

# Business Committee Report to the Boards of ASX Clear and ASX Settlement

## Business Committee Meeting

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At its 28 October 2020 meeting, the Business Committee was updated on:

- the operating performance of CHES for the September Quarter 2020;
- CHES replacement, including updates on consultation feedback, the revised implementation timeline, and the independent assurance program;
- the Corporate Actions STP Phase 2 project;
- the annual report on cash equities clearing and settlement services development; and
- the findings of the external audit of ASX's compliance with the regulatory expectations.

### KEY ISSUES DISCUSSED

Members were provided with an update on recent progress on the CHES replacement project, particularly the most recent releases of software code into the customer development environment (CDE), testing activity, ASX's response to consultation feedback on the tranche 2 rule amendments, and stakeholder engagement.

A key focus was in respect to the feedback received by ASX from stakeholders through the recent consultation process on the revised implementation timeline. ASX presented the confirmed implementation timeline for the replacement of CHES, including the new go live date of April 2023, the revised 'Day 1' functional scope and the requirements for additional capacity and scalability of the new system.

The proposed changes to the scope, as well as the changed go live date, were acknowledged by a member as providing greater certainty to stakeholders and a positive development to avoid the risk of further changes to the go live date as it approaches. A member also indicated support for the changes to scope in respect of increased scalability and capacity, acknowledging the importance of these changes from a business growth perspective.

A number of questions were raised by members around the functionality to be included in the revised Day 1 and Day 2 scope for CHES replacement. A request was made for ASX to provide a roadmap for stakeholders for the implementation of electronic acceptance and payment of entitlement offers following system go live. A request was also made for ASX to provide a 12 month forward stakeholder engagement program aligned to key project milestones.

### Agreed Actions

ASX will consider the feedback received from members with respect to the provision of a roadmap for 'Day 2' implementation of remaining corporate actions functionality and a forward stakeholder engagement program, and will provide a response to the Business Committee at the December meeting.

Minutes from the meeting are attached.

# Agenda

## Business Committee

Date	28 October 2020	Time	12:00pm – 2:00pm
Location	By teleconference		
<b>1. Service Performance</b>			12:00pm-12:15pm
a) Cash Market Clearing and Settlement - Operating Performance			
<b>2. CHES Replacement Project</b>			12:15pm-1:20pm
a) CHES Replacement			
– Application			
– Infrastructure and ledger			
– Integration and reporting			
– Rules and regulatory engagement			
– Stakeholder engagement			
– Cutover, transition and customer readiness			
b) Update on consultation feedback and revised implementation timetable			
c) Update on independent assurance program			
<b>3. Service Enhancements</b>			1:20pm-1:30pm
a) Update on the Corporate Action STP Phase 2 project			
<b>4. Regulatory Expectations</b>			1:30pm-1:45pm
a) Annual Cash Equities Clearing and Settlement Reports			
– Report on cash equities clearing and settlement services development			
– External audit of ASX compliance with regulatory expectations			
<b>5. Administration</b>			1:45pm-1:55pm
a) Minutes from the 22 July 2020 Business Committee Meeting			
b) Forward work program			
c) Other matters			
<b>6. Next Meeting - 7 December 2020</b>			

