



CHES Replacement Project

**Implementation and
Transition Kick Off**

20 March 2019

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Next steps

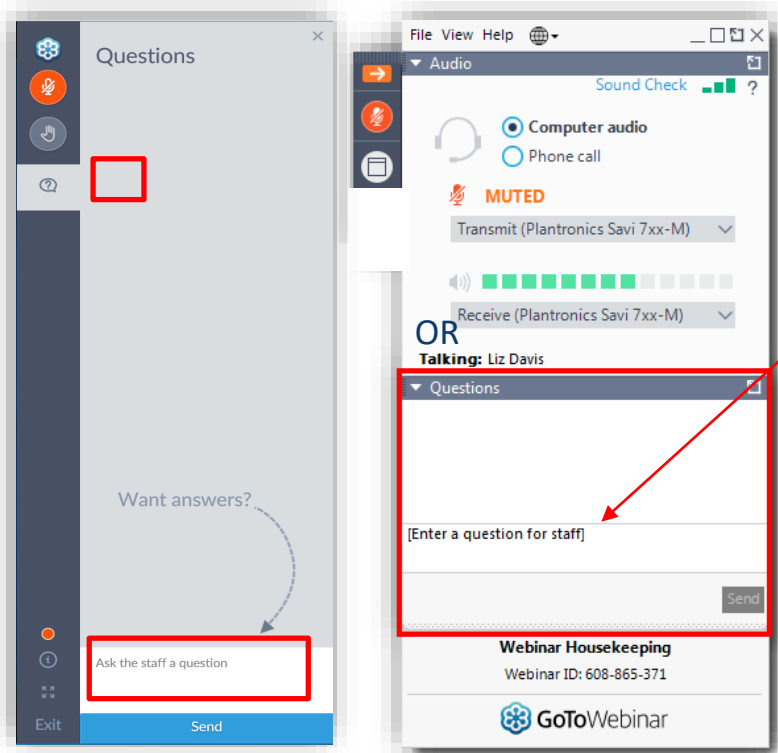


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Your Participation

- 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

- > Project Update
- > Purpose and Guiding Principles
- > Implementation and Transition Working Group Topics
- > Key Milestones
- > Data Migration
- > Accreditation and Operational Readiness
- > Q&A

Presenters and introductions



Cliff Richards

Executive General Manager
Equity Post Trade



Katie McDermott

General Manager
Equity Post Trade



Deepa Iyer

Lead Business Analyst
Technology



Keith Purdie

Senior Manager
Equity Post Trade

Project Update

CHESS Replacement Project Update

- > Overall project schedule on track for March/April 2021 go live
- > Technical documentation site went live in December 2018
 - > Over 400 registrations
 - > Recently updated including forward release plan, CDE application forms and test features
 - > Next drop of technical documentation late March
- > Customer Development Environment (CDE) will be available from late April
- > Details provided on the cost to access the CHESS replacement system
- > Regular Focus Groups, Connectivity & Integration Working Groups and ISO 20022 Technical Committee meetings

Purpose, Guiding Principles, and Key Milestones

Purpose of the Implementation & Transition Working Group



To develop a market-wide implementation and transition plan to support users' transition from CHESSE over a single cutover weekend

Responsibilities of the working group include:

- > Be the key forum for ASX to communicate with industry stakeholder representatives on the implementation and transition of CHESSE replacement in Australia's equity post trade environment
- > Members of the working group are expected to provide advice and expertise to help define and shape market wide implementation and transition plans
- > Be a key forum to help guide stakeholders individual implementation and transition plans

Implementation & Transition Working Group Topics

> Planning & Preparation

- > Implementation and transition strategy
- > Transition and migration plan
- > Test and risk mitigation plan
- > Cutover runbook

> Communication & Documentation

- > Market wide progress updates
- > Operational processes, procedures, & policy updates
- > On-Boarding process and rule amendments

> Testing & Rehearsals

- > Industry wide functional testing
- > Disaster recovery & performance testing
- > Migration rehearsals
- > Accreditation and operational readiness

> Cutover & Post Cutover

- > Control room for market wide co-ordination and go/no go decision
- > Cutover weekend
- > Reconciliation and reporting
- > Incident management and service releases

Working Group Membership

Working group membership:

- > AMOs, Clearing and Settlement participants, Share registries, Payment banks, software vendors and participants with in-house solutions, and industry associations
- > Meetings will be up to 2 hours in duration and will be held at least every two months throughout 2019, and are likely to increase in frequency from mid 2020
- > Organisations are asked to nominate up to two primary representatives to participate in the working groups
- > Nominated members should have the appropriate skills and business responsibilities to actively contribute and follow up on activities for their own organisation's implementation plans

Guiding Principles

Maintain market integrity through the execution approach

ASX to provide ongoing support to customers and continuity of service, to deliver a transparent and seamless cutover for investors and issuers.

