



# Implementation & Transition Working Group

Questions from working group members | 23 November 2022

The following table provides ASX's response to relevant questions asked by Implementation & Transition working group members during the session held on 23 November 2022. Please email [chessreplacement@asx.com.au](mailto:chessreplacement@asx.com.au) if you have any additional questions or require further clarification.

Topic	Question	Answer
Project update & independent review	Can you provide an example of 'functional' vs 'non-functional' in the context of Application Readiness?	<p>Functional requirements describe what a system needs to do, whereas the non-functional requirements for a system are its general properties i.e. the speed, performance or capacity of the system. An example of a functional characteristic of CHES is the ability to perform trade registration, whereas a non-functional feature might be the capacity available, or scalability into the future.</p> <p>An important point to be emphasised is that when we think about the non-functional requirements for a system, like the CHES replacement solution, we must not only consider day one requirements, but also those non-functional requirements as required over time.</p>
Project update & independent review	How long is the pause to the project likely to be? I would encourage ASX to consider that software providers will have to halt the project and being able to resume will depend on going through annual budgeting/planning cycles and the additional timeline implications which come with that.	<p>We're very cognisant of the remobilisation risk involved for external project teams in relation to resources having to be stood down. We are also aware of a number of customers and vendors that have already made this decision regarding their teams, given the previous notification of delays.</p> <p>We will aim to manage and minimise risks for all stakeholders when we look to recommence the project following our review of the solution design, inclusive of providing time for budget and planning cycle considerations.</p>
Project update & independent review	Many of the reasons to replace CHES that were valid in 2014/15 are no longer factors. Which reasons no longer exist and why is this the case?	<p>In 2013, as part of ongoing management of technology infrastructure assets, the provider of the operating system CHES runs on (HPA, VMS) indicated to the industry that the operating system would no longer be supportable beyond 2019. VMS was subsequently bought by another provider. It continues to be supported today and used by a number of organisations. Consequently, this risk to supportability has been reduced.</p>

Topic	Question	Answer
Project update & independent review	<b>Will the next iteration of the CHES replacement project run parallel with the existing CHES system in order to ensure that it is functioning as required in a test environment? What makes ASX certain that a blockchain solution is the way to go?</b>	ASX has a requirement to replace the existing system. The specific detail of how the solution will be implemented is part of the design process. We will need to consider the implementation plan for the chosen solution and assess any risks as part of that process.
Project update & independent review	<b>ASX has noted that customer work undertaken to date was not throwaway. To what extent does ASX have confidence in this statement given the new solution/direction has not yet been formed?</b>	<p>ASX noted that all options remain on the table. We recognise that there has been significant work undertaken to date by customers and stakeholders.</p> <p>We will be mindful of customer work relating to connectivity and messaging layers in our consideration of the path forward. We concur that the statement is premised on the fact that the solution direction has not been formed, however, it will certainly be a consideration as a part of the solution design review.</p>
Project update & independent review	<b>If VMS remains supported and the system is meeting industry requirements, why does it need to be replaced?</b>	<p>CHES is a three decade old system and considering future needs, functionally and non-functionally, is important when operating critical infrastructure. Being able to maintain the stability, safety and security of the system in the long term is a high priority. Ensuring technology remains contemporary is a key part of operating infrastructure businesses.</p> <p>Further enhancing data availability, integration and the opportunities to offer enhanced services for customers are factors that will be considered in the solution redesign.</p>

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Project update & independent review	<b>Will the solution factor in a revisit of the go-live approach? There was much concern about the 'big bang' approach.</b>	<p>The size of the change and the chosen solution will impact the implementation process.</p> <p>If there is an option within the solution to remove the approach for a single cut-over, that certainly will be considered.</p>
Project update & independent review	<b>What does this mean for vendors that have been or are contemplating developing a business line on Synfini?</b>	<p>ASX has continued to support customers on Synfini. Currently, there are a number of customers, one in production and a number at various stages of development that are leveraging that platform. There is potentially an impact for those that were looking to develop integration directly with the CHES replacement solution, but there still could be applications operating on Synfini with the potential to connect to other ASX ecosystems.</p>
Project update & independent review	<b>Will ASX perform a global post trade peer review before considering the future direction of the system?</b>	<p>This is an option which will be considered. The global clearing environment is a commoditised service in that novation, trade registration and netting are all fairly similar services.</p> <p>Settlement depends more on the jurisdiction and settlement in Australia is different to other parts of the world. We find that in most jurisdictions around the world there is no singular standardised global post trade process.</p> <p>A global peer review will be taken into account as part of the options analysis on the solution design.</p>
Project update & independent review	<b>ASIC and RBA released a statement around expectations for CHES/CHES replacement. VMS has also been mentioned as a factor. Is there a feeling for the timeline by which a replacement is required to be in place?</b>	<p>We have announced the pause and commenced work on revisiting the solution design. We need to work through this process before announcing a new timeline.</p> <p>The investments that we're making in the current CHES system means that we feel confident that we can support current CHES through the timeframe necessary to complete the replacement.</p>

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Project update & independent review	<b>Are there plans to migrate to ISO 20022 messages by 2024/2025? Does this have any correlation to Co-existence period of ISO SWIFT migration?</b>	The transition to ISO 20022 for CHES replacement will be reconsidered after the review of the solution and timeline. It doesn't have any relationship with the ISO SWIFT migration for cross-border messages.
Project update & independent review	<b>Do we need any resources to work on the project this side of Christmas?</b>	As per the market announcement in November 2022, the next update in relation to the project at our half year results in February 2023. We do not expect to be engaging with stakeholders prior to this.
Project update & independent review	<b>How is ASX going to rebuild trust with vendors and participants?</b>	ASX recognises the need for confidence and predictability in any future project planning. We also acknowledge the need for enhanced governance with changes already taking place with the appointment of Tim Whiteley as Project Director for the next phase of the project. ASX will also establish an industry forum to provide input and receive regular status reporting on the project. Communication and engagement will remain high priorities.
Project update & independent review	<b>Was the industry misled with the claim of ~95% of the build being complete?</b>	Previous reports and public statements on the completeness of the application build were focused on the functional requirements made available in ITE1 with version 1.2 of the code. They did not relate to completion of the non-functional requirements.