



# ASX CHES Replacement project webinar

Q2 update

6 July 2017



# Presenters and introductions



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# Reminder to submit questions

The screenshot displays a web browser window with three main panels:

- Contact Us:** A form with fields for To (chessreplacement@asx.com.au), From, Subject (Query from 6 July Project Update webinar), and Body. A security code **69043** is shown with a prompt to enter security text. A **Send** button is at the bottom.
- Slides:** A presentation slide titled **ASX CHES Replacement project webinar** with a subtitle **Q2 update** and date **6 July 2017**. The ASX logo is in the bottom right corner.
- Ask a Question:** A panel with a large text input area and a **Submit** button. This panel is circled in red.

At the bottom of the browser window, there is a navigation bar with icons for a question mark, a chat bubble, **Q&A**, a document, and an envelope. The text **POWERED BY CN24** is visible in the bottom right corner of the browser area.

# Agenda

ASX CHESS Replacement project objectives

ASX Forward work plan roadmap 2017

Update on key workstreams:

- The Working Groups overview
- Stakeholders' Business Requirements input
- ISO 20022 messaging
- Technology (DLT) Assessment

Where to find information and summary

Q&A



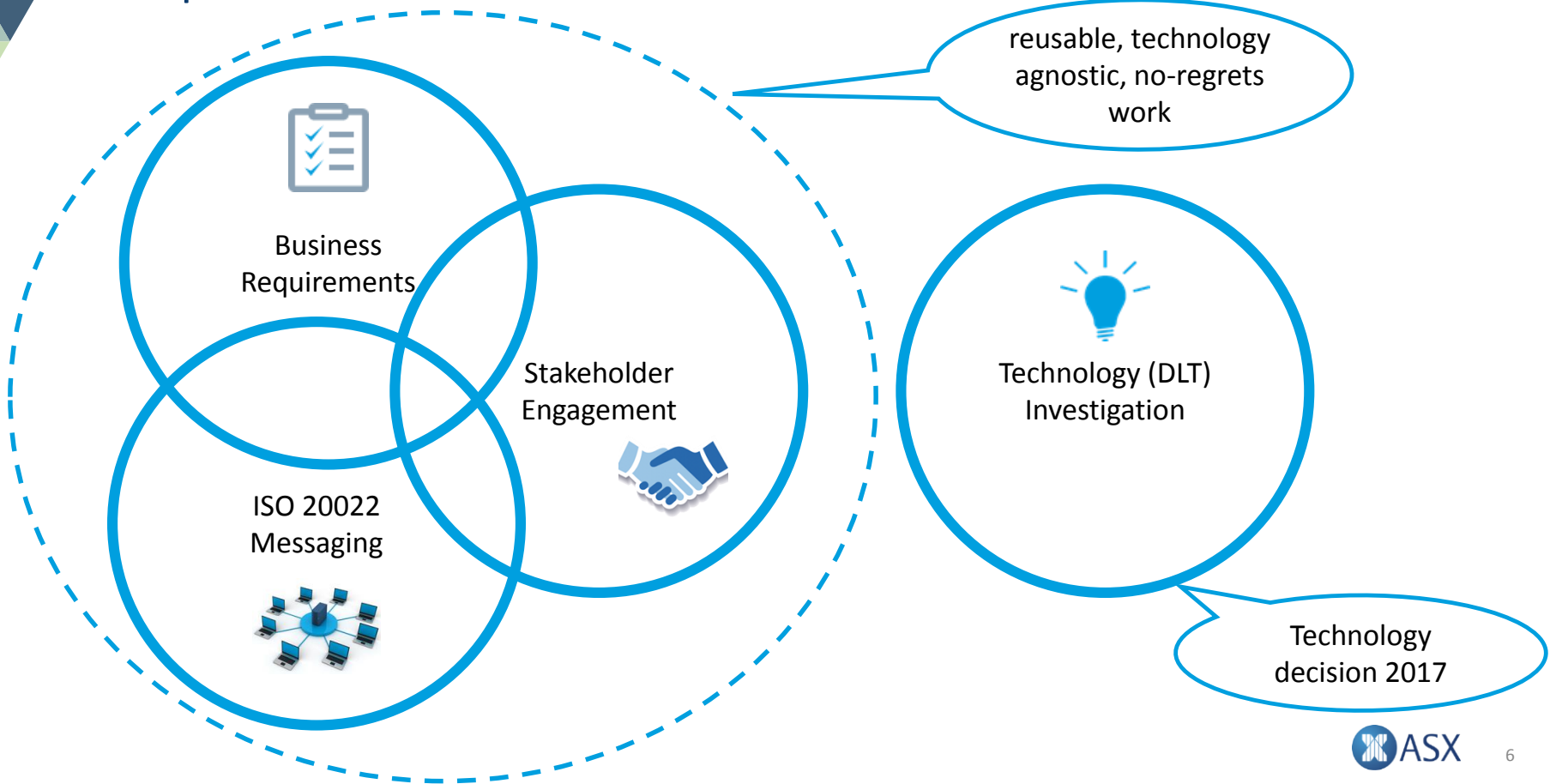
# ASX CHESS Replacement project objectives

