



CHES Replacement Project

**Implementation & Transition
Webinar**

1 April 2020

Housekeeping: trouble shooting

- Check your system requirements
- Audio options:
 1. Use your computer's mic and speakers ("Computer audio"). Check that your computer's audio is unmuted.
 2. Use a telephone to dial in ("Phone call")
 - Phone number: **+61 2 9091 7604**
 - Access code: **794-894-279**
 - No need to enter an Audio PIN as audience is muted
 3. If you are still experiencing audio difficulties, try downloading the GoTo Webinar Application on your smart phone, and enter the Webinar ID: **643-013-515**

Further information:

<https://support.goto.com/webinar/how-to-join-attendees>

GoToWebinar Attendee System Check for Webcast Webinars

Looks good! You can join a webinar.

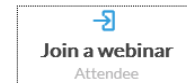


- ✔ OS - Windows 8.1
- ✔ Browser - IE 11
- ✔ Internet connection - Strong
- ✔ Flash - Enabled

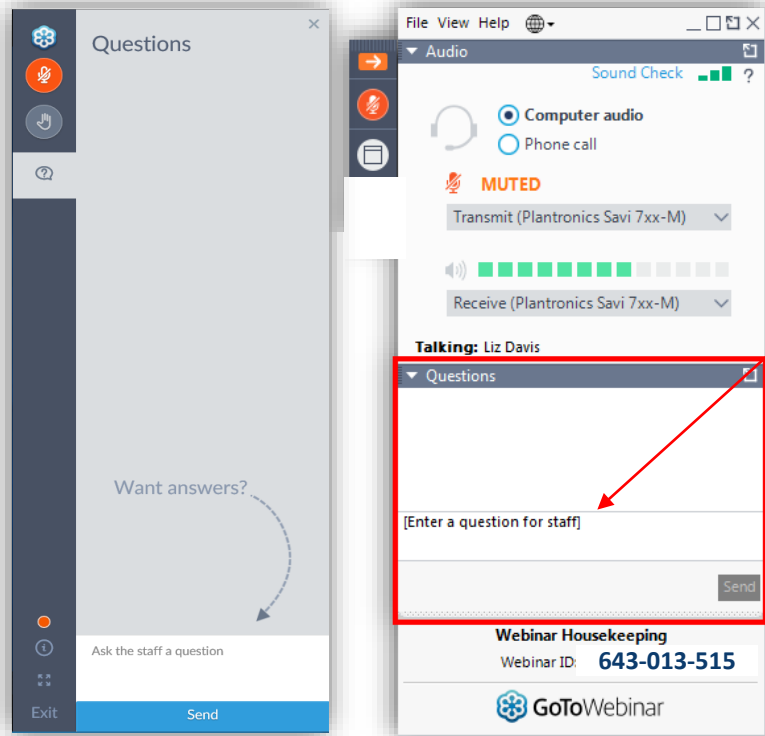
Test your system again

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](#)

Agenda

- Why is ASX consulting on the implementation timetable

- Timeline

- ITE

- Technical documentation

- Q&A

- Next steps

Presenters and introductions



Cliff Richards

**Executive General
Manager, Equity Post
Trade Services**



Katie McDermott

**General Manager,
Equity Post Trade
Services**



Fraser Moodie

**Senior Manager,
Equity Post Trade
Services**

Why ASX is consulting on the implementation timetable

ASX to consult on CHES replacement implementation timetable

- ASX is replanning the CHES replacement implementation timetable due to the uncertainty created by the unfolding COVID-19 pandemic. It is also in response to user feedback on timing, requested functionality changes, and the need for ASX to complete aspects of its own readiness
- The replan will provide additional time for users to complete their operational readiness activities and to consider the rule changes that accompany the new system. It will also increase the time available for back office software developers to familiarise themselves with key aspects of the new system in a production-like testing environment, and enable them and ASX to complete software development and testing
- In June, ASX will seek user input on the new schedule that will move the go-live date from April 2021 to a later date
- The target of opening an Industry Test Environment (ITE) in July is retained

COVID-19 related Impacts

- Rapidly evolving
- Challenging period for all our CHESSE users and the broader industry
- New work from home arrangements
- Market volatility and a succession of new trading records
- Regular and on-going engagement with RBA and ASIC
- Continue to follow advice of health authorities and Australian Government