## Business Committee Members

Company	Name	Job Title	Apologies
ABN AMRO Clearing	Matthew McMahon*	Head of Operations Australia	Barry Parker, Chief Executive Officer
AFMA	David Lynch	Chief Executive Officer	
ASX	Peter Hiom	Business Committee Chair, Deputy CEO	
ASX	David Raper	Executive General Manager, Trading Services	
AIRA	Ian Matheson	Chief Executive Officer	
ACSA	Rob Brown	Chief Executive Officer	
ASA	Fiona Balzer	Policy & Advocacy Manager	
Automic	Paul Williams	Managing Director	
BAML	Stephen Hacker	Director, Head of Operations	
Bell Potter Securities	Rodd Kingham	Head of Operations - Transformation	
BNP Paribas	Mark Wootton	Head of Custody Product Aust & NZ	
Chi-X Australia	Mike Aikins	Chief Operating Officer	
Citi	Miles O'Connor	Director, Direct Custody & Clearing Securities & Funds Services	
CMC	Andrew Rogers	Director of Broking Business	
CBA (CommSec)	Sheridan Thompson	Head of Strategic Development	
Computershare	Scott Hudson	Head of Intermediary Services	
Credit Suisse	Winston Loke	Australia Equities COO	
Deutsche Bank AG	Geoffrey Plaisted	Chief Operating Officer, Equities	
Goldman Sachs	Yen Le	Executive Director	
GIA	Megan Motto	Chief Executive Officer	
HSBC	Nichole Alexander	Manager, Aust Market Advocacy & Development	
J.P. Morgan	Jonathan Evans	Head of Custody & Markets Operations	
Macquarie Group	James Indge	Cash Equities Business Manager	
Morgan Stanley	Rebecca Hill	Chief Operating Officer	
Morgans	Daniel Spokes	Director	
NAB	Anita Mead	Head of Business Management, Self-Directed Wealth	
NSX	John Williams	Head of Admissions	
Pershing Securities	Leigh Conder	Chief Operating Officer	
SAFAA	Judith Fox	Chief Executive Officer	
Sydney Stock Exchange	Antony Tolfts	Listings Director	
UBS	Conor Foley	Chief Operating Officer	

\* Delegate

## ASX Management

Name	Job Title	Apologies
Tim Hogben	Chief Operating Officer	
Daniel Moran	General Counsel	
Hamish Treleaven	Chief Risk Officer	
Cliff Richards	Executive General Manager, Equity Post Trade Services	
Dan Chesterman	Chief Information Officer	
Val Mathews	Executive General Manager, Operations	
Sally Palmer	Deputy General Counsel	
Katie McDermott	General Manager, Equity Post Trade Services	
Diane Lewis	General Manager, Head of Regulatory Affairs	
Karen Webb	Senior Manager, Equity Post Trade Services	
Keith Purdie	Senior Manager, Equity Post Trade Services	
Con Korkofigas	Senior Legal Counsel and Senior Manager	
Andrew Jones	General Manager, Strategic Partnerships	

## Observers

Name	Job Title	Apologies
Greg Yanco	Executive Director, Markets (ASIC)	
Nathan Bourne	Senior Executive Leader, Market Infrastructure (ASIC)	
Dodie Green	Senior Manager, Market Infrastructure (ASIC)	

## Invited

Name	Job Title	Apologies
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## INTRODUCTION

The Chair welcomed members and delegates to the meeting.

There were no apologies. It was noted that Stephen Hacker will replace Rhys Cahill as the representative for Bank of America Merrill Lynch. It was also noted that John Williams is the confirmed representative for NSX following Matthew Loughnan's departure. Two members were represented by delegates, Matthew McMahon (for ABN AMRO) and Daniel Spokes (for Morgans). ASIC representatives (Greg Yanco, Nathan Bourne, Dodie Green) attended the meeting as observers.

## AGENDA ITEM 1: SERVICE PERFORMANCE

The ASX Executive General Manager, Operations provided an update on the operating performance of the cash market clearing and settlement services for the months of July, August and September 2020:

- There has been a slight decline in trading and settlement volumes from last quarter.
- The daily average fail rate has reduced to 0.223% for the September 2020 quarter, and is now below the daily average fail rate prior to 2020, which indicated a return to usual levels.
- There was a slight spike in settlement failure rates in September, which was due to increased corporate actions processed in CHES relating to entitlement offers and institutional placements.
- There was 100% average monthly system availability for CHES, the Trade Acceptance Service and the Settlement Facilitation service through the September 2020 quarter, with no delay or performance challenges.

The ASX Executive General Manager, Operations also spoke to the recent improvements made to the CHES system to increase the transactional throughput and reduce key capacity constraints. A notice was released to the market on 22 September 2020 to provide an update on ASX's response to the significant trade count volumes in March 2020. The notice covered CHES system remediation addressing hardware, processing efficiencies and performance tuning, and the proposed actions to be taken by ASX Clear and Settlement in the event of significant trade count volumes.