ASX CHESS Replacement must:

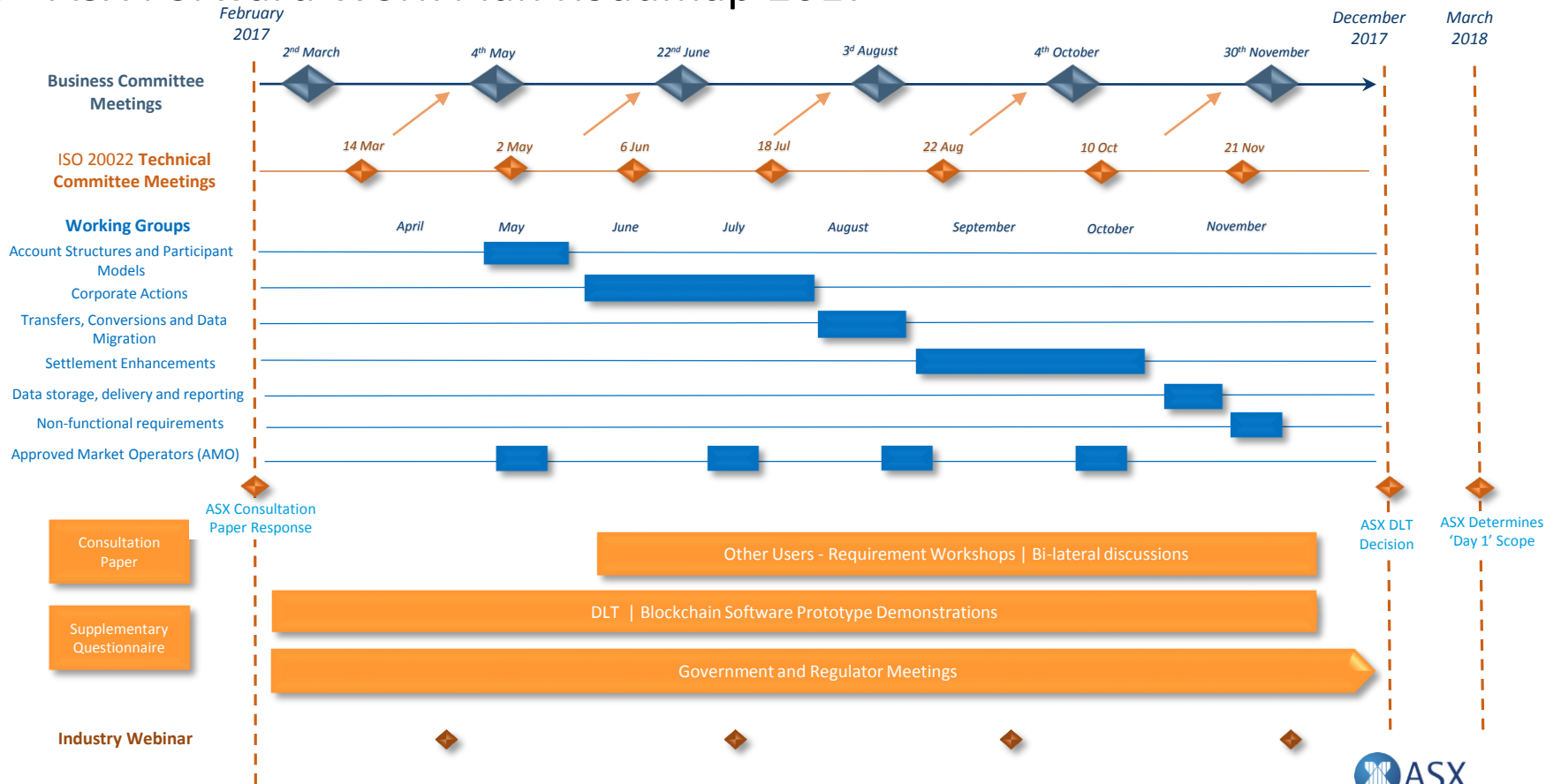
- Deliver a safe, secure and internationally competitive infrastructure
- Be for the benefit of the Australian market
- Not preclude competition at any level
- Be based on contemporary technology

This aims to deliver cost and risk reductions and to lay a foundation for further innovation.

