



CHES Replacement Project

**Implementation & Transition
Webinar**

29 January 2020

Housekeeping: trouble shooting

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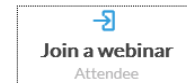


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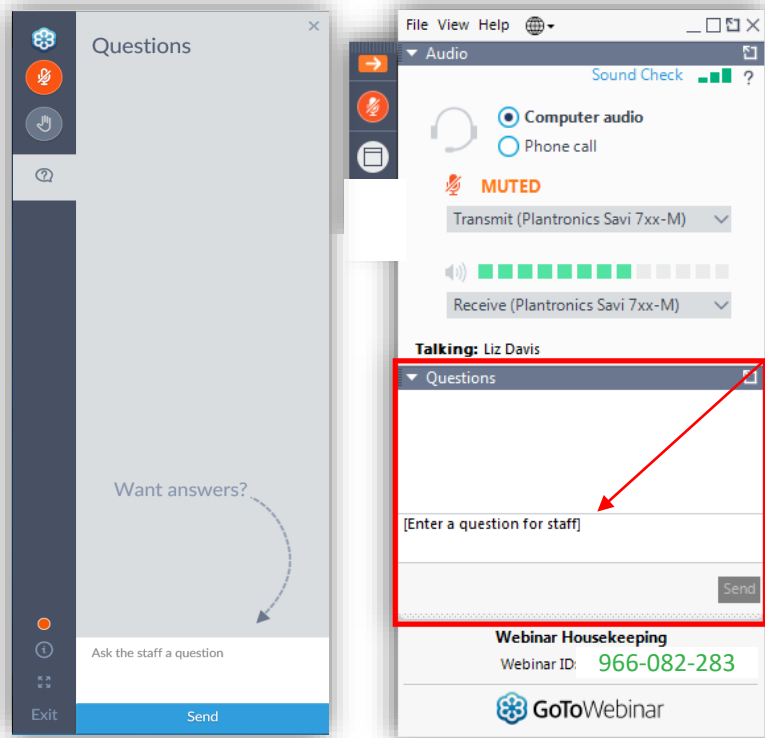
Test your system again

View System Requirements

Next steps



Housekeeping: how to submit questions



Your Participation

- To submit your text questions and comments use the Questions panel
- Note that your questions will not be seen by other attendees

For more information - refer to the webinar tips published on the ASX [CHES Replacement web page](#)

Terminology

- **CHES User**

An entity that has access to some or all CHES functionality in production. This includes clearing participants, settlement participants, product issuer settlement participants (PISPs), approved market operators (AMOs), payment providers and share registries

- **Software providers**

Third party software vendors or CHES Users who have their own in-house systems, who provide connectivity and software solutions that connect to CHES

Agenda

- Approach to managing inflight transactions

- Categories of inflight transactions

- Management of transactions not being migrated

- Migration of inflight settlement obligations

- Key points

- Q&A

- Next steps

Presenters and introductions

- **Keith Purdie** - Senior Manager, Stakeholder Engagement, Equity Post Trade
- **Fraser Moodie** - Senior Manager, Connectivity & Integration, Equity Post Trade
- **Anne-Marie Fisher-Taylor** - Team Leader, Engineering & Architecture, Technology

Approach to managing inflight transactions

Approach to managing inflight transactions

What do we mean by inflight transactions?

Any transaction in CHES where subsequent activity for business events may occur e.g. settlement of net broker obligations (NBOs), dual entry settlement notification and un-actioned issuer to CHES transfer requests

Objective

To maintain market integrity and continuity of service by:

- ensuring inflight settlement instructions scheduled for batch settlement after the cut-over weekend can be seamlessly completed (e.g. settled), in the replacement system when expected;
- actioning all other inflight transactions by completion of workflow including housekeeping and/or cancellation