Reduce complexity and risk

Where possible, avoid running old & new ASX production systems in parallel. Single cutover weekend.

Maximise pre-work to minimise migration weekend risk

Streamline migration efforts by maximising pre-work activities and minimising in-flight transactions and corporate action activity for cutover.

Adopt automation to maximise efficiency and minimise risk

Automate activities wherever possible to minimise risk and support a successful transition.

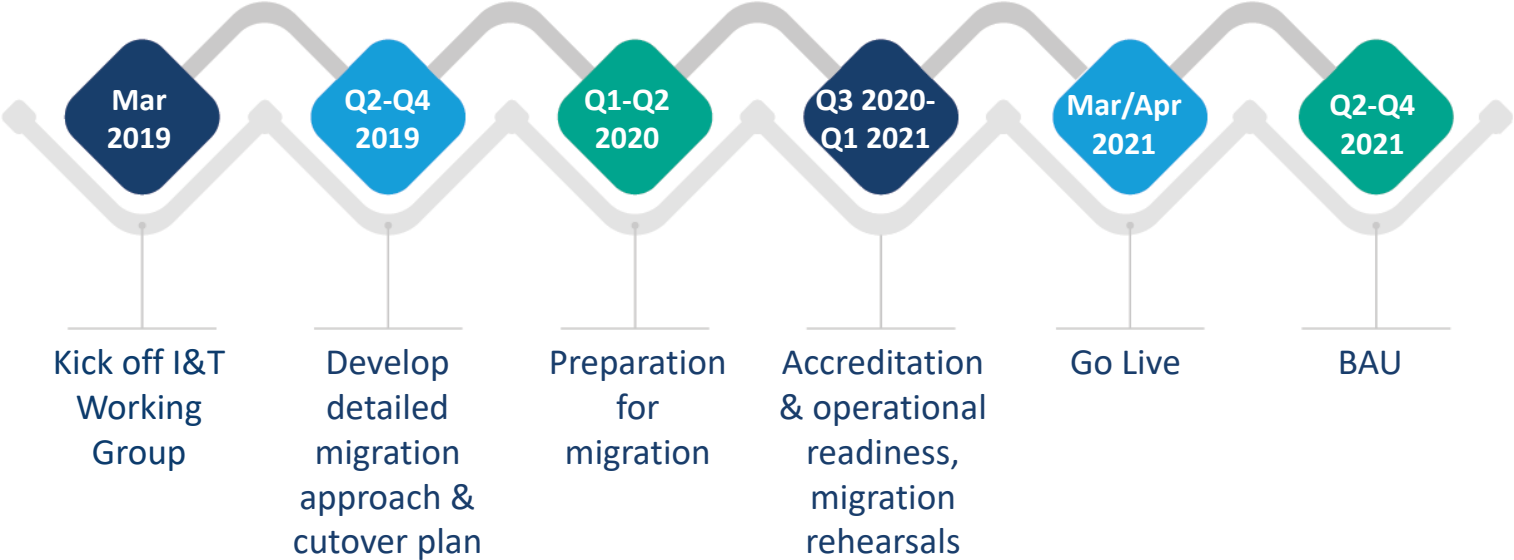
Ensure overall market preparedness for a seamless transition

Test environments to validate processes and procedures, internal systems and connectivity option(s). This includes migration rehearsals.

Transition over a single cutover weekend

- > Cutover from CHESSE to the new system will be over a single weekend
- > Lower complexity and risk compared to a phased transition:
 - > Avoids the need for users to run parallel production systems
 - > Avoids the need to synchronise and reconcile multiple sources of truth
- > Full benefits realisation on cutover
- > The cutover event will be rehearsed multiple times to ensure industry wide readiness

