



ASX CHES Replacement project webinar

Q2 update

6 July 2017



Presenters and introductions



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Reminder to submit questions

The screenshot displays a web application interface for the ASX CHESS Replacement project webinar. The interface is divided into three main sections:

- Contact Us:** A form with fields for 'To' (chessreplacement@asx.com.au), 'From', 'Subject' (Query from 6 July Project Update webinar), and 'Body'. A security code '69043' is visible in the bottom left of this section. A 'Send' button is located at the bottom right.
- Slides:** A central window displaying the webinar title 'ASX CHESS Replacement project webinar', subtitle 'Q2 update', and date '6 July 2017'. The ASX logo is in the bottom right corner.
- Ask a Question:** A window on the right side, highlighted with a red circle, containing a large text area for entering a question and a 'Submit' button.

At the bottom of the interface, there is a navigation bar with icons for a question mark, a chat bubble, 'Q&A', a document, and an envelope. The text 'POWERED BY CN24' is visible in the bottom right corner.

Agenda

ASX CHESS Replacement project objectives

ASX Forward work plan roadmap 2017

Update on key workstreams:

- The Working Groups overview
- Stakeholders' Business Requirements input
- ISO 20022 messaging
- Technology (DLT) Assessment

Where to find information and summary

Q&A



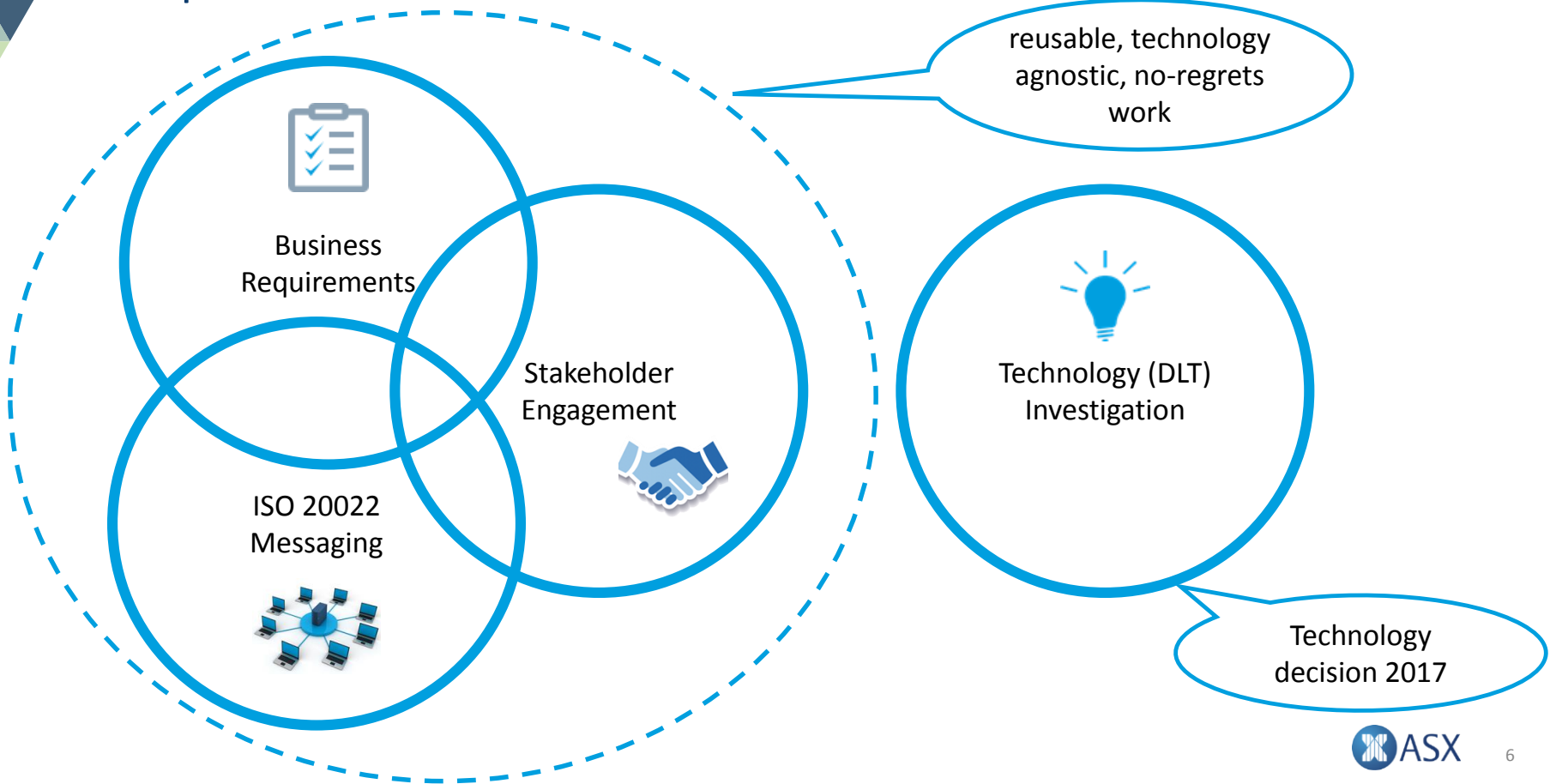
ASX CHESS Replacement project objectives