Guiding Principles

- Reduce weekend migration risk by minimising in-flight transactions, where possible, for cut-over e.g. cancel specific transaction types and resubmit for processing in the new system
- Lower complexity and risk by reducing the need to synchronise and reconcile inflight transactions
- Prove, test and if necessary, refine the approach to managing inflight transactions through a series of migration dress rehearsals

Possible Actions

CHES user-triggered activity

Participant can cancel a transaction via current message workflows prior to the commencement of EOD processing on Friday

Share registry will be required to accept or reject participant initiated requests e.g. transfers or conversions from issuer sponsored to CHES

ASX operations activity

ASX operations to accept/reject (e.g. registration details update request relating to holder name changes)

CHES housekeeping

Automatic cancellation (e.g. cancellation of dual entry demand transfer request) by ASX prior to commencement of EOD processing on Friday

Data migration

Settlement instructions to be migrated from CHES to the replacement system

Categories of inflight transactions

Categories of inflight transactions

1. Settlement Obligations

- Gross market trades, NBOs, bilateral and unilateral settlement instructions

2. Unmatched transactions

- Demand dual entry transfer request (EIS005)
- Dual entry settlement notification (EIS101)
- Change of settlement instruction request (EIS121)
- Dual entry settlement cancellation request (EIS129)

3. Un-actioned Account request

- Registration details update request (EIS203)
- Change Controlling Participant Request (EIS245)

4. Messages requiring Share Registry action

- Issuer to CHES transfer request (EIS015)
- Issuer to CHES conversion request (EIS017)
- Holding advice request (EIS757)
- SRN enquiry requests (i.e. SRN balance enquiry (EIS457) and SRN enquiry (EIS451))

Categories of inflight transactions

5. mFund Orders & Conversion Requests

- mFund application request (EIS726)
- mFund redemption request (EIS800)
- Issuer to CHESS fund conversion request (EIS718)

6. Takeover Acceptances

- Offeror-initiated takeover acceptance (EIS711)
- Participant-initiated takeover acceptance (EIS031)

7. Un-actioned Collateral Requests

- Collateral/margin (ETO/CMM) creation request (EIS027/EIS871)
- Collateral/margin (ETO/CMM) removal request (EIS029/EIS877)

8. Demand Report Requests

- Standing report request (EIS503)

Management of
transactions not being
migrated

Proposed management of transactions not being migrated

Category	CHES User type	CHES user-triggered activity	ASX operations activity	CHES housekeeping	
Unmatched Transactions					
1.	Demand dual entry transfer request (EIS005)	Settlement participant	CHES User can cancel by EOD Friday	No	Yes
2.	Dual entry settlement notification (EIS101)	Settlement participant	CHES User can cancel by EOD Friday	No	Yes
3.	Change of Settlement Instruction Request (EIS121)	Settlement participant	CHES User can cancel by EOD Friday	No	Yes
4.	Dual entry settlement cancellation Request (EIS129)	Settlement participant	CHES User can cancel by EOD Friday	No	Yes

Example of inflight transaction not getting migrated

EIS005 – Demand dual entry transfer

EIS048 – Cancel demand dual entry request

Hold_201 – Bilateral demand transfer request

	CHESS			Migration		CHESS Replacement	
	Thursday	Friday		Saturday	Sunday	Monday	
	RD	RD	EOD Housekeeping	No migration of transactions		RD	
CHESS EIS message	EIS 005		EIS 048				
CHESS EIS message		EIS 005	EIS 048				
New ISO message						Hold_201	

RD – Request day

Proposed management of transactions not being migrated

Category	CHES User type	CHES User action	ASX operations activity	CHES housekeeping	
Un-actioned account request					
5.	Registration details update request (EIS203)	Sponsoring participant	n/a	Yes (BAU activity)	n/a
6.	Change controlling participant request (EIS245)	Sponsoring participant	CHES user must cancel by EOD Friday	No	n/a
Messages requiring share registry action					
7.	Issuer to CHES transfer request (EIS015)	Sponsoring participant, share registry	Share registry should accept or reject	No	Yes
8.	Issuer to CHES conversion request (EIS017)	Sponsoring participant, share registry	Share registry should accept or reject	No	Yes
9.	Holding advice request (EIS757)	Sponsoring participant, share registry	Share registry should accept or reject	n/a	n/a
10.	SRN enquiry request (i.e. SRN balance enquiry (EIS457) and SRN enquiry (EIS451))	Sponsoring participant, share registry	Share registry should accept or reject	n/a	n/a

