements for test environment tooling and ASX support throughout each of the R2 industry test phases

- The focus group on Release 1 clearing regression is planned to commence in Q2 2025

- The I&TWG members will be engaged throughout the documentation design phase.

Member discussion

No member feedback recorded.

c) AMO Working Group

The ASX Enterprise Architect, Architecture provided the following key updates from the 26 September AMO Working Group (AMOWG):

- Member feedback on the proposed architecture set up was received at the 15 August AMOWG

- A proposed solution which incorporated AMO feedback and influencing factors was presented at the 26 September AMOWG. All 4 AMOs endorsed the proposed solution during the meeting

- ASX continues to investigate the viability of an AWS to AWS connection.

Member discussion

No member feedback recorded.

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 17 September BDWG provided additional insights on cum entitlement balance and market claims. Some discussion topics included cum entitlement balance scenarios, access to real-time data and estimated dividends

- Discussions have been held with TCS to identify opportunities where its product can best meet the needs of the industry without materially deviating from the core

- The business design document for cum entitlement balance is planned to be published within the next month for feedback.

Member discussion

No member feedback recorded.

AGENDA ITEM 5: Scope and Objectives Backlog Update

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

- A focus session will be held on ETFs which is aimed to be a shorter session and a deep dive on the ETF creation and redemption flows

- Impacted Participants are requested to nominate representatives that are intimately familiar with these flows. The objective of this focus session is to gain a deeper understanding on where the pain points are and what potential improvements can be.

Member discussion

A member queried whether the ETFs session will also cover corporate action processes. The ASX Senior Product Manager, Equities, Securities and Payments clarified that the main topic of this session was to cover ETF creation and redemption process as flagged during the scope refinement sessions last year. However, if time permitted, the session could consider other ETF related topics as well.

AGENDA ITEM 6: Pulse Survey Results

The ASX General Manager, Equities, Securities and Payments acknowledged the time and effort members have committed to the Committee and Working Group meetings.

The ASX General Manager, Equities, Securities and Payments provided an update on the pulse survey results for H1 2024:

- The sample size of survey respondents was lower than anticipated when compared to the total number of Committee members

- Respondent feedback is encouraged and taken into consideration to improve the effectiveness of meetings

- Member sentiment on the Committee and Working Group effectiveness is improving, however, there is still room for improvement.

Member discussion

No member feedback recorded.

AGENDA ITEM 7: Forward Engagement Plan

The ASX General Manager, Equities, Securities and Payments 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 6 November 2024 and the final meeting for the year is scheduled for 5 December 2024

- The next ITWG meeting for 30 October 2024 is proposed to be cancelled.

Member discussion

No member feedback recorded.

AGENDA ITEM 8: Observer Feedback

The independent observer noted that there was broad participation from various stakeholders, adherence to the agenda and balance of time spent on the topics, as well as adequate opportunities for members to ask questions. The independent observer commented they were pleased with the level of transparency on the projects amber status update and on the remedial actions in response.

The independent observer highlighted that one of the previous feedback points was on members introducing themselves and this improved during the meeting.

The meeting closed at 2:50PM.

Signed as a correct record of the meeting.

_____   _____09/10/2024_____

Chair   Date