ASX CHESS Replacement must:

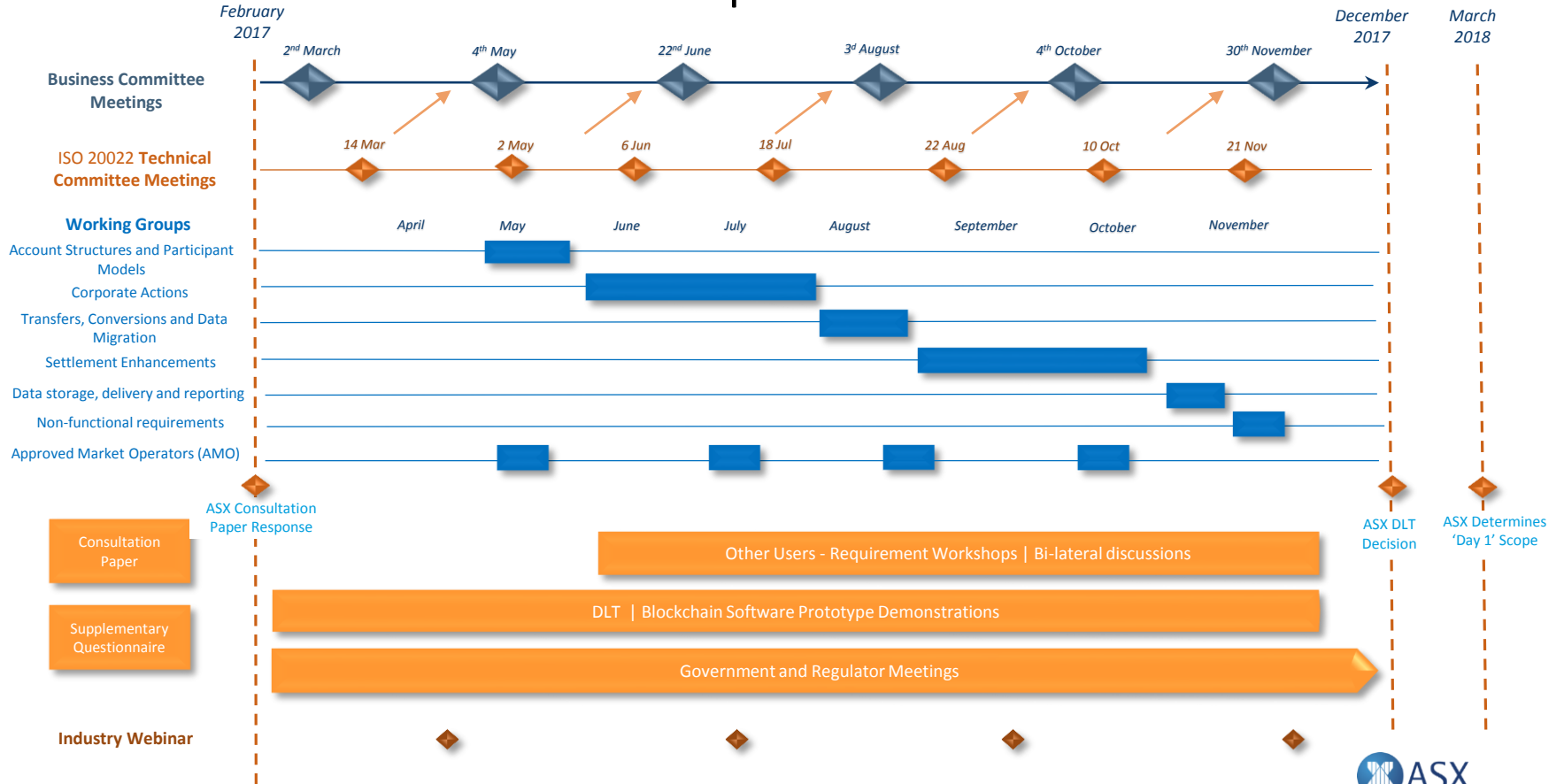
- Deliver a safe, secure and internationally competitive infrastructure
- Be for the benefit of the Australian market
- Not preclude competition at any level
- Be based on contemporary technology

This aims to deliver cost and risk reductions and to lay a foundation for further innovation.

