



1 December 2021

Attention: Diane Lewis

Office of General Counsel
ASX Limited
20 Bridge Street
Sydney NSW 2000
PO Box H224
Australia Square NSW 1215

By email: regulatorypolicy@asx.com.au

Dear Ms Lewis

CHES Replacement Tranche 3 Rules

The Australian Financial Markets Association welcome the opportunity to provide comment to ASX in relation to the Tranche 3 Rules consultation.

We raise a number of technical queries and requests for further information below.

- 1) AFMA seeks clarity around the following in the instance that a batch settlement is cancelled on a business day and CCP Market Trade Batch Instructions are rescheduled on a net basis as a CCP Rescheduled Batch Instruction:
 - we understand there is a process planned for notification, we would appreciate confirmation of the details; and
 - what the proposed SLAs are around timing including the latest time that a participant would be notified of the cancellation.

- 2) AFMA seeks clarity as to whether it will be possible to obtain projected shortfall information and payment obligation from CSP in real-time prior to settlement cut-off. If not, AFMA notes that participants would look to use the daily NNDP and vendor reporting to support the requirement for real time scrip and funding positions.

- 3) In relation to terminology changes AFMA seeks to confirm whether:

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- the name of the new clearing and settlement platform will remain as CHES; and
- the term “Account” will replace “HIN” or whether “HIN” is a proxy for “Account” replacing the previous term “Holder”. It may be of benefit to review the rules for consistency of use.

Such terminology changes can have a significant impact on client collateral and digital materials for member firms.

AFMA’s preliminary view is that these should remain unchanged if possible.

- 4) We expect that the rule amendments may be subject to the successful completion of industry wide testing and migration dress rehearsals. We seek to understand how any changes to the rules arising from these processes would be accomplished.
- 5) AFMA also notes the significant changes to the indemnity provisions in 5.27.1. We seek to better understand the changes in the drafting.

We trust our comments are of assistance and would be pleased to meet with you in relation to these matters.

Yours sincerely

A handwritten signature in grey ink that reads "Damian Jeffree". The signature is written in a cursive, slightly slanted style.

Damian Jeffree
Senior Director of Policy