User feedback on timing

- Some users have asked for more time
- Some users have indicated that they have resources in place to meet ASX's timelines, and that a delay to go-live would have cost implications
- More recently, ASX received further feedback on the timetable during this period of heightened volatility and activity levels
- By June, we should know more about the impact of COVID-19 and everyone will be better placed to make timeline decisions

Requested functionality changes

Consultation through Focus Groups and ISO 20022 Technical Committee has resulted in a number of changes to the final solution design to take into consideration stakeholder feedback. This includes changes to:

1. Registration details
2. Transfers and conversions
3. Corporate actions
4. Margin instructions
5. mfunfs
6. Batch settlement and payment facilities
7. Demand reporting
8. Feedback from Corporate Actions STP project

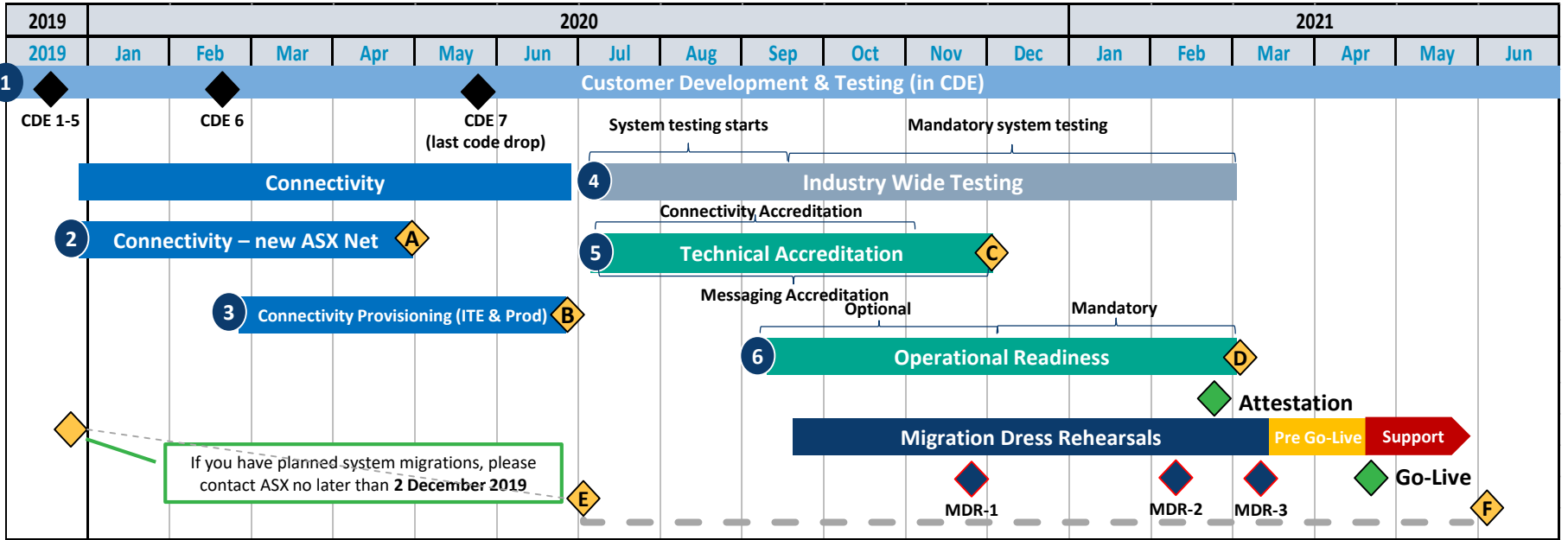
ASX's own readiness

- ASX needs more time to make functional changes requested by the market, as previously outlined
- Accordingly, not all code will be available in CDE7 at end of May
- ASX and DA are working hard to make this available as soon as practically possible but some code will now be delivered post July 2020

Timeline

Implementation, transition and cutover timeline

Original timeline



1 Iterative customer development and testing for software vendors and in-house systems connected to CHES in a dedicated customer development environment

2 Submit order forms and install new ASX Net connections (if required)

A All new ASX Net installs to be completed

3 Provisioning of ASX Net SWIFTNet connectivity to the test and target production environments

B All ASX Net and SWIFTNet connectivity in place for testing and migration dress rehearsals

5 Conduct Industry Wide Testing (IWT) in the Industry Test Environment (ITE). IWT allows for functional and non-functional testing

C Commence Technical Accreditation in ITE - mandatory for all systems connected to CHES

6 All systems successfully Accredited prior to 2nd dress rehearsal

D Commence Operational Readiness in ITE - mandatory for all CHES users. Operational Readiness to be completed prior to Attestation