Recap on how we've structured the work...




ASX Forward Work Plan Roadmap 2017



Update on Key Workstreams



The 6 Working Groups overview – Business Requirement Topics

- 
1. Account Structures and Participation Models
 2. Corporate Actions
 3. Transfers, conversions and data migrations
 4. Settlement Enhancements
 5. Data storage, delivery and reporting
 6. Non-functional requirements

Stakeholders' Business Requirements input

Account Structures & Participation Models:

- 2 x 2 hour workshops completed
- Attendees include Issuers, Investors, Registries, Custodians, Retail and Institutional brokers
- Workshop format:
 - Industry problems and opportunities discussed
 - Business requirements drafted and validated
- 3 high level business requirement inputs achieved:
 - Existing legal name on title to facilitate an omnibus model
 - Separation of Clearing and Settlement
 - Flexible account structure hierarchy

Stakeholders' Business Requirements input continued

Corporate Actions:

- 5 x 2 hour fortnightly meetings and 1 extra if needed
 - 3 out of 5 completed to date
- Attendees include Issuers, Investors, Registries, Custodians, Retail and Institutional brokers
- Workshop format:
 - Industry cohorts per stakeholder type to define industry problem statements and opportunities
 - Business requirements drafted and validated
- 6 high level business requirement inputs achieved thus far covering mandatory, mandatory with choice and voluntary corporate actions:
 - Standardised notification of corporate action events
 - Standardised electronic elections and acceptances for relevant corporate action events
 - Consistent cut off date and time

Stakeholders' Business Requirements input continued

Corporate Actions (continued):

- Standardised electronic process for submission of payments by holders
- Standardised electronic process for distribution of payments by issuers
- Standardised electronic process for distribution of securities

The next 2 meetings are on:

- Cum Entitlement Balances and Deferred Settlement
- Scope of Corporate Action events and any Parking lot items

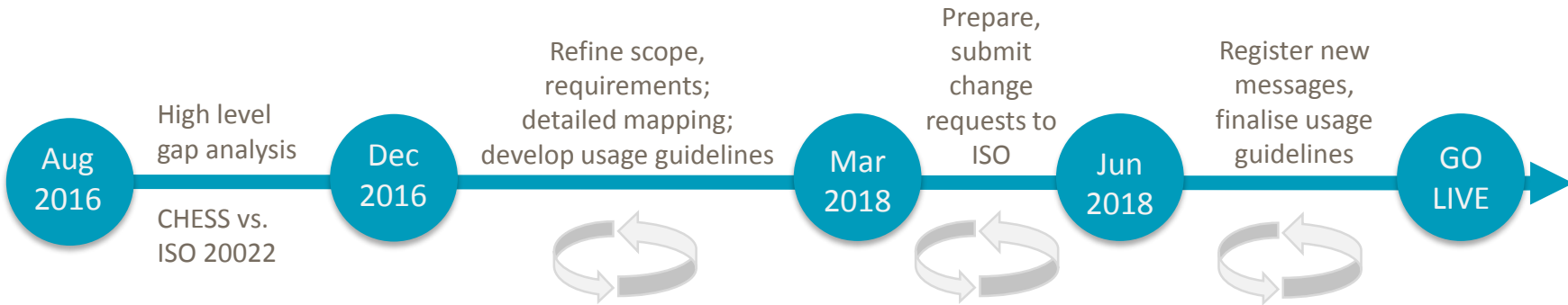
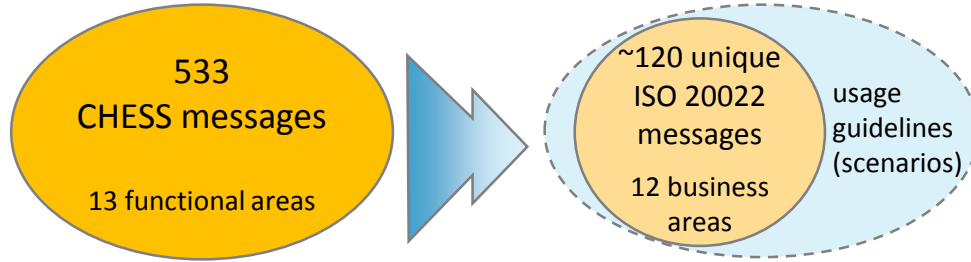
Transfers, conversions and data migrations:

- Will commence in early August

ISO 20022 messaging



The ISO 2022 adoption process



Stakeholder
Engagement

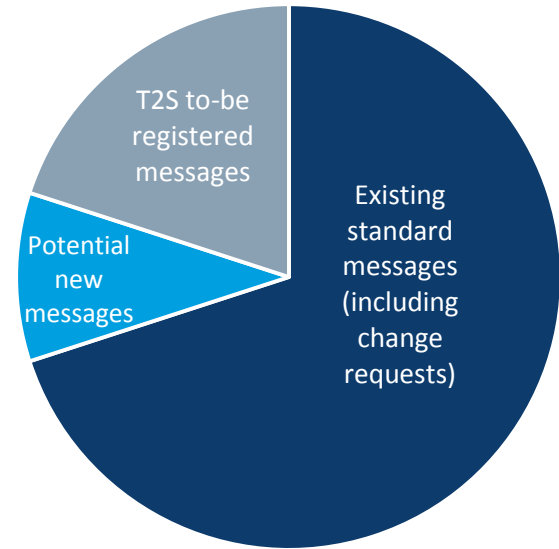
ISO 2022 Technical Committee

Industry training, testing, implementation

Refined scope, detailed mapping of CHES EIS to ISO 20022

- Assume as-is to CHES EIS, or change to match standard, or change to match new business requirements
- Continued refinement of scope
- On-track progress with SWIFT consultation team – 200 CHES EIS messages considered, 90% draft mapping

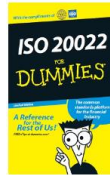
| | # CHES EIS messages | # of CHES functional areas | # ISO 20022 business areas | Expected # unique ISO 20022 standard messages |
|----------------------------|---------------------|----------------------------|----------------------------|---|
| Scope for detailed mapping | 477 | 11 | 12 | ↓120 |



Expected make-up of draft ISO 20022 message set

Key themes from the ISO 20022 Technical Committee

- 5 meetings held to date, with great engagement
- Agreed to adopt ISO 20022 standard reference identifiers where possible; e.g. code lists, ISO 20022 standard identifiers like ISIN, BIC
- Considering opportunities for consolidation, rationalisation of messages – benefits?
- Considering de-scoping functionality where there may be alternate processes/methods in CHES, not easily mapped
- Created placeholder for upstream/downstream considerations
- Reviewed draft usage guidelines on core functions, tracking feedback
- Why as is, why didn't we start fresh, avoid carrying legacy forward
- Considering market education and training



Technical Committee presentations, minutes and other reference documents published on ASX CHES Replacement web page

Technology (DLT) Assessment

- Our DLT investigation requires our vendor to build enterprise grade DLT based software to a selected set of core post trade processes
- The assessment of the technology provided by Digital Asset Holdings is categorised in 3 parts:
 - **Non-Functional requirements assessment** – areas including: security, throughput capacity, confidentiality/privacy, scalability, resiliency/redundancy, et al
 - **Functional requirement assessment** – use cases include: trade registration, account & sub-register creation and maintenance, core clearing and settlement activities, (settlement and/or participant) default, back-out and failure scenarios, and others
 - **Vendor assessment** – areas include: software development practice maturity, code and architecture quality, etc.
- We are tracking to our joint 2017 plan. The delivery cadence, software quality and joint development practices are meeting our high standards
- We are still targeting a decision on the technology by end of 2017

Where to find information and summary

- More information available on the ASX CHESSE Replacement website:
<http://www.asx.com.au/chessreplacement>
Or email ASX project team: CHESSEReplacement@asx.com.au
- Ongoing engagement throughout 2017 (quarterly webinars, ISO 20022 Technical Committee meetings, forward working groups, DLT demonstrations and bilateral opportunities)
- The presentation and recording of this webinar will be available on the above webpage shortly
- Next date for Q3 webinar will be advised in due course and published on the above webpage

Q&A



Please use
webinar facility to post questions
We will allow 10 – 15 minutes in the agenda
for questions and answers



Thank you

