



# Implementation & Transition Working Group

Questions from webinar | 26 August 2020

The following table provides ASX's response to relevant questions asked by Implementation & Transition working group members during the webinar held on 26 August 2020. Please email [chessreplacement@asx.com.au](mailto:chessreplacement@asx.com.au) if you have any additional questions or require further clarification.

Topic	Question	Answer
<b>Inflight transactions</b>	When will ASX publish the mapping of transaction identifiers from current CHES to CHES Replacement?	ASX will publish further details of transaction identifiers in the October documentation release. This will include: <ul style="list-style-type: none"><li>• For Accounts (the Holder Identifier)</li><li>• Scheduled settlement instructions including full or partial fails (the mapping from transaction ID to settlement obligation)</li></ul>
<b>Inflight transactions</b>	ASX are proposing that for takeover removal requests initiated by a participant, these will not be housekept if not actioned by COB Friday, is this correct?	That's correct, on slide 14 there are three takeover scenarios. On point number three, there are a very small number of transactions that ASX can neither housekeep nor migrate. ASX called out the salient ones in the presentation slides with an asterisk indicating that it will not be migrating them across. ASX will publish a summary of those on the technical documentation website in November as well, and that's typically because CHES itself does not have housekeeping in some of these scenarios. Therefore, rather than for such low volume activity, we're just not migrating them across versus developing new housekeeping in the existing CHES system.
<b>Inflight transactions</b>	What would ASX migrate if there was an Override Basis of Movement where Friday is record date (slide 15)?	ASX will migrate failed transactions on the Friday to Monday. ASX would carry across any override basis of movement and if the Friday were a record date - ASX would in fact strip off the basis of movement as it is no longer applicable in the basis of movement.

<b>Inflight transactions</b>	<p>If there are multiple failed novated settlement instructions for the same instrument will they be netted into a single Novated Rescheduled Instruction (NRI) when they are migrated?</p>	<p>No, there will be a 1 to 1 mapping. If we have 10 gross trades for a specific security code, for example BHP, if they have all failed on the Friday, then we will carry across and create 10 NRI transactions for BHP on Monday, which is slightly different to how the new system operates moving forward. But from a migration perspective, it will be a 1 to 1 mapping. That is true of NBOs as well. Typically, we only have a single NBO per security code per day, but where we would have multiple NBOs for the same stock code, again, would be a 1 to 1 mapping from CHES to CHES Replacement.</p>
<b>Inflight transactions</b>	<p>Slide 17 – do PISPs have to actively reject (i.e. ASX will not do this in housekeeping)?</p>	<p>There is no housekeeping in CHES today for orders that have been sent to PISPs. We are proposing that PISPs use their usual workflow to reject or cancel orders that need to be reinstated by the participant for acceptance or completion of both payment and unit adjustment respectively at the point of migration or cutover rather than developing new housekeeping in the existing CHES system.</p>
<b>Inflight transactions</b>	<p>For trades failing to settle on Record date as at Friday and when migrated to CSP, ASX will strip off the BOM, however, what will happen to diary adjustments? How will they be handled? On Monday? Will CSP send us diary adjustment notification?</p>	<p>CHES is still running end of day on the Friday evening, so any diary adjustments on record date for fails will occur on the Friday evening - it will be communicated as part of end of day Friday. The diary adjustments and any corporate action processing will happen in CHES rather than CHES Replacement with regards to fails.</p>
<b>Inflight transactions</b>	<p>Will the ASX be releasing an announcement to the market and shareholders to advise of their recommendation around what is effectively a trading halt for mFunds?</p>	<p>As mFunds are not traded products, the ASX is not introducing trading halts for applications or redemptions.  In order to minimise the number of potential inflight transactions on the cut-over weekend which would be housekept and required to be re-submitted, the ASX will encourage all parties in the workflows including Participants and PISPs to complete the transactions prior to end of day Friday before the cut-over weekend. Where this is unlikely to be achieved, it is proposed the transaction is submitted after the migration weekend in the replacement system.</p>
<b>Migration of registration details</b>	<p>Does the data remediation now mean that address line 4 and 5 are no longer required?</p>	<p>No, the address lines will still be required. Wherein the registered address exists in CHES today, and it cannot be translated to the updated registration address format in the CHES replacement system, the address will be migrated using address lines 4 and 5 into the CHES Replacement system.</p>