ASX is monitoring transaction throughput on an hourly basis to minimise processing challenges towards the end of each day. In the lead up to the US election, ASX has undertaken scenario planning to manage the risk of high transaction volumes during that period.

The ASX Chief Information Officer provided an overview of the improvements made to CHES to increase capacity and performance of the system. These improvements have resulted in an increase in capacity to 7 million trades per day on a repeatable basis. Further uplifts in system capacity and performance are planned and will be progressed over the remainder of 2020 and 2021.

There were no questions or comments from members on the performance report.

## AGENDA ITEM 2: CHES REPLACEMENT PROJECT

### a) CHES Replacement – Program Update

ASX updated the Committee on the status of each of the CHES replacement workstreams. The ASX General Manager, Equity Post Trade Services, provided the following updates:

#### **Application design and build, infrastructure and ledger**

- The eighth drop of code into CDE was released on 14 September. Significant features of this release included corporate action workflows, holding administration locking and unlocking functionality and the remaining end of day reports for share registries. The release also included updates for payment providers, isolate counterparty, and the ability to exclude obligations from failed settlement.
- Two new test tools were released with CDE8 and are now available in CDE. This includes a self-serve file upload tool that allows payment providers to generate bilateral settlement instructions as if they were created by a settlement participant.
- ASX is seeing an increase in testing levels and notes that the 6 key software vendors testing is keeping pace with code drops. ASX is assisting in-house developers with their testing activities.

- For AMOs, CDE8 documentation also now includes a sample of the Security Details Report.
- All associated documentation relating to system functionality, as well as release notes, is available through the CHES replacement documentation portal. The documentation includes additional content with the operating procedure guidelines (APGs) and message accreditation scripts.
- Development of the CHES user interface is also continuing, and is tracking to schedule.
- The next code release (CDE9) is scheduled for delivery at the end of November 2020.

#### **Integration and Reporting**

- Additional share registry message based reporting was delivered in CDE8 in September.
- On demand reports will be made available from CDE9.

#### **Stakeholder engagement**

- Since the last Business Committee meeting, ASX hosted three further Implementation and Transition Working Groups held via webinar. The Working Group held on 29 July 2020 included a live demonstration of the CHES user interface and an update on Corporate Actions STP. The Working Group held on 26 August 2020 focused on outstanding considerations for inflight transactions and migration of accounts and holders, which directly addressed one of the key themes from consultation feedback. The Working Group held on 7 October focused on the proposed electronic CHES holding statement solution, CDE8 delivery and changes to CHES replacement webpages.
- Webinar recordings of the Implementation and Transition Working Groups continue to be made available through the CHES replacement website.
- ASX also published a participant fact sheet on 27 July 2020 for market participants including benefits and an update on pricing.
- ASX has continued its program of direct issuer engagement, with a number of bilateral discussions with listed companies.

#### **Cutover, transition and customer readiness**

- ASX has now released 7 tranches of technical accreditation scripts for messaging, and is targeting to have completed all messaging accreditation scripts by end of 2020 for items currently in scope for Day 1.

#### **Rules and regulatory engagement**

An ASX Senior Manager/Senior Legal Counsel provided an update on the following:

- The consultation rounds on both the first and second tranches of operating rule amendments are now complete.
- ASX released its response to consultation feedback on the second tranche of rule amendments on 24 September 2020. The response to consultation contained a summary of feedback received in stakeholder submissions, as well as ASX's response to this feedback, including the changes made to the draft rules and procedures to take account of the feedback received.
- A key change made by ASX arising out of the consultation was in respect of a revised DRP and BSP election solution design, with the supporting rules now reflecting a simplified "pass through" model for election and cancellation notifications.
- Under the revised solution, ASX is no longer to maintain a current record of election status across CHES holdings. Issuers will no longer be required to notify ASX of elections or cancellations of elections occurring outside of CHES, other than for an issuer instigated cancellation of an election notified through CHES.
- ASX will also no longer limit permissible elections or cancellations based on current election status recorded in CHES.
- The consultation process on the rule amendments will involve a further final round of consultation relating to the third tranche of rule amendments as well as a consolidated rules package across all rule amendments for the new system. The timing of this final round of consultation will be addressed as part of the next agenda item.