# Recap on how we've structured the work...



# ASX Forward Work Plan Roadmap 2017




# Update on Key Workstreams





# The 6 Working Groups overview – Business Requirement Topics

- 
1. Account Structures and Participation Models
  2. Corporate Actions
  3. Transfers, conversions and data migrations
  4. Settlement Enhancements
  5. Data storage, delivery and reporting
  6. Non-functional requirements

# Stakeholders' Business Requirements input

## **Account Structures & Participation Models:**

- 2 x 2 hour workshops completed
- Attendees include Issuers, Investors, Registries, Custodians, Retail and Institutional brokers
- Workshop format:
  - Industry problems and opportunities discussed
  - Business requirements drafted and validated
- 3 high level business requirement inputs achieved:
  - Existing legal name on title to facilitate an omnibus model
  - Separation of Clearing and Settlement
  - Flexible account structure hierarchy

# Stakeholders' Business Requirements input continued

## Corporate Actions:

- 5 x 2 hour fortnightly meetings and 1 extra if needed
  - 3 out of 5 completed to date
- Attendees include Issuers, Investors, Registries, Custodians, Retail and Institutional brokers
- Workshop format:
  - Industry cohorts per stakeholder type to define industry problem statements and opportunities
  - Business requirements drafted and validated
- 6 high level business requirement inputs achieved thus far covering mandatory, mandatory with choice and voluntary corporate actions:
  - Standardised notification of corporate action events
  - Standardised electronic elections and acceptances for relevant corporate action events
  - Consistent cut off date and time

# Stakeholders' Business Requirements input continued

## **Corporate Actions (continued):**

- Standardised electronic process for submission of payments by holders
- Standardised electronic process for distribution of payments by issuers
- Standardised electronic process for distribution of securities

## **The next 2 meetings are on:**

- Cum Entitlement Balances and Deferred Settlement
- Scope of Corporate Action events and any Parking lot items

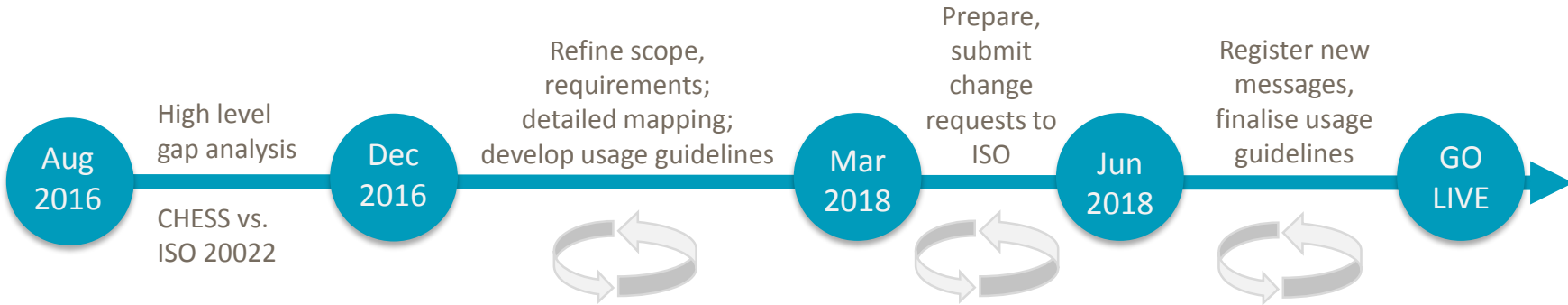
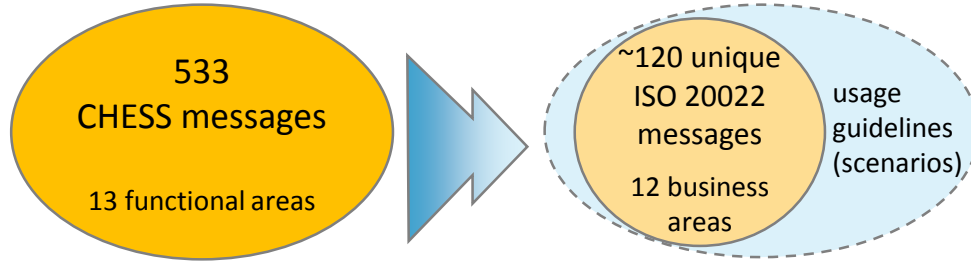
## **Transfers, conversions and data migrations:**