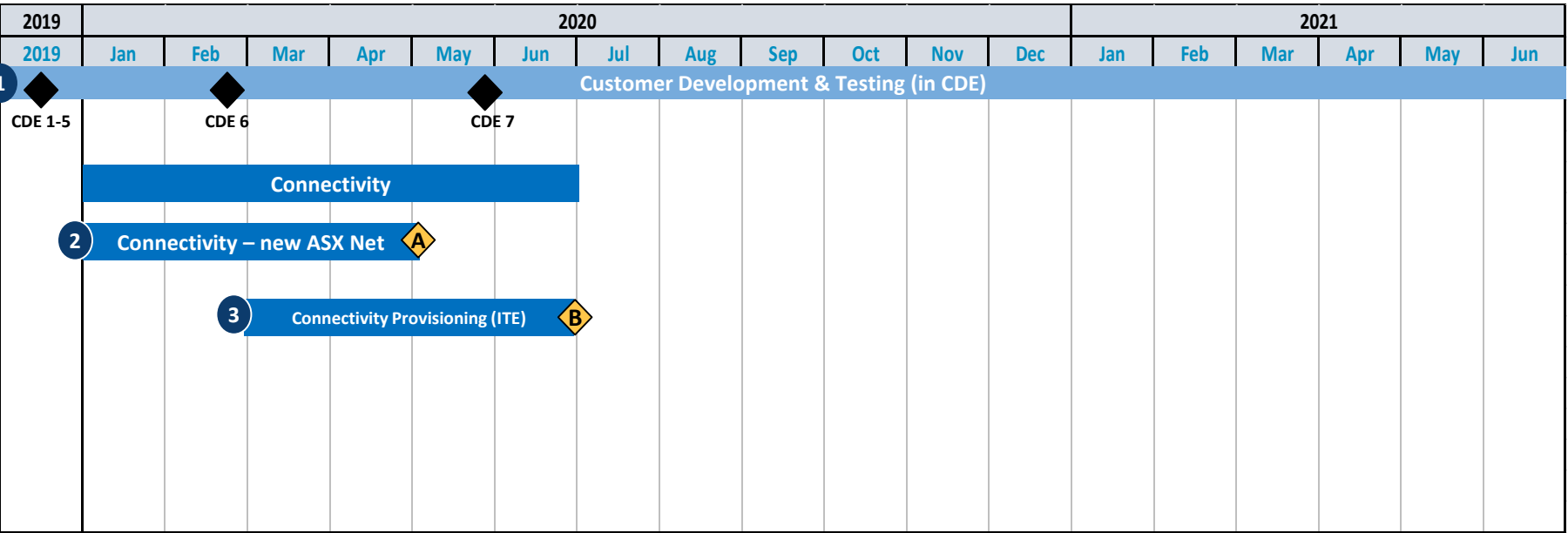
MDR Conduct three separate mandatory industry migration rehearsals

E ASX Change Control Period commences

F ASX Change Control Period ends (indicative)

Implementation, transition and cutover timeline

All activities post July 2020 now subject to consultation



1 Iterative customer development and testing for software vendors and in-house systems connected to CHES in a dedicated customer development environment