<b>Migration of registration details</b>	When will the specifications for the migration of registration details in other values to the new format, be available?	The documentation will be released in November 2020.
<b>Migration of registration details</b>	Why, if the rejection will cause accounts to not be loaded, wouldn't remediation be done prior to go-live?	ASX will ensure all accounts are remediated well in advance of market dress rehearsals and go-live. ASX are sharing the steps that will be taken if an exception is identified on cut-over so it is clear what action would be taken if a non-compliant account was found. Most issues identified are accounts that do not comply to current guidance notes so sponsoring participant can remediate the majority of these now.
<b>Migration of registration details</b>	Will registration details with > 3 address lines be required to updated to 3 lines maximum when the account is first updated in CSP?	No, registration details with more than 3 address lines are legitimate and there will not be a requirement to reduce the number of address lines.
<b>Migration of registration details</b>	Will registration details be migrated as capital letters as opposed to mixed case?	The Registration Details string in current CHESS gets recorded in upper case.
<b>Migration of registration details</b>	Regarding the ERROR in registration details - by when will ASX contact participants to take care of the ERRORS in registration details?	To meet their obligations, sponsoring participants can already commence the identification of non-compliant accounts using current guidelines, or may wish to wait for the release of further documentation pertaining to the Registration Details Tool in November 2020.  ASX will proactively reach out to clients after they have had an opportunity to identify and cleanse their accounts using the documentation and tools referenced, and will communicate the detailed process for such engagement including timelines in a subsequent Implementation & Transition webinar.
<b>Migration of registration details</b>	Post migration, when will participants be able to start sending trades to CSP and start matching them? Will it open post migration activities are complete?	ASX intend to give consideration to those activities that could be performed post successful migration to prove out connectivity and/or processing.

<b>Registration Details Tool</b>	For Participants that cannot run the ASX conversion tool - will the business rules be published as a spec and/or ASX centralise the cleansing to identify problem accounts?	Yes, ASX will be publishing registration details conversion algorithm. Where a Sponsoring Participant is unable to run the Registration Details Tool, ASX will notify the participant of the outstanding exceptions, excluding exception type 1 on slide #34 due to the large number of these exceptions.
<b>Registration Details Tool</b>	Regarding the tools for registration details - by when would these be made available to participants?	ASX targets to release the Registration Details Tool by March 2021 as detailed on slide #38.
<b>Registration Details Tool</b>	Will ASX open source the code for the Registration Details Tool?	ASX is giving further consideration to whether the Registration Details Tool can be open sourced, and will revert on this question in a subsequent update to ASX's responses to the questions received from the I&T webinar on 26 August.
<b>Registration Details Tool</b>	Slide 34 - CHES already carries designations that do call out notice of a trust. How does the (Registration Details) Tool deal with this?	The Registration Details Tool will create a warning message where designation gives notice of trust. Validation rules that will be imposed by CHES Replacement have been relaxed for migrated accounts in this instance to minimise the number of non-compliant accounts on the cut-over weekend. Sponsoring Participants are encouraged to remediate accounts with Designation giving notice of trust prior to the cut-over weekend.
<b>Registration Details Tool</b>	What validation rules are you relaxing - i.e. which characters?	The list of characters which are not allowed for each element of registration details is published in the <a href="#">Documentation Portal</a> . Validation rules that will be imposed by CHES Replacement have been relaxed for migrated accounts in this instance to minimise the number of non-compliant accounts on the cut-over weekend. Sponsoring Participants are encouraged to remediate accounts with non- allowable characters in registration details.
<b>Registration Details Tool</b>	Participants and Registries will run this (Registration Details) Tool in isolation to correct their respective systems. In the case where the HIN registration details need to be amended by the participant (for example, there are joint accounts with 5 holders currently), what is the plan to ensure that they are in sync?	Sponsoring Participants must remediate non-compliant accounts in CHES (via their host system) prior to the cut-over weekend, using existing EIS messages. Any change will be reflected in Sponsoring Participants' and Registries' back-office systems as part of current EIS message processing 220 (Authorised Registration Details).

