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This document is available online in Adobe Portable Document Format (PDF) at:
www.asxonline.com > Participants > Library > Manuals

Context of this Document

The ASX Settlement Procedure Guidelines must be read in the context of the ASX Settlement Operating Rules.

Any terms explicitly defined in the ASX Settlement Operating Rules and used in the ASX Settlement Procedure Guidelines should be interpreted according to the definition given in ASX Settlement Operating Rules. This includes terms such as participant, registry, holder, issuer, subregister, and financial product. Because of the large number of these terms, they have not been capitalised for emphasis in this document.

In the interests of readability and comprehension, where a procedure applies only in the context of securities in a listed company, the specific term security has been used instead of the more generic term financial product.

Change History

| Version | Date | Description of changes |
|---------|------------|---|
| 1.0 | May 2005 | Initial version of a merged guideline document incorporating details from both the PPG and IRPG |
| 1.2 | May 2007 | Change of name to Australian Securities Exchange |
| 1.3 | July 2007 | Inclusion of ACH Clearing Fund in Section 3.11.1. |
| 1.7 | Dec 2010 | Updates to include name changes within ASX Group and ASX Operating Rule books. Introduction of the Trade Acceptance Service (section 3.2.1) and inclusion of reference to Approved Market Operators. |
| 2.2 | May 2013 | Introduction of references to Cash Market Margining (section 3.3) |
| 2.5 | April 2014 | Introduction of Product Issuer Settlement Participant type (section 3.4.4) and miscellaneous amendments. |
| 3.1 | Jan 2016 | ASXOnline document merge |
| 3.2 | Mar 2016 | T+2 Implementation and change in references from C&S Operations to Post Trade Operations |
| 3.7 | Dec 2021 | Replaced reference to ASXS Bulletins with ASX Market Notices (section 3.16) |

SECTION 3. ASX SETTLEMENT PARTICIPATION

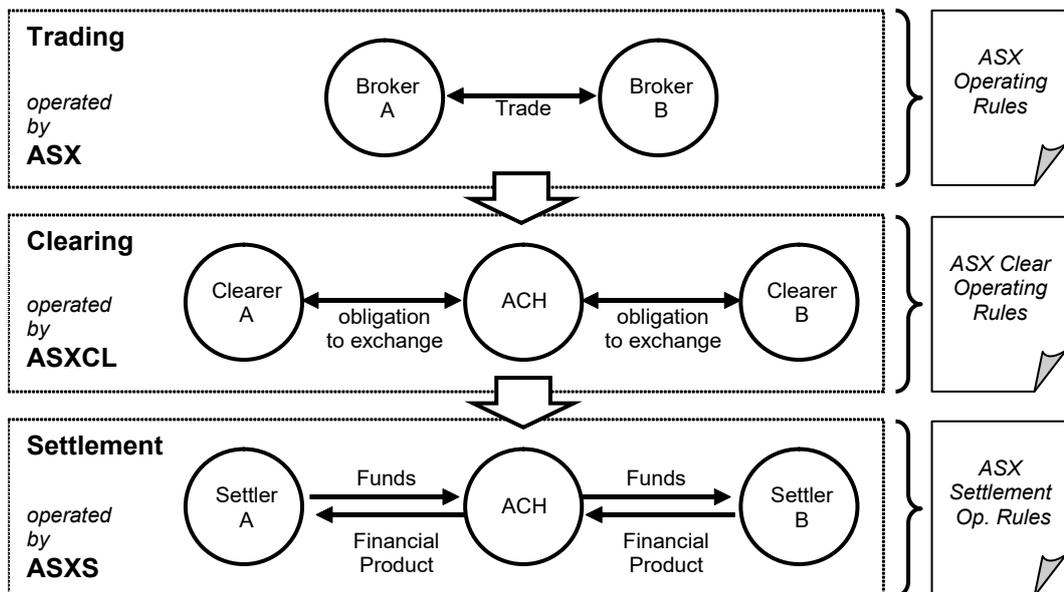
3.1 ASX PARTICIPATION CONCEPTS

The ASX structures its market-related activities in three tiers, along operational or functional lines:

- trading;
- clearing; and
- settlement.

