MINUTES OF THE TECHNICAL COMMITTEE

CHESS messaging & ISO 20022 Project

Tuesday 7 February 2017

ASX offices, 20 Bridge Street, Sydney, conference call

1. **Agenda overview**

2. **Minutes from last meeting, actions**

3. **Update from Business Committee**

4. **ISO 20022 project update by ASX**

5. **Market education and training on ISO 20022**

6. **Key principles and recommendations for adoption**

7. **Next meeting, more information**

ATTENDEES

MEMBERS		
Company	**Name**	**Job Title**
Australian Payments & Clearing Association (APCA)	Paul Creswick	Security Standards Manager
Bank of America Merrill Lynch	Andree Hindmarsh	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
Boardroom Limited	Jeff Sadler	General Manager, IT
Boardroom Limited	Paul Timms	COO
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	Head of Solution Development
Chi-X Australia	Suketu Adhvaryu	Senior Solution Architect
Citicorp	Miles O'Connor	Director, Direct Custody & Clearing Securities Markets & Securities Services
Citicorp	Brett Dennis	Head of Operations – Party Clearing
Citicorp	Vlad Medvedev	
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
GBST	Andrew Murdoch	Product Specialist, GBST Capital Markets
GBST	Sue Schafer	Product Owner
Goldman Sachs	Darrel Schwarz	Technology Vice President
Goldman Sachs	Nichole Alexander	Operations Vice President
HSBC Securities Services	Gregory Wilkin	Head of HSBC Operations
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
JP Morgan	Daniel Smith	VP, Network Management
JP Morgan	Lesley Henderson	Technology Product team
Link Group	Ian Batterham	Business Applications Architect
Macquarie Group	Paul Bragg	Senior Manager Equities Clearing ANZ
Macquarie Group	Merrilyn Auton	Manager Operations
Morgans Financial	Matt Neaubauer	Team Leader, Service Management Team

MEMBERS		
Company	**Name**	**Job Title**
Morgan Stanley	Dorothy Wilson	Executive Director
		Morgan Stanley Wealth Management, ISG Technology
Morgan Stanley	Oscar Dela Cruz	
Morgan Stanley	Andrew Fielder	
Morgan Stanley	Gordon Davies	VP/Firmwide Ops
Morgan Stanley	Kirsty Venters	VP, Prime Brkrg Funding & Fin Tech
NAB Asset Management	Suresh Chinnappa	Head of Custody Service Operations
National Stock Exchange	Scott Evans By phone	General Manager & Company Secretary
National Stock Exchange	Lina Lim	Head of Technology
Nomura Research Institute	John Ryan	Senior Consultant
Securitease	Anton Smith	Director
Share Investing	Phil Barnes	Senior Manager, Platforms
Stockbrokers & Financial Advisers Association Limited (SAA)	Danielle Henderson	Chair of SAA CHESS 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	David Lawrence	Company Secretary
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

ASX Management	
Name	**Job Title**
Tim Hogben	Chief Operating Officer (Chair of the Technical Committee)
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
Link Market Services	Sue Julian	National Manager, Corporate Actions
Stockbrokers & Financial Advisers Association Limited (SAA)	Andrew Green	Chief Executive

The meeting commenced at 3.00pm.

Agenda item 1: Agenda overview

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

The Chair noted an increased participation in the Technical Committee – up 20% leading to better preparedness for the adoption of ISO 20022. The Chair asked the Technical Committee to consider broader perspective thinking and industry business needs.

The Chair outlined the Agenda for this meeting, referring to the presentation slides prepared by ASX. The agenda included an overview of the proposed forward plan of meeting topics. Highlighted was the proposed review of reporting requirements during the upcoming March meeting.

Agenda item 2: Minutes from last meeting, actions

The Chair noted that the minutes from the last meeting held on 13 December 2016 had been finalised, following one response from a member to make an amendment to the draft minutes. The minutes have been published on the ASX CHESS Replacement web page. The Chair noted the actions from the last meeting, and that Action 1 had been closed, Action 3 was for discussion this meeting. Action 2 was proposed for deferral to the March 2017 meeting when the timing was more appropriate. The meeting confirmed this was acceptable.