<b>Registration Details Tool</b>	How will the migration tool detect deceased estate holders and how will they be converted?	<p>The Registration Details Tool will not detect deceased estate or bankrupt Holders, but it will convert registration details as per the rule:</p> <p>Where registration details string starts with “EST ”, Registration Details Tool will not include “EST ” in the first Holder Name. “EST ” will be prepended to the Account Name.</p>
<b>Migration of accounts</b>	On slide 32, the table states accountName is 120 characters. Isn't this supposed to be 350 characters?	It's correct in identifying that the maximum length of the account name in CHES Replacement is 350 characters. Due to the restrictions in the EIS messages for existing CHES accounts, the account name is limited to four lines, each 30 characters (which equates to 120 characters).
<b>Migration of accounts</b>	Given participants own the data how can ASX just modify?	ASX is giving further consideration to the process for migration of non-compliant accounts on the cutover weekend, including the ASX remediation steps referred to in slide 37, and will revert on this question in a subsequent update to ASX's responses to the questions received from the I&T webinar on 26 August.
<b>Migration of accounts</b>	It was mentioned that locks on joint accounts will not be migrated - what about HINs where both Holders are deceased/bankrupt and notification of this was received at the same time? Is the expectation that will still create a new individual HIN for one of the deceased Holders?	ASX is giving further consideration to the process for migration of non-compliant accounts on the cutover weekend, including the ASX remediation steps referred to in slide 37, and will revert on this question in a subsequent update to ASX's responses to the questions received from the I&T webinar on 26 August.
<b>Migration of accounts</b>	Will intervention by ASX Operations to remediate accounts be covered by an ASX indemnity, and will the resulting client comms be suppressed?	ASX is giving further consideration to the process for migration of non-compliant accounts on the cutover weekend, including the ASX remediation steps referred to in slide 37, and will revert on this question in a subsequent update to ASX's responses to the questions received from the I&T webinar on 26 August.
<b>Migration of accounts</b>	What are non-compliant accounts? Are these accounts with no middle name or abbreviations?	Non-compliant accounts are those that will not be able to be loaded into CHES Replacement. Slide page 37 lists exception types for non-compliant accounts.

<b>Migration of accounts</b>	If accounts are identified as “J” or “I” why can't they be converted to “I” instead of “Unknown” on the holder record?	For Individual and Joint accounts, it is not possible to map these to individual or company because it is not possible to determine based on text alone if a name is an individual or a company, therefore all accounts will be mapped to ‘unknown’.
<b>Consultation paper</b>	Any update on the consultation response publication date?	ASX received 100 responses to its consultation. We are carefully reviewing all the feedback prior to finalising our detailed response. We expect our reply to consultation feedback, including the revised implementation timeline, to be published following consultation with the regulatory agencies.
<b>Consultation paper</b>	What impact has Melbourne's second wave had on your thoughts relating to the timeline?	ASX continues to monitor and consider the impacts of COVID-19 on the project.
<b>Operating rules</b>	ASX are proposing that for pending takeover acceptances initiated by the bidder the participant must accept (or reject) them by COB on the Friday, will ASX put in an operating rule to cover this?	This is being considered as part of the transitional rules which will be included in the Tranche 3 rule amendments, proposed for public consultation commencing in early November 2020.
<b>Miscellaneous</b>	Regarding Q&A, is it correct that questions asked will be answered by correspondence directly to the person asking?	ASX stated during the presentation that answers to questions will be published on ASX’s website by the end of the following week post webinar. ASX will not be responding individually to each person who asked a question, rather asks that they review the document published by ASX. This ensures the answers are accessible to all.