



Committee	Parliamentary Joint Committee on Corporations and Financial Services
Inquiry	Oversight of ASIC, the Takeovers Panel and the Corporations Legislation No.1 of the 46th Parliament
Question No.	007
Topic	ASX & CHESSE Replacement – Forward work plan for current CHESSE
Reference	Spoken, 5 December 2022, Hansard page 48-49
Committee member	Senator Deborah O’Neill

Question

CHAIR: Have there been any further upgrades since that date?

Mr Yanco: They've got a plan to upgrade to beyond 2025. That was already in place because they had to plan as though the system was going to come in, with a bit of leeway. I think that work has almost been completed. Our first round of assurances—and this is what our chair is talking about—will be on the next phases to get beyond at least 2028 and further, because we don't think the market's going to go backwards. It will continue to grow and we'll need to keep up with that growth, the idea being to have double your capacity for your biggest ever day.

CHAIR: So there's nothing really substantive that you can report to us further to the increase of 50 per cent that was asserted in July 2020.

Mr Yanco: I'll have to check. I thought there'd been a bit more work done since then to deal with—

CHAIR: Could you take that on notice and find out what the forward plan is so we can keep track of how that's progressing?

Mr Longo: It's a complex subject. There's a whole range of functionality that CHESSE delivers, and an investment in it is required to maintain that functionality and, indeed, to make it more effective and more scalable. From my perspective this committee can look forward to a lot more information, if I can put it that way, about current CHESSE, because that's what ASIC will be seeking. ASX has a program of continuing investment in CHESSE.

The fundamental point arising from today and the last two weeks, and I've used this expression, is that confidence has been shaken arising out of the CHESSE replacement story. We're entitled to ask ourselves: what's going on with existing CHESSE and why should we have confidence in it? I think we can have confidence in existing CHESSE, but we intend to go about taking some steps to verify that confidence and give it documentary substance that this committee can have confidence in.

Answer

On 14 December 2022, ASIC took further action to ensure that all necessary steps are taken by ASX to support and maintain the current CHESSE to meet on-going resilience, reliability, integrity, and security requirements.

ASIC issued notices to ASX Clear Pty Ltd and ASX Settlement Pty Ltd under section 823B of the *Corporations Act 2001*. The notices require ASX to produce a special report on specified matters in relation to current CHESSE. The special report will be audited by Ernst & Young. A copy of the ASIC-RBA joint media release and section 823B notices can be found here: [22-357MR ASIC – RBA further regulatory response regarding the ASX CHESSE replacement program | ASIC](#).

This special report must address specific matters in relation to CHESSE, its ongoing operation, security, continuity, and governance arrangements and the principles, policies and frameworks that are applied to these matters. The special report must detail any implementation plans and specify the date by which the arrangements are to be in place. The special report and the audit report will provide a detailed forward plan on CHESSE.

ASX has advised ASIC that it has commenced work on the necessary hardware and software upgrades required to support current CHESSE until 2025 and is accelerating the analysis to ensure that current CHESSE will be supportable until 2028, including the preparation of a program of work to support CHESSE until its replacement goes live. ASX has also commenced work to assess the supportability of CHESSE beyond 2028.