Members did not raise any questions in respect of the CHES replacement updates.

## b) Update on consultation feedback and revised implementation timetable

The ASX Executive General Manager, Equity Post Trade Services provided an update on consultation feedback and the revised implementation timeline.

On 25 March 2020, ASX made a public announcement that it would be consulting in June on a revised timeline for the implementation of the CHES replacement system, as a result of the impacts of COVID-19. The revised timeline would also take account of the functional changes requested by CHES users, and the need for additional time for ASX and CHES users to complete development and readiness activities.

At the end of June, ASX released its consultation paper for a four week consultation period on the CHES Replacement revised implementation timeline, with a proposed go-live date of April 2022. ASX has carefully considered the consultation feedback received from 100 organisations (includes 96 CHES users and four industry associations).

ASX has also undertaken a comprehensive review of the CHES project, including engaging with the regulatory agencies as part of that process. Key industry feedback received outside the formal consultation process related to the need for increased capacity and scalability has also been taken into account through the project review. This has all resulted in an increase to the Day 1 scope of the CHES replacement project to accommodate increased functionality, capacity, scalability, increased industry testing and more time to accommodate these changes, with a new go-live date of April 2023.

A summary of the feedback received by ASX through the consultation process was provided:

- COVID-19 is having a continued impact on some participants in the industry, largely due to the effects on collaboration and productivity. It has also highlighted the need to digitise processes across the industry
- The majority of CHES users could meet an April 2022 go-live date; however many cited dependencies in meeting the date, and/or indicated a preference for a go-live date in Q4 2022
- Other users indicated concern with a go-live date in Q4 2022 due to non-ASX industry system upgrades and the impact of AGM season
- A number of users requested additional types of testing in preparation for the new system
- Many users highlighted that their readiness to support certain project milestones was dependent on the provision of further information from ASX regarding pricing, data governance, data migration tools, migration dress rehearsals, the single cutover weekend, and connectivity details
- A small number of users requested an opportunity to comment on the final rules package as revised following consultation on the tranche three rules and consolidated rules package, but prior to formal lodgement with ASIC.

The ASX General Manager, Equity Post Trade Services provided a summary of the recent feedback received as to extreme volume increases in early 2020, noting that the burst in trading increases in March 2020 was more than 7 times greater than previous increases caused by events such as Brexit and the last US election. ASX, industry and regulators have reflected upon the implications of these extreme increases in volume and have noted that there has been a reset of expectations for CHES replacement to have certain features available on Day 1 relating to scalability and volume of processing.

ASX noted that scalability has always been a requirement for the new system and is not a limitation of the technology. Following the events in March, ASX has identified potential impediments to scalability in the existing NBO process and settlement workflow. This has been a key consideration of the replan and ASX will consult with CHES users on the redesign of the NBO and settlement process in Q1 2021.

The ASX Executive General Manager, Equity Post Trade Services provided an overview of ASX's response to feedback received to date, noting that a number of key changes are being made to the project scope and the revised timetable, including:

- A redesign of the NBO process to significantly improve scalability of overnight processing
- Delivery of significantly increased intra-day throughput capacity on Day 1
- Addition to the Day 1 functional scope covering DRP and BSP elections and enquiry, plus non-batch DvP bilateral settlement functionality

- Provision of additional CHES user testing, and more time for development, testing and readiness activities to reduce delivery risk and also noting that there will be some changes required to accommodate the refactoring of the NBO and related processes
- An extension of the period of operation, and enhancement of, CDE to improve the software provider experience
- Provision of additional information in relation to pricing, data governance, migration approach, migration dress rehearsals, data migration tools, and connectivity details
- The Industry test Environment (ITE) will now be opened later when the system is functionally complete, with higher processing capacity to support industry testing. ASX considers that this will reduce delivery risk for ASX and provide an improved customer experience.