A All new ASX Net installs to be completed

2 Submit order forms and install new ASX Net connections (if required)

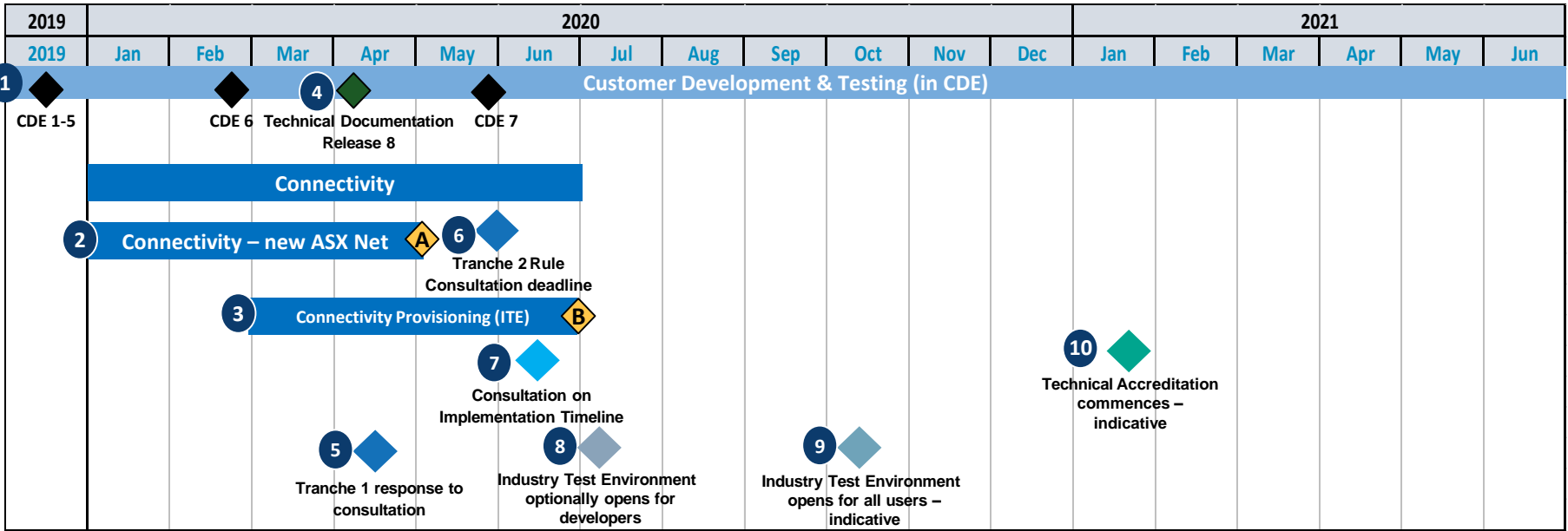
3 Provisioning of ASX Net & SWIFTNet connectivity to ITE

B All ASX Net and SWIFTNet connectivity in place for testing and migration dress rehearsals



Implementation, transition and cutover timeline

All activities post July 2020 now subject to consultation



- 1 Iterative customer development and testing for software vendors and in-house systems connected to CHES in a dedicated customer development environment
- 2 Submit order forms and install new ASX Net connections (if required)
- 3 Provisioning of ASX Net & SWIFTNet connectivity to ITE
- 4 Publication of technical documentation release 8
- 5 ASX's response to consultation feedback on tranche 1 operating rule amendments

- 6 Consultation on the second tranche of operating rule amendments closes
- 7 Consultation on the implementation timetable
- 8 ITE optionally opens exclusively for software developers
- 9 ITE optionally opens for all CHES users, subject to consultation
- 10 Technical accreditation indicatively scheduled to commence end January 2021, subject to consultation



Industry Test Environment (ITE)

Industry Test Environment (1 of 2)

Provides developers an environment to complete development

What is the Industry Test Environment?

ITE is split into two separate environments. ITE1 is a new dedicated environment that is being made available to software providers only (vendors and in-house developers) from July 2020. ITE2, indicatively available from October, will be made available to all CHES users.

ITE1 provides a number of additional infrastructure and non-functional features not available in CDE;

- Integration with ASX's CIAM (Customer Identity and Access Management System)
- Long running environment (resets on upgrade)
- CHES Browser access supporting additional testing capabilities
- Single dedicated integrated environment
- Multi-site / multi-node topology across ASX's two data centers (ALC and SDC)
- Equivalent tool set that is currently available in CDE
- Ability to test multilaterally with other CHES users in ITE1 where desirable

Software providers will transition to ITE1 with CDE being decommissioned later in the year.

Industry Test Environment (2 of 2)

Provides developers an environment to complete development

Testing in ITE1

Each software provider will be provided a dedicated test kit

- Each kit will provide a unique set of security codes and UICs, and with the ability to play different CHES User roles
- Testing tools carried forward from CDE;
 - Auto-responders
 - Trade Ingest uploads
- Full end to end settlement flow
- Corporate Action events created by ASX

ASX Trade and Chi-X front to back testing available from ITE2

Industry Test Environment - Forms

Entry Criteria to ITE1 from July 2020

- Software providers (vendor and in-house developers)

Order Forms

- Available from the Technical Document website from 2 April
- Subscriber Technical Access Form (forms signed for CDE also applicable for ITE1)
- SWIFT Closed User Group (CUG) will be the same as CDE a new 'DN' – Distinguished Name for message routing
- ITE1 application forms to be returned to CHESSReplacement@asx.com.au

The image shows two overlapping forms. The background form is the 'Clearing and Settlement Platform - Subscriber Technical Access Agreement' with the ASX logo. The foreground form is the 'ASX Clearing and Settlement Platform (CSP) Industry Test Environment (ITE) Application Form', also with the ASX logo. The foreground form includes the following sections:

- Date**
- Parties**
 1. ASX Operations Pty Limited Sydney NSW 2000 (ASXO)
 2. [insert] ACN [insert] of [insert] _____ ACN _____
- Background**
 1. ASXO operates various software for the purpose of the Technical Environment of software and browser interface to the Settlement Platform.
 2. The Subscriber wishes to access the Settlement Platform on an "as-is, where-is" basis, with no warranty from time to time.
 3. ASXO will grant the Subscriber access to the Settlement Platform on the terms of the Agreement.
- Agreed terms**

ASXO grants the Subscriber access to the Settlement Platform on the terms of the Agreement.
- Subscriber Information**

Name: ASX Operations Pty Ltd
ABN/ACN #: 42 004 515 782
Address: Bridge Street NSW 2000
- Participant Type**

Please identify the type of subscriber/role you intend to use for both ITE & Production

 - Trading, Clearing & Settlement Participant
 - Third Party Clearing & Settlement Participant
 - Non-Trading Settlement Participant
 - Account Participant
 - Trading & Account Participant
 - Product issuer Settlement Participant
 - Share Registry
 - Approved Market Operator
 - Approved Listed Market Operator
 - Payment Provider
 - System Vendor
- System Information**

System Name / Supplier (proprietary or third party) if third party please provide - system name, vendor name
Internal use only - Test Kit number:

Technical documentation

Technical Documentation (1 of 2)

- The next update to our Technical Documentation is scheduled for 2 April 2020
- This includes new functional specifications and messaging requirements for the following:
 - DRP Enquiry (responding to market feedback)
 - Reporting (demand and end of day)
 - Holding Administration Locks
 - Payment Interface Batch Settlement Funds Movement
 - Margin Settlement Amount Instruction
 - Isolate Counterparty

Technical Documentation (2 of 2)

- There is also new and/or updated documentation as it relates to:
 - Forward release plan
 - Mandatory/Optional by Feature + Roles
 - Technical Accreditation (Part 1) - Account Management
 - ITE Application Forms

Updates to Forward Release Plan

- The following have been deferred from code drop CDE 7 (scheduled for end of May 2020):
 1. Account Management
 - Investor Data & Pass-Through Information (ABN/ACN, TFN, Bank Accounts)
 - Changes for migration purposes (Holder Type, 4 & 5 Address Lines)
 2. Corporate Actions Part 3 – Code Change, Class Merger, Diary Adjustments, DRP, Entitlement Offers
 3. mFunds – Applications, Redemptions, Settlement
 4. Isolate Counterparty
 5. Margin Settlement & Excess Cash Instruction
 6. Reporting – demand and end of day
- Code drop release dates for the above are still to be determined

User, Role, Feature

- Pursuant to information provided in the February working group webinar, ASX will publish in Technical Documentation release 8, a list of features and messages applicable for each participant type in the Technical Documentation portal
- This will include:
 - Complete list of features, and their relation to the role and user in the system (mandatory, optional or n/a for purposes of message accreditation)
 - List of messages relating to the Account Management feature, and their applicability to each role and user
 - Messages relating to other features will be published in a subsequent technical documentation release

User, Role, Feature – Mandatory vs. Optional

- In reviewing the list of features, ASX has given further consideration to what existing features being delivered in the new system should be mandated for the purpose of technical accreditation and operational readiness processes for CHESS users
- ASX is applying the same criteria as previously provided in assessing the classification as mandatory versus optional of existing features
- On the basis of these principles, ASX will make two currently optional features mandatory for Day 1 in the new system
 - SRN Enquiry; Principle 1 – Support the proper functioning of the system (Issuer to CHESS sub-register transfers requiring holder validation prior to transfer as opposed to current post event checks)
 - Investor & Pass-through information (ABN/ACN, TFN, Bank Accounts); Principle 3 – Broad market adoption required to benefit investors and issuers

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 **Wednesday, 22 April, 2020**

Next Meeting:

- Invitations and topic to follow

Thank you.



Disclaimer

This document provides general information only. ASX Limited (ABN 98 008 624 691) and its related bodies corporate (“ASX”) makes no representation or warranty with respect to the accuracy, reliability or completeness of the information. To the extent permitted by law, ASX and its employees, officers and contractors shall not be liable for any loss or damage arising in any way (including by way of negligence) from or in connection with any information provided or omitted or from anyone acting or refraining to act in reliance on this information.

© 2020 ASX Limited ABN 98 008 624 691