Agenda item 3: Update from Business Committee

The Chair noted that a Business Committee meeting had not been held since the last Technical Committee meeting. The next Business Committee meeting is scheduled for 2 March 2017 with a key focus to discuss the vision for CHESS Replacement. The meeting will also consider a revised Charter, as the Forum had now been dissolved. The Business Committee is now the central point for ASX and customers to discuss cash equities post trade matters.

Agenda item 4: ISO 20022 project update by ASX

The Chair referred to slide 5 of the ASX presentation and provided an overview of the work ASX had been progressing on ISO 20022 mapping.

A member asked how feedback on new/changed requirements coming through consultation would work. The Chair noted a key benefit of ISO 20022 standard was the flexibility in the maintenance process for data descriptions, data models and the data repository. ASX was completing some baseline analysis and work at this point.

A member asked if the CHESS EIS messages 101 and 005 were included in the current mapping tranche. ASX confirmed these messages were in scope. A member asked if the full list of messages currently being mapped could be made available to the Technical Committee members. The Chair agreed that ASX will provide the list to members. [Matters Arising 1/Action item 4]

A member asked ASX to confirm that stock lending was out of scope? The Chair confirmed that ASX had de-scoped stock lending in its current (single lender) form (i.e. last used in early 2000's). ASX was still interested to explore stock lending business models.

A member asked if all messages will be discussed in the Technical Committee. The Chair confirmed that it was the intention to share all draft messages with the Technical Committee.

Agenda item 5: Market education and training on ISO 20022

The Chair presented a list of education and training options that had been prepared by ASX and SWIFT, per slide 7 of the ASX presentation.

A member asked if it was possible to have classroom style training sessions instead of webinars. The Chair responded that while the options could be reviewed, the plan was to proceed with webinars as they offered the broadest level of access.

A member asked if the webinars offered would allow question and answer interaction by attendees. The Manager for Equity Post Trade Services responded to confirm Q&A was included in the format, but to note that the webinars were 2 hours in duration so high level.

A member asked if it would be possible to test the approach after the 1st webinar. The Chair confirmed that ASX would seek and review feedback after the initial webinar. [**Matters Arising 2/Action item 5**]

A member asked if there were any self-training options. A representative from SWIFT responded that the "ISO 20022 for Dummies" booklet had already been made available for download from the CHESS Replacement web page, or hard copies were available from ASX. The Chair confirmed relevant links to ISO 20022 information would be made available on the CHESS Replacement web page. [**Matters Arising 3/Action item 6**] The representative from SWIFT also noted that SWIFT users can access the online education portal SWIFTSmart at www.swift.com. SWIFT can provide more details. [**Matters Arising 4/Action item 7**]

The Chair confirmed that education would remain an open agenda item for further discussion.

The Chair invited a representative from SWIFT to provide an introductory presentation on ISO 20022 for the information of the members. (refer to separate SWIFT presentation)

A member asked if ISO message extensions would be used to support CHESS EIS data requirements. ASX confirmed this may be the case but would be assessed on a case-by-case basis, and that Data Source Schemes, External Code Lists or Supplementary data block may also be used. It was also possible to request a change to existing ISO messages or request a new ISO message for messages with limited existing mapping potential. Members would be involved in key decisions on the appropriate options.

Agenda item 6: Key principles and recommendations for adoption
The Manager, Equity Post Trade Services referred to the key recommendations from the High Level Gap Analysis (slide 9), and that ASX and SWIFT had spent some time in January to review this list and to identify key concepts or principles to bring to the Technical Committee for awareness, discussion and decisions. It was important that such principles were agreed to ensure a consistent approach through the process – and could be general in nature or specific to certain messages. For this meeting the focus would be on standard reference identifiers including codes – with 7 key topics.

1. Identify the issuer of a proprietary code (slide 10)

Recommendation: ASX presented the recommendation that where the issuer of a proprietary code needs to be identified in a message (e.g. the issuer of UIC codes), the issuer is identified by the Operating MIC – for example XASX to represent ASX as the issuer, XNEC to represent NSX as the issuer etc.

