



# **MINUTES OF THE TECHNICAL COMMITTEE**

## **CHES messaging & ISO 20022 Project**

Tuesday 13 December 2016  
ASX offices, 20 Bridge Street, Sydney

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- 1. Welcome**
- 2. Update - December Business Committee meeting**
- 3. Objectives and Charter**
- 4. ISO 20022 consultation responses**
- 5. Global ISO 20022 adoption**
- 6. High level gap analysis overview**
- 7. Market infrastructure harmonisation for the adoption of ISO 20022**
- 8. ISO 20022 adoption and engagement roadmap**
- 9. Next steps**

## ATTENDEES

MEMBERS		
Company	Name	Job Title
Bank of America Merrill Lynch	Andree Hindmarsh (by phone)	Head of GMOT Australia
Bell Potter Securities	Dean Surkitt	Managing Director Retail
BNP Paribas Securities	Narelle Rutter	Head of Local Custody & Clearing Operations
BNP Paribas Securities	Wayne Murphy	Project Manager
Broadridge (Australia)	John Greenhow	General Manager, Australia
Broadridge (Australia)	Manoj Mathew	Business Analyst
CBA Equities	Joel Cox	Technical Business Analyst
CBA Equities	Carolyn Webb	Test Manager
CBA Equities	Ben Lowe	Manager Settlements
Chi-X Australia	Mike Aikins	Chief Technology Officer
Citicorp	Brett Dennis (by phone)	Head of Operations – Party Clearing
Citicorp	Vlad Medvedev (by phone)	
Citicorp	Lyall Herron	
Computershare	Paul Walton	Senior Manager, Corporate Actions & New Business Development – Investor Services
Computershare	Leanne Bailey	Senior Business Analyst Product & Innovation
Dion Global Solutions	Craig Gray (by phone)	Product Manager – Australia and New Zealand
HSBC Securities Services	Gregory Wilkin	Head of HSBC Operations
GBST	Andrew Murdoch (by phone)	Product Specialist, GBST Capital Markets
GBST	Sue Schafer (by phone)	Product Owner
Goldman Sachs	Darrel Schwarz	Technology Vice President
Goldman Sachs	Nichole Alexander	Operations Vice President
JP Morgan	Ed Lawson	Settlements Manager
JP Morgan	Danny Ng	Middle and Back office AD Manager
JP Morgan	Scott Oakland	Direct Custody Product Manager Australia
Link Market Services	Sue Julian	National Manager, Corporate Actions
Link Group	Ian Batterham	Business Applications Architect
Morgan Stanley	Oscar Dela Cruz (by phone)	
Morgan Stanley	Andrew Fielder (by phone)	
Morgan Stanley	Gordon Davies (by phone)	VP/Firmwide Ops
Morgan Stanley	Kristy Venters (by phone)	
Morgan Stanley	Heinz Aufner	

<b>MEMBERS</b>		
<b>Company</b>	<b>Name</b>	<b>Job Title</b>
	(by phone)	
NAB Asset Management	Suresh Chinnappa (by phone)	Head of Custody Service Operations
National Stock Exchange	Scott Evans (by phone)	General Manager & Company Secretary
National Stock Exchange	Lina Lim	Senior Manager, Information Technology
Securitease	Anton Smith	Director
Share Investing	Phil Barnes	Platform Manager
Stockbrokers & Financial Advisers Association Limited	Andrew Green	Chief Executive
Stockbrokers & Financial Advisers Association Limited	Danielle Henderson (by phone)	Chair of SAA CHES working group
SWIFT Standards	Mieko Morioka (by phone)	Senior APAC Standards consultant
SWIFT Standards	Nicole Jolliffe	Senior APAC Standards consultant
SWIFT	Chermaine Lee	SWIFT Project Coordinator
Sydney Stock Exchange	Jadeah Dogias	Supervisor – Market Control
Sydney Stock Exchange	Leo Zhang	Business Analyst
UBS	Phillip Drury	Phillip Drury, Executive Director, Equities IT
UBS	Duncan Earl	Executive Director, Head of Change, UBS Group Operations
Wealthhub Securities	James Channon	Manager, Capital Markets Trading

<b>ASX Management</b>	
<b>Name</b>	<b>Job Title</b>
Tim Hogben	Group Executive, Operations (Chair of the Technical Committee)
Amanda Harkness	Group General Counsel and Company Secretary
Nicholas Wiley	Deputy General Counsel Post Trade
Cliff Richards	General Manager, Equity Post Trade Services
Karen Webb	Manager, Equity Post Trade Services
Rodd Kingham	Senior Manager, Equity Post Trade Services
Russell Eyre	Enterprise Architect
Anne-Marie Fisher-Taylor	Architect CSD Development
Darcy Wright	Senior Business Analyst, Equity Post Trade
Gary Hobourn	Senior Economic Analyst, Regulatory and Public Policy

## APOLOGIES

MEMBERS		
Company	Name	Job Title
Australian Payments & Clearing Association (APCA)	Andy White	General Manager, Payments Community
Citicorp	Miles O'Connor	Director, Direct Custody & Clearing Securities Markets & Securities Services
Morgan Stanley	Dorothy Wilson	Executive Director Morgan Stanley Wealth Management, ISG Technology
Sydney Stock Exchange	David Lawrence	Company Secretary

The meeting commenced at 3.30pm.

