



## CHES replacement project update – changes to software release timing and implications for project milestones

Since our [last project update](#) and the opening of the first fully integrated Industry Test Environment (ITE) in November, there has been a lot of activity, input and engagement across the industry.

With Q1 2022 drawing to a close, I can report that ITE1 is progressing well. Robust testing is underway internally and with our technology providers, and we are confident in the technical solution and the program assurance.

We now have 25 software providers – including all vendors – working through functional testing and we have built and successfully system tested almost all mandatory features and over 90% of optional features of the new systems' functionality with software providers in ITE1.

In terms of performance of the ledger and the CHES application:

- The ledger (a.k.a. the blockchain) is performing well. Of note, the same technology (i.e. ledger and language) is now in production in the US and processing billions of dollars of US debt repo each day.
- Application code fixes identified as part of ITE1 are in line with expectations, reflecting the high quality of the solution and extensive testing by software providers in the Customer Development Environment (CDE). This outcome is particularly important given the current testing environment represents the first time the full technical stack has been brought together.

Further information about changes to the software release schedule in ITE1 and implications for the commencement of accreditation and project milestones is included below and will be covered in more detail at upcoming webinars and working groups.

As announced last week, we have released the first independent report on the project's assurance program, with EY finding that the program is fit for purpose and no significant gaps had been identified. We are taking into account recommendations and learnings from ITE1 and applying these to assurance activities and ITE2 onboarding. If you missed the report, you can read it [here](#).

### Delay to next software release and accreditation schedule

Following receipt of the next software release (v1.3) from our technology provider, it will be tested and deployed into ITE1 in July. This release will incorporate:

- the next iteration of non-functional tuning of the application and code fixes identified by customers, and
- a software candidate for providers to accredit against.

Accreditation can commence once this software is available in ITE1 in July, rather than the end of April. Accreditation commencement will vary dependent on the participant type the vendor is supporting, with some commencing in July and others from August.

We continue to work closely with our technology providers to finalise the application build, testing and integration aspects of the program. Additional detail regarding v1.3 will be provided to users at the next Implementation and Transition (I&T) webinar on 7 April.

For now, software providers will continue to work through functional testing (on v1.2) in ITE1.

I want to thank software providers for their efforts in working through functional testing to date. We will continue to work closely with this critical user group.

### **Dedicated ITE2 customer onboarding to commence in April**

To accommodate the Easter and Anzac Day public holidays, ITE2 will now open on 27 April (rather than 18 April) in a phased approach, commencing with a dedicated onboarding period that includes certificate management set up.

This approach incorporates learnings from ITE1 onboarding and testing – which required focused attention and time – and allows for the known complexity involved in safely updating, connecting and testing technology across multiple parties and jurisdictions.

ASX will begin preparations for CHES user testing once accreditation has commenced in ITE1 (in July), with CHES user testing commencing following connectivity and onboarding and once the v1.3 software release has been tested and deployed in ITE2. Further detail will be provided as we progress through these milestones.

As a result of the changes to the ITE2 approach, migration dress rehearsals (MDR) will not commence in October as previously advised. Further detail will be provided as we work with customers to assess the change in approach to the ITE2 schedule.

### **Ongoing engagement and consultation**

We are confident with the delivery, testing and industry participation to date. However, we also recognise the complexity and risk management necessary for this type of project and the need for comprehensive industry testing, integration and operational readiness.

We remain committed to meeting industry and stakeholder expectations of implementing the new system in a manner that appropriately balances efficiency and safety.

CHES replacement is an ongoing process with the industry, and industry engagement will be even more important as we move into the CHES user testing environment and operational readiness activities, and as we agree an approach that ensures utmost confidence in a safe, secure and performant system at go-live.

We recognise the impact these changes will have on our customers' programming activities and apologise for the inconvenience. We will be actively working with all stakeholders to assess the flow-on impacts of these schedule changes to project milestones, industry testing, operational readiness, migration dress rehearsals and implementation (go-live).

At this time, ASX advises that there is a strong likelihood of delay to the go-live date. We will engage with our technology providers and stakeholders to assess the impact.

The outcome of this process will be disclosed through regular updates to CHES users and other stakeholders.

Information regarding the project is also available on the [CHES replacement](#) website and I look forward to providing further detail and information at our upcoming forums. You can also send your questions to us via the [CHESReplacement@asx.com.au](mailto:CHESReplacement@asx.com.au) mailbox.

Best regards,

Tim Hogben