Outcome: The Technical Committee endorsed this recommendation, to be used where appropriate.

A member asked ASX to circulate the list of Market Infrastructure Codes (MICs). [**Matters Arising 5/Action item 8**]

2. Party identification (slide 11)

Recommendation: ASX presented the recommendation to standardise the code used to identify parties such as participants, issuers, payment banks in messages, rather than use a mix of identifiers such as PID (Participant Id), UIC (User Identification Code), and BIC (Business Identifier Code). ASX recommended the use of the proprietary code UIC, as issued by ASX. ASX further noted that it considered the BIC more appropriate for message routing information.

A number of members suggested that the BIC was an international identifier and would be more appropriate to use – this would remove any global confusion, improve potential interoperability with other service providers. ASX noted that if BIC were to be used all users of the system would require one – e.g. UIC is currently assigned to each issuer.

Outcome: The Chair agreed that this topic would be held for a decision, and that ASX and SWIFT would provide more information on the use of BIC vs. UIC to assist that decision, including whether all current parties in CHESS would be eligible for receipt of a BIC, any impact to clearing and settlement business processes to provide a BIC for notifications and instructions. [**Matters Arising 6/Action item 9**]

3. Identify place of trade – market (slide 12)

Recommendation: ASX presented the recommendation that depending upon the usage definition, Place of Trade is either "VARI" (e.g. netting messages), or the "Operating MIC" identifier – e.g. use XASX for ASX Trades.

A member noted that the Operating MIC may not be the appropriate reference and could a market operator nominate the appropriate code. ASX noted that would be possible, and guidance could be provided within the usage guidelines as to the appropriate code to be used. The market operators could nominate which MIC to use.

A member asked if VARI was used in netting messages, could a participant 'unpick' that set of trades to determine the place of trade on the underlying trades. ASX confirmed underlying gross trades that made up "netted positions" would be able to be reconciled back to.

Outcome: The Technical Committee endorsed this recommendation, with the Place of Trade information to be determined via market operator code preference. [**Matters Arising 7/Action item 10**]

4. Identification of a financial instrument – (security) (slide 13)

Recommendation: ASX presented the recommendation to continue the current CHESS practice where either ISIN or the proprietary ASX code could be used as identifiers for financial instruments. The type of code used could be nominated by the user. Where the proprietary ASX code is used, the issuer of the proprietary code would be identified by the Operating MIC – e.g. XASX.

A member suggested that XASX may not be suitable as the identification of the issuer, as other market operators issue codes for their own listed products.

Outcome: The Chair confirmed a further analysis would be required to determine if a fixed value or true value of the proprietary code issuer should be used. [**Matters Arising 8/Action item 11**]

5.   *Identification of safekeeping account (slide 14)*
Recommendation: ASX presented the recommendation to continue to use the proprietary code Holder Identification Number (HIN) as the identifier for a safekeeping account. ASX noted that the inclusion of the safekeeping account id was mandatory on all relevant messages.

Members sought clarification about what this equated to in CHESS messages. ASX confirmed this equates to the HIN field (e.g. receiving HIN, delivering HIN) in current messages. Members discussed whether this was the appropriate identifier.

Outcome: The Technical Committee endorsed the recommendation. The Chair noted previous feedback from some members on the future of account structures and that this would be a topic for further consultation as part of the business requirements gathering process.

6.   *Identification of depository in delivering/receiving settlement parties (slide 15)*
Recommendation: ASX presented a recommendation to mandate a standard reference to represent the depository (e.g. ASX Settlement) in relevant messages. Per market practice the field value is normally the BIC of the depository. For ASX Settlement this would be BIC XASXAU2S.

Outcome: The Technical Committee endorsed the recommendation.

7.   *CHESS proprietary field values vs. ISO 20022 code format (slide 16 and 17)*
Recommendation: ASX noted that the ISO 20022 convention for codes was a 4 character code, vs. the CHESS 1 to 3 character conventions (e.g. for basis of quotation, condition codes etc.). ASX recommended that:
- ASX to review current CHESS EIS code lists and descope any codes not in use
- Not to mix proprietary and ISO codes within one element/field usage
- Use ISO codes where available and publish into a Data Source Scheme (DSS) list
- Start with a registered DSS list, then once definitions are mature, move to registration in External Code Lists.