The ASX Executive General Manager, Equity Post Trade Services spoke to the confirmed implementation timetable at a high level, noting the following key points:

- **Software Development (CDE):** three more CDE releases are to occur (code drops, 9, 10 and 11) between November 2020 and September 2021
- **Software Provider Readiness (ITE1):** an additional 5.5 months will be made available for system testing – this reflects key feedback received around limiting parallel activities required by stakeholders. There will be a connectivity period in October and November 2021 prior to the commencement of system testing
- **Customer Readiness (ITE2):** there will be a connectivity period preceding the opening of ITE in April 2022. There will be a number of industry-wide end to end testing periods in late 2022 and early 2023
- **Cutover and Transition:** there remain three planned migration dress rehearsals, with a contingency weekend built into the timetable
- **Operating Rule Amendments:** ASX has proposed a final round of consultation covering tranche three rule amendments as well as a consolidated rules package across all the rule amendments including tranches 1 and 2 as revised following earlier consultation processes. This consultation is due to commence in early August 2021 and allow a 15 week consultation period. ASX plans to formally lodge the combined rules package in August 2022 and, pending regulatory clearance, the final set of rules will be released by end of September 2022.

The ASX Executive General Manager, Equity Post Trade Services thanked all stakeholders who provided input and feedback through the consultation process. ASX noted that in setting the revised date, some CHES users would be impacted but acknowledged that the nature of consultation is to address feedback received across the market and adjust accordingly. ASX considers that the confirmed revised go live date of April 2023 will allow the CHES replacement project to be delivered in a safe and timely manner.

ASX acknowledged the close supervision and engagement of ASIC, RBA, Treasury and the ACCC throughout the project and noted this will continue, including with respect to the ongoing independent assurance program.

A number of individual members commented on ASX's presentation of its response to consultation and confirmed implementation timeline:

- A member noted ASX's earlier comment that the NBO process will be redesigned given that the current NBO process is not scalable. The member was interested to understand the significance of the changes associated with the redesign and how extensive the impact will be on existing technology vendors. ASX advised that the impact of this work for the industry will depend on how far vendor development had progressed on the current NBO process, and noted that ASX will be working with impacted vendors. ASX also noted the benefits of netting will be retained and the refinement is more around looking at a different way on how the NBO process is reported. Further detail will be provided to impacted stakeholders from January 2021.
- A member asked if ASX could confirm whether the electronic acceptance and payment of entitlement offers is included in the Day 1 functional scope. ASX advised that it had considered which elements of the functionality originally scheduled for Release 1.1 could be brought into the revised Day 1 scope, in light of the impact and risk for all stakeholders. It was noted that DRP/BSP elections, DRP/BSP enquiry and DVP non-batch settlements were brought into the Day 1 scope. Electronic acceptance and payment of entitlement offers will remain for Day 2 delivery, given the need to reduce delivery risk and the impact on issuers and their share registries and on payment providers. The member queried whether there is a full functional roadmap for the new system



incorporating the timing for implementation of Day 2 scope. ASX confirmed that there is currently no timeline for the entitlement offers functionality at this point given system go live is still more than two years from now. The Chair noted that ASX would create an action item to consider the request for a roadmap and revert back to the Business Committee at the next meeting.

- A member thanked ASX for undertaking such as comprehensive consultation process and taking account of all the feedback received, including the need to provide for additional capacity to remove an artificial limit on business volumes. The member was supportive of the confirmed implementation timeline, noting that taking the approach ASX had taken in announcing the 12 month delay was better than having a number of smaller delays in the lead up to implementation. The member also noted the importance of the project being completed and done well, with all users working together.

### **(c) Update on Independent Assurance Program**

The ASX Chief Risk Officer acknowledge the importance of independent assurance for the CHES replacement project, and provided an overview of ASX's program of independent assurance reviews for the CHES replacement project. It was noted that some reviews have already been undertaken, some reviews are underway, and some are yet to commence and will be commenced at appropriately targeted dates in the forward work plan. A summary of the various review areas was provided:

- In respect of project governance, regular project health checks will occur at various points over 2021 and into 2022, and will assess how ASX is managing the scope, risks and reporting processes for the project
- A range of more targeted reviews on special topics (such performance and scalability) will also occur.
- The design effectiveness and operating effectiveness of controls will be assessed
- An assurance review will be conducted on the completeness and accuracy of the data migration process
- A review of key security controls, including cyber penetration tests will also occur.