Each tier of the market is operated by a separate legal entity and is separately licensed by the Australian Securities and Investment Commission (ASIC) under the *Corporations Act*. Each also has its own rulebook (refer section 2.1.2).

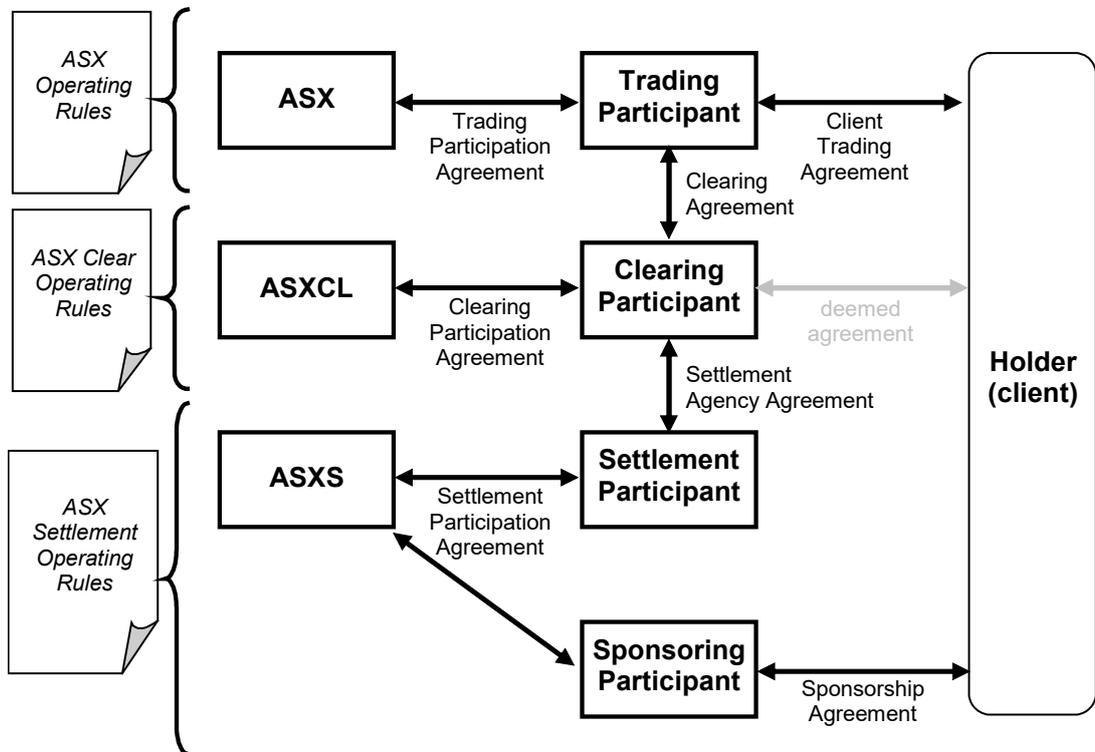
The following diagram shows how these tiers act for a typical market trade.



Note that the registration and holding of financial products is administrated by ASXS under the ASX Settlement Operating Rules.

In order to participate in the market, an organisation becomes a member of one or more of these operational tiers, depending on what sort of activities that organisation wishes to engage in. Participation and activities for each tier are governed by the relevant rulebook.

Participants must have agreements in place with their key business partners. The following diagram shows the relationships between various business roles and the agreements between the entities acting in those roles.



Participation in clearing and settlement requires participation in CHESSE. This gives the participant access to the CHESSE environment and allows them to:

- clear market transactions;
- sponsor and register holders of approved financial products; and
- transfer title of financial products using CHESSE batch settlement.

This framework gives each participant enormous flexibility to determine which market functions they wish to perform in house and which they prefer to have performed on their behalf by a third party. It also allows a participant to perform certain functions for other participants. Put another way, the participant can choose which business roles they will perform themselves and which will be performed by another organisation.

Example: Full Service Broker

A full service broker typically performs all business roles themselves. They will act as:

- market participants so they can trade on behalf of themselves and their clients;
- clearing participants so they can clear those trades;
- settlement participants so they can settle the trades made; and
- sponsorship participants so they can sponsor their clients to hold financial products on the CHESSE subregister.

A full service broker will have two agreements with their clients: a client trading agreement and a sponsorship agreement.

A full service broker will have agreements with the ASX, ASXCL, and ASXS.