A member asked if the adoption of the ISO 20022 format should be applied to trading platforms and ReferencePoint products that share similar code lists. The Chair confirmed this could be taken into consideration.

A member asked if the richness of fields in an ISO message (for example using multiple codes like Basis of Movement), will have an impact to latency / performance? ASX responded that message sizes, system performance formed part of the significant non-functional aspect of this work and would be monitored accordingly.

Outcome: The Technical Committee endorsed the recommendation. ASX to provide proposed code lists for further review. [**Matters Arising 9/Action item 12**]

Agenda item 7: Next meeting, more information

The Chair summarised the key action items from the meeting and noted that draft minutes from the meeting would be circulated to members for review.

The Chair provided an overview of the planned topics for the next Technical Committee meeting (slide 18), and that the meeting would likely be held as a webinar to allow all members to view live content. A member asked if members could still attend the meeting at the ASX office. The Chair confirmed that would be possible.

The Chair noted that on the topic of reporting, ASX will make available statistical data prior to next meeting, and members are requested to review statistics, assess their use of the reports to assist in discussion. That will include whether the reports are to be carried forward, de-scoped as well as if any new reporting requirements should be considered.

A member requested an opportunity to schedule a demonstration of ASX's distributed ledger technology. The Chair asked members to indicate via email if they had an interest in attending a demonstration in order to manage as efficiently as possible.

A member asked if the standing agenda for the meetings could include a general CHESS Replacement update. The Chair agreed that this item would be added to the agenda. **[Matters Arising 10/Action item 13]**

A member noted that the next Technical Committee meeting was proposed for 13 March and that was a public holiday in Melbourne. The Chair confirmed ASX would check the next meeting date and advise of any change. **[Matters Arising 11/Action item 14]**

The Chair thanked members for their input, and for participating in the meeting. The meeting closed at 5.10pm.

Signed as a correct record of the meeting.

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Technical Committee Chair

3 March 2017

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Date

ACTION ITEMS

No.	Meeting Date	Open Action Items	Owner	Due Date
2	13 December 2016	Provide members with information on how to access SWIFT MyStandards.	ASX	Deferred to 14 March 2017
4	7 February 2017	Provide members with list of current scope of messages for detailed mapping during first half 2017.	ASX	14 March 2017
5	7 February 2017	Schedule training webinar for the attendance by members and seek and review feedback after the initial webinar.	ASX / SWIFT	14 March 2017
6	7 February 2017	Add link to relevant ISO 20022 information websites to the CHESS Replacement web page.	ASX	14 March 2017
7	7 February 2017	Provide more details on access to online education available at swift.com.	SWIFT	14 March 2017
8	7 February 2017	Provide members with the current list of Market Identification Codes (MICs)	ASX	14 March 2017
9	7 February 2017	Provide members with more information on the use of BIC vs. UIC as the party identification code.	ASX / SWIFT	14 March 2017
10	7 February 2017	Market Operators to advise the preferred MIC to be presented in trade related messages as the "Place of Trade".	ASX, Chi-X, NSX, SSX	14 March 2017
11	7 February 2017	ASX to conduct analysis on whether the identification of a financial instrument is a fixed value or true value of the proprietary code issuer.	ASX	14 March 2017
12	7 February 2017	Provide list of proposed code (i.e. condition or BOM) in ISO 20022 format (4 character) mapped against CHESS codes.	ASX	14 March 2017
13	7 February 2017	Add a general CHESS Replacement update to the standing agenda for meetings.	ASX	14 March 2017
14	7 February 2017	Check the next Technical Committee meeting date planned for March and advise members of any change.	ASX	14 March 2017

No.	Meeting Date	Closed Action Items	Owner	Closed Date
1	13 December 2016	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
3	13 December 2016	Provide members with an overview of ISO 20022 training options.	ASX/SWIFT	7 February 2017