Reports and findings will be provided to ASX management and boards, and the relevant regulatory agencies.

ASX will determine the scope and select an appropriate expert for each review, in consultation with ASIC and RBA.

A member asked if ASX could disclose who the external independent assurance providers are, and if independent providers will be appointed for all of the assurance review items referred to in the meeting or just for a subset of these items. ASX advised that all reviews referred to in the meeting will be conducted by independent providers with expertise relevant to the specific review item. In response to a member query, it was noted that EY has been used by ASX.

## **AGENDA ITEM 3: SERVICE ENHANCEMENTS**

### **a) Update on the Corporate Actions STP Phase 2 project**

ASX Senior Manager, Equity Post Trade Services provided an update on the progress of the Corporate Actions STP Phase 2 project:

- The STP project team is progressing well with its activities, and is on track for delivery in later March 2021
- Since the production release in July, the new ISO 20022 corporate action notification service, which covers 23 ISO events, has been performing well, with over 3,500 event notifications published by ASX to date. Testing of the notification service remains available to interested subscribers
- As noted at the July Business Committee meeting, the focus of the third and final release is to introduce full STP for additional corporate action events, including making additional online forms available to issuers and building necessary interfaces between those forms and the ASX database
- ASX is developing six additional online forms to be made available in March 2021, including a buyback form and a monthly units on issue statement for ETF/AQUA issuers. The provision of smart forms rather than forms in word format will benefit issuers by facilitating relevant only questions for issuers. The changes will also provide continuing benefits to the ASX operations team, and increase the timeliness of ReferencePoint products

- The scope of the final release has recently been refreshed to include a number of changes to existing online forms that cover announcements of proposed issues of securities, the dividend and interest payment announcements. A number of these changes are in response to market feedback regarding the timing of particular issuer actions in certain event timetables, including dividends, interest payments, entitlement offers and security purchase plans
- An additional corporate action event known as 'other' will be introduced into the ISO 20022 notification suite, which will cover reinvestment offers which will be supported by CHES replacement in the future, and on an ad hoc basis in existing CHES. Requirements for that event notification have been completed and the usage guideline has been published in SWIFT MyStandards for working group review. It is expected that this additional notification will be available in the test environment from the end of December 2020.

The ASX Senior Manager, Equity Post Trade Services confirmed that the STP industry working group most recently met on 15 October 2020, where ASX provided members with an overview of progress on Release 3 and a deep dive on some of the new online forms and the new ISO event. Further meetings will be scheduled aligned to key project milestones.

A consultation paper on the proposed listing rule changes is the next significant communication ASX expects to make to stakeholders on this project. ASX will also release an additional 'ASX Online for Companies' training environment in November for issuers to preview the new and updated online forms.

It was noted that ASX recently met with the Governance Institute of Australia and a number of their issuer members to discuss the online forms that had been introduced last December. This discussion demonstrated issuers' strong interest in further developments in the online forms and access to preview the forms early before go live.

There were no questions from members on the STP Phase 2 Project.

#### **AGENDA ITEM 4: REGULATORY EXPECTATIONS**

The Chair noted that the Regulatory Expectations for ASX's conduct in operating cash equity clearing and settlement services in Australia require the publication of two reports annually – an annual cash equities clearing and settlement services development report, and an external assurance report on ASX's compliance with the Regulatory Expectations.

##### **a) Report on cash equities clearing and settlement services development**

The services development report provides a summary of service developments and investment projects that ASX has undertaken during the 12 month period to 30 June 2020 for cash equity clearing and settlement, particularly where service developments may be in response to customer requests. The report is provided to the Business Committee each year.