Example: Third Party “Clearer”

A third party “clearer” typically performs the clearing, settlement, and sponsorship roles for other market participants. This means they will act as:

- clearing participants so they can clear trades made by market participants they have clearing agreements with;
- settlement participants so they can settle the trades they clear; and
- sponsorship participants so they can sponsor the clients of their market participants to hold financial products on the CHESSE subregister.

A third party “clearer” will have a clearing agreement with a market participant. They will also have a sponsorship agreement with the market participant’s clients.

A third party “clearer” will have agreements with the ASXCL, and ASXS.

Note: Third party “clearer” is the old term used here for convenience: obviously it no longer reflects the business roles played by such an entity. Refer to section 3.2.2.

3.2 TRADING PARTICIPANTS

Trading participants of ASX have direct access to both markets via a direct connection to the ASX Trading platforms, and provide execution services to their own organisation and their clients as permitted under your Australian Financial Services Licence (AFSL).

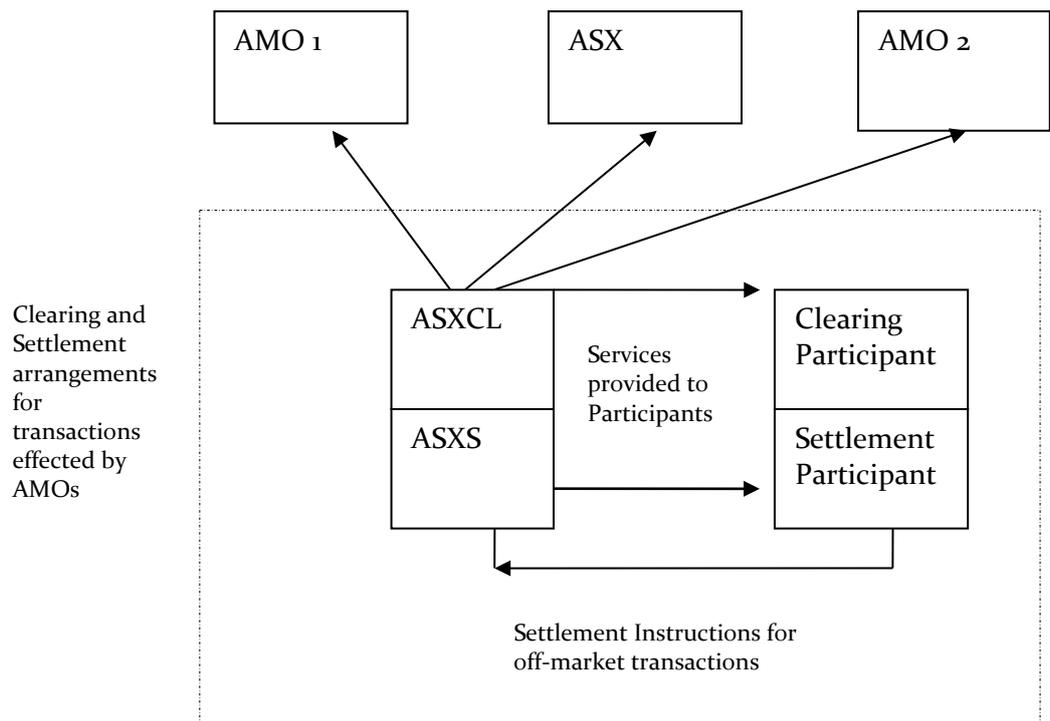
Market participants that do not clear their own transactions appoint a Third Party Clearing provider (who is a ASX Clearing and ASX Settlement Participant) to clear them on their behalf.

Legislation was introduced into Parliament in 2009 to give effect to multiple markets. Pending licence applications by Potential Market Operators, a market participant may execute trades via ASX trading platforms or other approved trade execution platforms (Approved Market Operators or AMOs). The Trade Acceptance Service (refer to section 3.2.1) was developed in order to facilitate clearing and settlement of trades executed by AMOs.

3.2.1 Trade Acceptance Service

The Trade Acceptance Service enables transactions in CHESSE-eligible ASX-quoted securities executed by Approved Market Operators or AMOs to be accepted by ASXCL and ASXS facilities for clearing and settlement.