#### **Agenda item 1: Welcome**

The Chair welcomed Technical Committee members to the meeting including members attending by telephone.

The Chair noted that minutes from the previous meeting held on 24 September 2014 had been distributed and that there were no Action Items outstanding.

The Chair outlined the Agenda for this meeting, referring to the presentation slides prepared by ASX.

The Chair provided the Committee with an overview about the establishment of the Technical Committee. Following the Council of Financial Regulator's (COFR) decision in 2013 to defer any decision regarding the introduction of competition in cash equity clearing, ASX had established the Code of Practice for ASX's cash equity post trade services and the Business Committee as a forum for stakeholder engagement and input to ASX's forward work program related to cash equity post trade services. Key forward work items agreed by the Business Committee included the adoption of a global messaging standard, and the transition to T+2 Settlement which was achieved on schedule in March 2016. The Business Committee had agreed to the establishment of the Technical Committee in 2014 to focus on CHES Replacement and the adoption of ISO 20022 messaging.

#### **Agenda item 2: Update – December Business Committee meeting**

ASX's General Manager of Equity Post Trade Services updated members on the key points from the recent Business Committee meeting held on 1 December 2016 with regard to Equity Post Trade Renewal Program, including presentation of the roadmap for Post Trade Service Infrastructure. Refer to slide 3 of the ASX presentation. Key components of the project including stakeholder engagement, business requirements of the solution, messaging standards and the software system build were outlined.

He noted that the software build to be delivered towards the end of 2017 is not intended to replicate the full suite of existing CHES services or incorporate any new enhanced services but will instead be used to test the technology's capability, reliability and scalability to inform the decision on the technology and the vendor.

ASX's General Manager of Equity Post Trade Services outlined ASX's stakeholder engagement program, including the planned publication of an additional consultation questionnaire similar to a questionnaire recently distributed by Hong Kong Stock Exchange. ASX is yet to decide whether the response to the questionnaire will be included with ASX's response to feedback received to the initial consultation paper (September 2016). The General Manager of Equity Post Trade Services confirmed that the consultation process had only just begun and there would be plenty of opportunity for key industry stakeholders to provide input on functional and non-functional business requirements for the replacement of CHES.

A member asked if ASX had existing scope/business requirement documents for the build that could be shared with industry stakeholders. The General Manager of Equity Post Trade Services confirmed that documentation was not available for external distribution.

ASX's General Manager of Equity Post Trade Services confirmed that the Digital Asset white paper explaining generic components of the build was available on their website.

### **Agenda item 3: Objectives and Charter**

The Chair referred to the Draft Charter that had been distributed to members for review and summarised key points from the Charter. Refer to slide 4 of the ASX presentation.

The Chair advised ASX had engaged SWIFT's Standards Consulting Services to support its use of ISO 20022 standards and subsequently had invited the SWIFT standards team to join the committee to provide best practice input for the adoption of this globally recognised messaging protocol.

The Chair outlined that the key priority focus for the committee must be to achieve industry wide benefit related to the adoption of ISO 20022 messaging.

The activities of the committee will include reviewing agenda and reading material. ASX will provide this material at least 2 weeks prior to meetings. The Chair asked that members be prepared for meetings with any prepared responses and questions. Meetings will be scheduled monthly.

The Chair noted that there is a broad range of expertise amongst member organisations so it is important to have the suitably qualified attendee for each meeting depending on the issues to be discussed. It was acknowledged that this may mean that the representative from an organisation may change from month to month.

The Chair noted that there are other existing standards market practice and SWIFT user groups operating in Australia and that it was important that key findings be reported back to those groups as and when required.

The Chair's role is very important to the work of the Committee and will take the lead as required, including reporting back to the Business Committee and ensuring the minutes from the Technical Committee are made available publicly.

A member requested that the Charter be amended to reflect that the Chair "will" (instead of "may") forward copies of the minutes to the Business Committee for endorsement. The meeting agreed to amend the Charter and otherwise adopt the Charter in its current form. **[Matter Arising 1]**

### **Agenda item 4: ISO 20022 consultation responses**

ASX's Manager, Equity Post Trade Services provided a summary of the general themes from the 36 written responses to ASX's Consultation Paper – ASX's replacement of CHESS for Equity Post Trade Services: Business Requirements, with regard to the 8 specific questions on the adoption of ISO 20022 and associated implementation considerations. The key points are summarised on slide 5 of the ASX presentation. The members generally agreed with the themes presented. A member noted that it was critical that stakeholders understood any impact to operating model assumptions, and that the adoption should avoid proprietary formats and be as close to global standard formats and business processes as possible to achieve net benefits.