ASX Senior Manager, Equity Post Trade Services provided an overview of the development report, noting that the report is contained in the agenda papers. While CHES replacement remains the key focus, a number of smaller but important enhancements to core cash equity clearing and settlement services have been delivered during the period, including:

- Two business requirements, which were identified by CHES replacement working groups in 2017, have been implemented through rule amendments under 'business as usual' processes given that they were not dependent on the new system. The two business requirements related to transfers to the CHES subregister and to takeover offers
- Work has been progressed to deal with increased transaction volumes experienced this year in CHES
- ASX has continued its readiness for the National Stock Exchange of Australia's use of the Trade Acceptance Service.

Looking forward, the ASX Senior Manager, Equity Post Trade Services noted that ASX will continue to undertake further enhancements to improve the capacity of CHES and related systems, and will keep users informed of any planned changes through the quarterly technology upgrade market notice.

Members had no questions or comments in respect of the cash equities clearing and settlement services development report.

#### **b) External audit of ASX compliance with regulatory expectations**

The ASX Chief Risk Officer provided the Business Committee with a brief update on the FY2019-2020 'Regulatory Expectations' external audit. It was noted that PwC has now completed its review, and that the full results of the audit have been provided in the agenda papers. Several members of the Business Committee participated in the interview process administered by PwC. ASX has been advised by the PwC partner leading the audit that the interview process was effective in obtaining the information and feedback required by PwC to form their audit opinion.

The results of the audit demonstrate that ASX has complied in all material respects with Regulatory Expectations. It was noted that comments and findings regarding potential areas for improvement are contained in the PwC report included in the agenda papers, and that these relate primarily to the definition of a broad consensus for the purpose of a 'recommendation' from the Business Committee to the CS Boards, the provision of a roadmap on pricing and continuing to engage with market operators around equivalence of access. ASX has provided responses to these suggested areas for improvement and will action these over the coming financial year. The ASX Chief Risk Officer invited Business Committee members to comment on ASX's progress on these action items in next year's Regulatory Expectations audit.

A member noted that in previous years, the PwC report had included comments that had been raised through the review process that were considered outside the scope of the review and queried if this had also been the case for this year's review. ASX advised that all findings and relevant commentary made through this year's review process were included in PwC's report.

### **AGENDA ITEM 5: ADMINISTRATION**

#### **c) Minutes from the 22 July 2020 Business Committee Meeting**

The Chair noted that one member had requested an amendment to the minutes of the 22 July 2020 meeting in respect of the list of member attendees, and that this change has now been incorporated into those minutes. The minutes of the 22 July 2020 meeting were approved without any further changes.

#### **d) Forward work program**

The Chair noted that a forward work program is contained in the agenda papers, and noted that the program will continue to largely focus on regular updates on implementation of the CHES replacement and Corporate Action STP projects. The Chair invited suggestions from the Business Committee members on topics that should be covered at future meetings.

A member queried whether there could be more discussion or clarification from ASX around the stakeholder engagement program, from now until the end of the program. The member also queried whether there would be any possibility of moving to a videoconference for the meetings, as opposed to participating by phone. The Chair noted that ASX would create an action item to consider the request for clarification on the stakeholder engagement program and would revert back to the Business Committee at the next meeting.

#### **e) Other matters**

One member noted that function, time and price are three key elements to be considered by CHES users in respect of the CHES replacement system, and requested the provision of a roadmap for CHES replacement, setting out further detail including with respect to Day 2 functionality and indicative timing. The Chair thanked the member for their feedback and advised that ASX will consider the feedback as part of the action item created earlier in the meeting in respect of the roadmap request, noting the need to maintain a balance between certainty and flexibility.

The ASX Executive General Manager, Equity Post Trade Services advised that he will be taking an extended leave of absence from ASX, and that the ASX Chief Operating Officer will lead the CHES replacement project going forward.

**AGENDA ITEM 6: NEXT MEETING**

The next meeting is currently scheduled for 7 December 2020.

The meeting closed at 1.42pm.

Signed as a correct record of the meeting.

A handwritten signature in black ink, appearing to read 'Peter Han', written over a horizontal line.

15 December 2020

Chair

Date