Proposed management of transactions not being migrated

Category	CHES User type	CHES User action	ASX operations activity	CHES housekeeping	
Takeover acceptances					
11.	Offeror-initiated takeover acceptance (EIS711)	Bidder & sponsoring participant	Sponsoring participant should accept or reject by EOD Friday	No	Yes
12.	Participant-initiated takeover acceptance (EIS031)	Sponsoring participant & bidder	In the scenario where the bidder wants to reject, this should be completed by EOD Friday.*	n/a	n/a

*Further consideration required where the bidder needs to reject post EOD Friday

Proposed management of transactions not being migrated

Category	CHES User type	CHES User action	ASX operations activity	CHES housekeeping	
mFund orders & conversion requests					
13.	mFund application request (EIS726)	Sponsoring participant, product issuer settlement participant (PISP)	TBD	n/a	n/a
14.	mFund redemption request (EIS800)	Sponsoring participant, product issuer settlement participant (PISP)	TBD	n/a	n/a
15.	Issuer to CHES fund conversion request (EIS718)	Sponsoring participant, product issuer settlement participant (PISP)	PISP should accept or reject	No	TBD

Proposed management of transactions not being migrated

Category	CHES User type	CHES User action	ASX operations activity	CHES housekeeping	
Un-actioned collateral requests					
16.	Collateral/margin (ETO/CMM) creation request (EIS027/EIS871)	Sponsoring or settlement participants	No	Yes (BAU activity)	No
17.	Collateral/margin (ETO/CMM) removal request (EIS029/EIS877)	Sponsoring or settlement participants	No*	Yes (BAU activity)*	No
Demand report requests					
18.	Standing report request (EIS503)	n/a	n/a	n/a	n/a

*Further consideration required where collateral cover exists for a margin position

Migration of inflight settlement obligations

Migration of inflight settlement obligations

Category	CHES User type	CHES User-triggered activity	ASX operations Activity	CHES housekeeping	Migrate transaction
Settlement Obligations					
1.	Gross market trades, NBOs, bilateral, unilateral settlement instructions	Settlement participant	n/a	n/a	Yes

Migration example for an inflight Gross Market Trade

EIS 164 – Notified trade

Sett_119 - Settlement confirmation

CHESS		Migration		CHESS Replacement	
Thursday		Friday	Saturday	Sunday	Monday
Date	TD				SD
CHESS EIS message	EIS 164 (Gross)		Migration of settlement instruction transaction ID -> Obligation ID		
New ISO message					sett_119

TD – Trade day

SD – Settlement day

Obligation ID

- ASX will migrate all settlement instructions and a new obligation ID will be generated for this instruction in the replacement system. The new ID is known as the obligation ID.
- The obligation ID will be a unique 35 character ID
- The obligation ID will contain the transaction ID as known from CHES
- ASX will provide transaction ID to obligation ID mapping logic
- Settlement participants do not need to migrate the actual settlement instructions from their host systems, but will need to map the known transaction ID to the new obligation ID for all their open settlement instructions
- To support settlement participants, ASX is reviewing options for sharing transaction ID to obligation ID mappings
- ASX will migrate underlying market trades to support un-netting

Migration of Gross Market Trades

Gross Market Trades - Key points

- Applicable to clearing participants
- A gross market trade with a settlement date from Monday will be migrated from CHES to the replacement system
- The notified broker trade (EIS164) for the gross market trade is received from CHES
- The Gross Market Trade settles in replacement system (sett_119)
- Transaction ID will be migrated and form part of the new obligation ID in the replacement system
- Gross market trades that failed settlement and rescheduled to a settlement date of Monday will be migrated