### **Agenda item 5: Global ISO 20022 adoption**

The Chair invited a representative from SWIFT to provide an overview of the global adoption of ISO 20022 particularly by Securities Market Infrastructures, and key learnings from particular markets including SGX, JASDEC, T2S in Europe, presenting a global map identifying key projects on slide 6 of the ASX presentation. A member asked why some markets had focused on adoption for corporate actions initially? The SWIFT representative noted that corporate actions involve a smaller set of messages, and it was then relatively easy to leverage this into other business streams, as ASX has done with its Corporate Actions STP product.

The Chair noted that T2S is a recent example of post trade development using ISO 20022, and we can leverage the learnings from the T2S experience, and benefit from not being the first to adopt. The Chair noted that some 'ISO-like' messages may be used in Australia for strictly local requirements but that these may not obtain global certification.

#### **Agenda item 6: High level gap analysis overview**

ASX's Manager Equity Post Trade Services provided an overview of the outcomes from the High Level Gap Analysis between CHES and ISO 20022 messaging conducted with SWIFT standards consultants over the past few months. ASX identified 533 CHES messages across 13 business areas that needed to be mapped to ISO 20022 at the message level, as outlined on slide 7 of the presentation.

The analysis has indicated that of the 120 ISO 20022 message equivalents (slide 8 of the presentation):

- 60 messages map neatly or may require a change request to be fit for purpose,
- 32 messages have no direct mapping so may need new message definition, and
- 28 messages are currently being considered for certification as part of the T2S suite of messages.

ASX also noted that the quantum of work is actually larger than message mapping, based on business usage or scenarios where there is more than 1 message to 1 usage/scenario mapping. ASX's Manager Equity Post Trade Services stressed these numbers are indicative and subject to change as we move into detailed analysis. A member asked for clarification on the number of new messages and the proportion compared to the total set. ASX noted that working through the detail will provide more clarification.

The SWIFT standards consultant was invited to provide an overview of the ASX and high level gap analysis scope compared to three other market implementations as outlined on slide 10 of the presentation. The consultant noted that the CHES message suite was large and rich in functionality in comparison, outlining key themes from each implementation.

The SWIFT standards consultant provided a summary of the key recommendations from the high level gap analysis, outlined on slide 11. The consultant noted it was key that the project adopt standard messaging for common functions and rationalise the number of proprietary messages. Standardisation of data elements (to ISO) was also important. The consultant outlined the timelines associated with an adoption roadmap including the annual maintenance period, and lead times for change requests.

The Chair noted slides 12 and 13 for the information of members on market implementation strategies.

#### **Agenda item 7: MI Harmonisation for adoption of ISO 20022**

ASX's Manager, Equity Post Trade Services noted that ASX had endorsed the Market Infrastructure Harmonisation Charter for the adoption of ISO 20022, including 3 key principles, as outlined on slide 14 of the presentation. Key to this was ASX's publication of ISO 20022 usage guidelines on the SWIFT MyStandards portal, as has been done for the Corporate Actions messages, and in 15022 for Austraclear. A member asked if ASX would share information on how to register for access to SWIFT MyStandards. ASX will provide the necessary information to members. **[Matter Arising 2]**



**Agenda item 8: ISO 20022 adoption and engagement roadmap**

The Chair outlined the approach to Business Requirements and message definition as presented on slide 15. The Chair noted that with regard to scope, the existing CHESSE business areas of Electronic Trade Confirmation and Securities Lending Service would not be carried forward as they were not currently used and weren't consistent with current market practice. Trade reporting from AMOs will be in FIX format. ASX will consult with AMOs to discuss the FIX format.

**Agenda item 9: Next steps**

The Chair confirmed that ASX will publish the summary and response to consultation responses in first quarter of 2017. As noted on slide 17 of the ASX presentation, the Chair noted the next Technical Committee meeting would be held in February 2017. The Chair sought feedback from members with regard to market education and training on ISO 20022, and to consider how training can be provided. ASX will work with SWIFT to provide some training/education options at the next meeting. **[Matter Arising 3]** In the meantime, members can request additional copies of the booklet "ISO 20022 for Dummies" to assist education in their organisations.

The Chair directed members to the CHESSE Replacement web page where material for the Technical Committee will be published by ASX, and available to the broader industry to allow for transparency of the Committee's agenda and actions.

The Chair thanked members for their input, and for participating in the meeting. The meeting closed at 4.50pm.

Signed as a correct record of the meeting.

A handwritten signature in black ink, appearing to be 'A. G.', written over a horizontal line.

Technical Committee Chair

A handwritten date '18 JANUARY 2017' in black ink, written over a horizontal line.

Date



## ACTION ITEMS

#	Open Action Items	Owner	Due Date
2	Provide members with information on how to access SWIFT MyStandards.	ASX	7 February 2017
3	Provide members with an overview of ISO 20022 training options.	ASX/SWIFT	7 February 2017

#	Closed Action Items	Owner	Due Date
1	Amend the Charter to reflect that the Chair “will” (instead of “may”) forward copies of the minutes to the Business Committee for endorsement. ASX to publish and distribute final Charter.	ASX	13 December 2016