The Trade Acceptance Service is provided by the ASX Clearing and Settlement Facilities directly to AMOs. The Trade Acceptance Service is to be distinguished from the post-trade processing services which the ASX Clearing and Settlement Facilities provide to participants in those facilities in respect of transactions accepted by the facilities for clearing and settlement (Clearing and Settlement Services) and is illustrated below.



Trade notifications accepted by the Trade Acceptance Service will be forwarded to the associated clearing participant via a CHESSE notified trade message.

3.3 CLEARING PARTICIPANTS

Clearing participants become the counterparty to a market trade and take over the market participant’s obligation to settle the trade and manage the resultant risk. All clearing participants are subject to Cash Market Margining. Refer to section 30 of the APG.

The ASX Clear Operating Rules allow for two types of participation in the ASXCL clearing facility:

- direct clearing participants; or
- general clearing participants.

The main distinction between the two types is for whom they are clearing transactions.

3.3.1 Direct Clearing Participants

Direct clearing participants are typically also market participants of ASX. They are able to clear transactions for themselves and their clients, but not for other market participants.

Most “full service” brokers are direct clearing participants.

3.3.2 General Clearing Participants

A general clearing participant is a third party clearer that is able to clear transactions for:

- themselves (if they are also a market participant);
- their own clients, and
- other market and/or clearing participants and their clients.

General participants must have a valid clearing agreement with the market participant on whose behalf they are performing clearing functions.

3.4 SETTLEMENT AND SPONSORING PARTICIPANTS

Settlement participants carry out the operational aspects of a clearer's settlement obligations by transferring good legal title to the financial products traded and the associated funds.

Settlement participants achieve settlement by participating in the CHESSE daily batch settlement to deliver financial products and pay funds.

Sponsoring participants register and sponsor holders of financial products on the CHESSE subregister.

The ASX Settlement Operating Rules allow for three types of participation in the ASXS settlement and sponsorship facilities:

- general settlement participants;
- specialist settlement participants; and
- account participants.

3.4.1 General Settlement Participant

General settlement participants have the broadest access to the daily settlement and sponsorship facilities and the strictest qualifications for participation.

General settlement participants can settle transactions for:

- themselves (if they are also a market participant);
- their own clients; and
- other market and/or clearing participants and their clients.

General settlement participants can sponsor holders on the CHESSE subregister.

Most “full service” brokers are general settlement participants.

3.4.2 Specialist Settlement Participant

Specialist settlement participants are admitted as participants in the daily settlement facility for specific purposes, such as managing a takeover offer or buyback.

3.4.3 Account Participants

Account participants can sponsor holders on the CHESSE subregister. They do not have access to the daily settlement facility.

The group of “trading only” participants formerly known as non settlement sponsorship participants (NSSPs) are now known as account participants.

3.4.4 Product Issuer Settlement Participants

The Product Issuer Settlement Participant (PISP) has direct access to CHES and Batch Settlement with ASX Settlement Participant status. Please refer to section 28 mFund for further information.

3.5 BECOMING A PARTICIPANT

Applications to become a participant are handled by Client Relations. There is a participant's application kit on the ASXOnline website (<https://www.asxonline.com>) under Participant > Library > Information.

The application process can be summarised as follows:

- The applicant discusses their application with an ASX account manager;
- The applicant completes the relevant forms and also submits a business plan;
- The ASX reviews the application;
- The ASX provides copies of the relevant rule books.

The new participant establishes their operations for trading, clearing, and settling. This includes:

- setting up appropriate IT infrastructure and systems;
- establishing risk management frameworks;
- meeting capital liquidity requirements; and
- establishing financial services and administration.

All of this and more is described in detail in the participant's application kit.

3.6 CHANGING PARTICIPANT DETAILS

CHES holds a range of "static" data about a participant, including their name, address, and phone numbers for CHES holding statements. Participants cannot directly update this information.

To change their details, a participant sends a written, signed, request on letterhead to Post Trade Operations. Once they have validated the request, Post Trade Operations updates the participant's details in CHES.