Migration and Cutover Roadmap



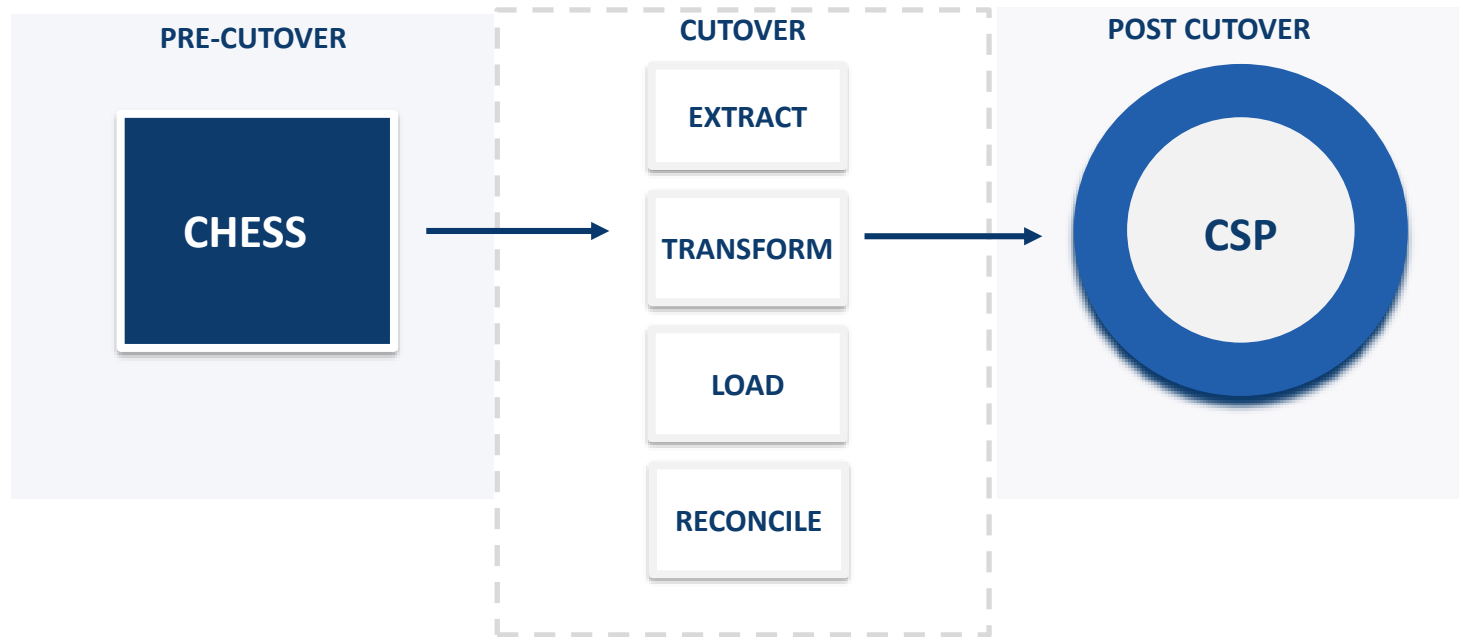
Data Migration

ASX Data Migration Scope

Data to be migrated (by ASX)	Under analysis	Key considerations
<ul style="list-style-type: none">> Accounts> Holding Balances> Holding Sub-positions> Account and holding locks> Scheduled settlement obligations	<ul style="list-style-type: none">> Unmatched Demand Transfer Requests> Unmatched Bilateral Settlement Instructions> Pending requests related to participants/accounts (create, update, cancel)> In flight transfers & conversions> In flight collateral requests pledge/withdrawal> Scope of transaction history	<ul style="list-style-type: none">> Account Registration Details (HINs) – migration to ISO standard

ASX High Level Data Migration Approach

CHES to Distributed Ledger



Customer Account (HIN) Migration

- > ASX will reformat account registration details to the ISO 20022 standard
- > ASX will provide sponsoring participants and registries with both existing and new account registration details
- > Opportunity to cancel unused accounts

Accounts Migration Example

CHES

Line 1 MR JOHN ALEXANDER CITIZEN +
Line 2 MRS JANE SMITH-CITIZEN
Line 3 <SAMPLE INVESTMENT ACCOUNT>,
Line 4 EXCHANGE SQUARE
Line 5 LEVEL 1, 20 BRIDGE STREET
Line 6 SYDNEY NSW 2000

Account



CSP

Account Name Mr John Alexander Citizen + Mrs Jane Smith-Citizen
Designation Sample Investment Account
Registered Address
Address Line 1 Exchange Square
Address Line 2 Level 1, 20 Bridge Street
Address Line 3
Town name Sydney
Country Sub-division NSW
Post Code 2000
Country AU

Account

Name Mr John Alexander
Citizen

Holder 1

Name Mrs Jane Smith-
Citizen

Holder 2

Accreditation and Operational Readiness

Accreditation and Operational Readiness

SYSTEM VENDORS &
IN-HOUSE SOLUTIONS



Connectivity Accreditation

- > Successfully connect, handle failure scenarios and achieve required performance for chosen connectivity channel(s)



Functional System Accreditation

- > Successfully test transaction processing for target stakeholder group

SYSTEM USERS



Operational Readiness

Provision of attestation which includes but not limited to:

- > updates to processes and procedures
- > staff training and knowledge shared
- > participation in IWT, migration rehearsals and go-live readiness

Q&A

Closing

- > Forward calendar of working group meetings will be updated on CHES Replacement web page
- > Webinar recording and slides will be published to CHES Replacement webpage
- > Nominate two primary representatives to participate in the working group
- > Contact CHESReplacement@asx.com.au with any additional questions/matters
- > Next working group meeting 15 May 2019:
 - > Proposed topic – Implementation & Transition strategy

Thank you.

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