	CHES			Migration weekend		CHES Replacement	
	Wednesday	Thursday	Friday	Saturday	Sunday	Monday	Tuesday
Gross trades		TD				SD	
Gross trades			TD	Migration of settlement instruction Transaction ID -> Obligation ID			SD
Gross trades (Fails)	TD					RSD	

TD – Trade day

SD – Settlement day

RSD – Rescheduled settlement day

Migration of Net Broker Obligations

Net Broker Obligations - Key points

- Applicable to clearing participants
- An NBO with a settlement date from Monday will be migrated from CHES to the replacement system
- The scheduled net obligation (EIS134) for the NBO is received from CHES
- The NBO settles in replacement system (sett_119)
- Transaction ID will be migrated and form part of the new obligation ID in the replacement system
- NBOs that failed settlement and rescheduled to a settlement date of Monday will be migrated

CHES			Migration weekend		CHES Replacement	
Wednesday	Thursday	Friday	Saturday	Sunday	Monday	Tuesday
NBO	TD				SD	
NBO		TD	Migration of settlement instruction Transaction ID->Obligation ID			SD
NBO (Fails)	TD				RSD	

TD – Trade Day

SD – Settlement Day

RSD – Rescheduled Settlement Day

Migration of other settlement instructions

Other Settlement Instructions - Key points

- Applicable to settlement participants
- Unilateral and bilateral settlement instructions with a settlement date from Monday will be migrated from CHES to the replacement system
- The unilateral and bilateral settlement instruction settles in the replacement system (sett_119)
- Transaction ID will be migrated and form part of the new obligation ID in the replacement system
- Unilateral and bilateral settlement instructions that failed settlement and rescheduled to a settlement date of Monday will be migrated

CHES			Migration weekend		CHES Replacement		
Wednesday	Thursday	Friday	Saturday	Sunday	Monday	Tuesday	
SSIs	TD		Migration of settlement instruction Transaction ID -> Obligation ID		SD		
SSIs		TD					SD
SSIs (Fails)	TD						RSD

TD – Trade Day

SD – Settlement Day

RSD – Rescheduled Settlement Day

Migration of Inflight Settlement Obligations

- ASX will be migrating all scheduled settlement instructions from CHESSE to the new system
- ASX will also migrate underlying market trades for all NBOs that are scheduled for settlement
- ASX will not be sending ISO messages to clearing or settlement participants for the migration of settlement obligations
- ASX is performing further analysis to support un-netting post migration and the associated impact both internally and externally
- Where un-netting is performed in the replacement system for the NBOs migrated, settlement participants will need to map the transaction ID to the obligation ID for the underlying market trades

Key Points

Key points

- Only inflight settlement instructions and underlying market trades for NBOs will be migrated
- All other inflight transactions will need to be accepted, rejected, cancelled or complete normal course workflow prior to EOD processing
- Transaction IDs will be migrated and form part of the new obligation ID which settlement participants will need to map over the cut-over weekend
- Further details to be provided on the following:
 - Supporting un-netting post migration
 - How ASX will share the mapping of transaction ID to obligation ID
 - Fails management including standard settlement pricing (SSP)
 - Treatment of active corporate actions

Q&A

Next Steps

Next Steps

Immediate steps following today's session

Review and feedback:

- Webinar recording and slides will be published on the CHES Replacement webpage
- Provide feedback by contacting CHESReplacement@asx.com.au – use “I&T webinar” as the subject heading
- Feedback welcome by **COB 19 February 2020**

Reminder:

- Email Participant.Transitions@asx.com.au to notify intentions of bulk cancellation of dormant accounts by **29 February 2020**

Next Meeting:

- Date: **Wednesday, 26 February 2020**; invitations and topic to follow

Thank you.



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