- Will commence in early August

# ISO 20022 messaging



# The ISO 2022 adoption process



Stakeholder  
Engagement

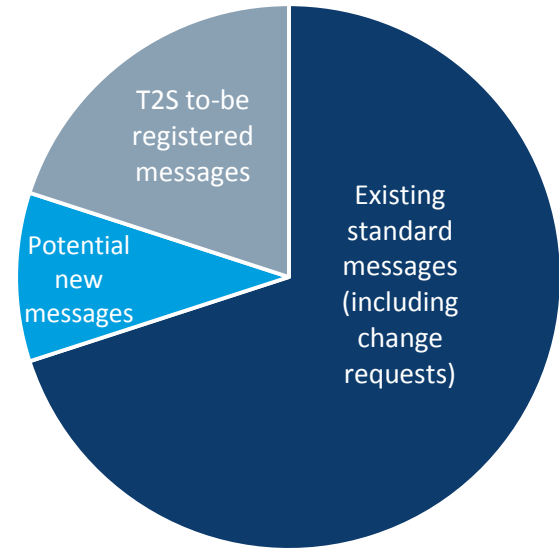
ISO 2022 Technical Committee

Industry training, testing, implementation

# Refined scope, detailed mapping of CHES EIS to ISO 20022

- Assume as-is to CHES EIS, or change to match standard, or change to match new business requirements
- Continued refinement of scope
- On-track progress with SWIFT consultation team – 200 CHES EIS messages considered, 90% draft mapping

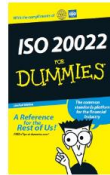
	# CHES EIS messages	# of CHES functional areas	# ISO 20022 business areas	Expected # unique ISO 20022 standard messages
Scope for detailed mapping	477	11	12	↓120



Expected make-up of draft ISO 20022 message set

# Key themes from the ISO 20022 Technical Committee

- 5 meetings held to date, with great engagement
- Agreed to adopt ISO 20022 standard reference identifiers where possible; e.g. code lists, ISO 20022 standard identifiers like ISIN, BIC
- Considering opportunities for consolidation, rationalisation of messages – benefits?
- Considering de-scoping functionality where there may be alternate processes/methods in CHES, not easily mapped
- Created placeholder for upstream/downstream considerations
- Reviewed draft usage guidelines on core functions, tracking feedback
- Why as is, why didn't we start fresh, avoid carrying legacy forward
- Considering market education and training



Technical Committee presentations, minutes and other reference documents published on ASX CHES Replacement web page



# Technology (DLT) Assessment

- Our DLT investigation requires our vendor to build enterprise grade DLT based software to a selected set of core post trade processes
- The assessment of the technology provided by Digital Asset Holdings is categorised in 3 parts:
  - **Non-Functional requirements assessment** – areas including: security, throughput capacity, confidentiality/privacy, scalability, resiliency/redundancy, et al
  - **Functional requirement assessment** – use cases include: trade registration, account & sub-register creation and maintenance, core clearing and settlement activities, (settlement and/or participant) default, back-out and failure scenarios, and others
  - **Vendor assessment** – areas include: software development practice maturity, code and architecture quality, etc.
- We are tracking to our joint 2017 plan. The delivery cadence, software quality and joint development practices are meeting our high standards
- We are still targeting a decision on the technology by end of 2017

## Where to find information and summary

- More information available on the ASX CHESSE Replacement website:  
<http://www.asx.com.au/chesreplacement>  
Or email ASX project team: [CHESSEReplacement@asx.com.au](mailto:CHESSEReplacement@asx.com.au)
- Ongoing engagement throughout 2017 (quarterly webinars, ISO 20022 Technical Committee meetings, forward working groups, DLT demonstrations and bilateral opportunities)
- The presentation and recording of this webinar will be available on the above webpage shortly
- Next date for Q3 webinar will be advised in due course and published on the above webpage

# Q&A



Please use  
**webinar facility to post questions**  
We will allow 10 – 15 minutes in the agenda  
for questions and answers



# Thank you