3.7 WITHDRAWAL FROM PARTICIPATION

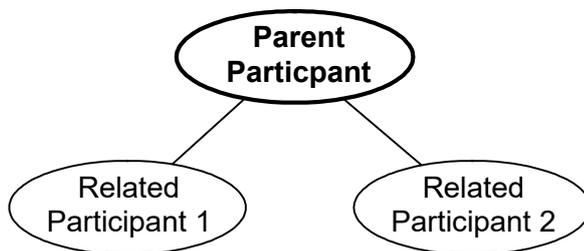
Withdrawal from participation is covered in the ASX Clear Operating Rules and the ASXS Settlement Operating Rules.

Holders sponsored by a withdrawing participant may be transferred to another participant or have their holdings transferred to the issuer sponsored subregister.

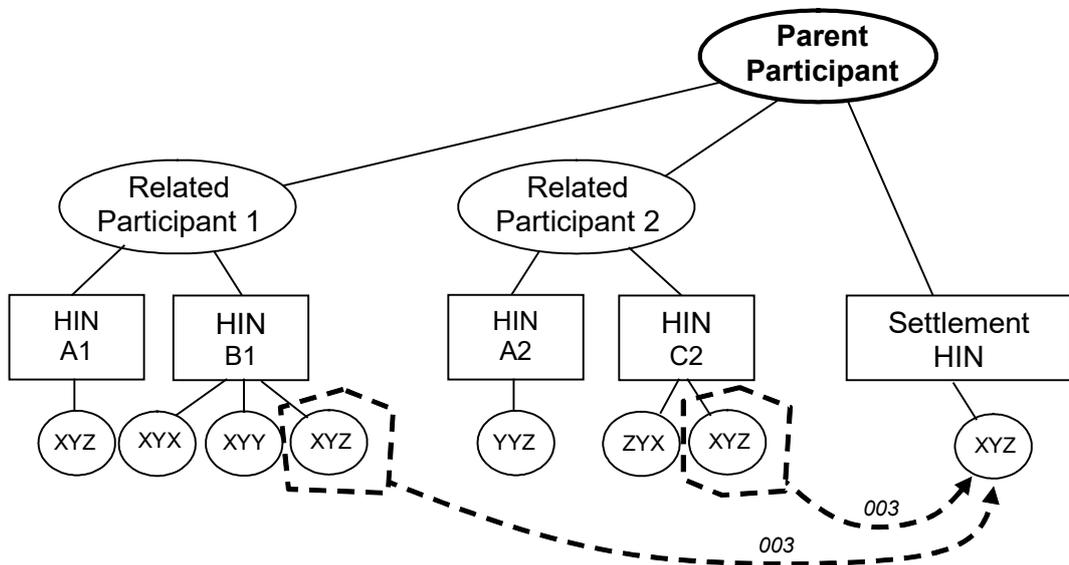
3.8 PARTICIPANT GROUP STRUCTURES

CHES provides considerable flexibility in how a participant organisation is internally structured. It allows participants to operate separate processing centres, analogous to branches, and easily transfer holdings to a central processing centre for daily settlement.

For example, consider an organisation with two branch offices that transfer financial products for settlement to a centralised back office. In CHES, the centralised back office is set up as a “parent participant”. The branch offices are called “related participants”. The relationship is called a “participant group structure”.



CHES allows related participants to transfer holdings (e.g. to meet their daily settlement obligations) to the parent participants with demand single entry transfers (003 messages). These can be demand or settlement transfers (refer to section 8). For example



Note that transfers between related participants require dual entry (matched) transfers.

Post Trade Operations maintains participant group structures: participants cannot do this directly for themselves. Participants wishing to establish a group structure should contact their ASX Account Manager.

3.9 STANDING HINS

CHESSE allows participants to establish standing HINs. If a particular transaction normally requires a HIN but the participant does not specify one, CHESSE uses the standing HIN as a default and processes the transaction instead of rejecting it.

There are several types of standing HIN, each of which CHESSE uses for a particular subset of transactions.

| Type of Standing HIN | Used as a default for... |
|---------------------------------|---|
| Standing Accumulation HIN | Transfers from an issuer controlled subregister to the CHESSE subregister |
| Standing Demand HIN | Demand transfers between holdings on the CHESSE Subregister and to an Issuer Controlled Subregister |
| Standing Settlement HIN | Transfers on the CHESSE subregister occurring during settlement |
| Standing Foreign Settlement HIN | Foreign to foreign transfers (priority allocations) of financial products subject to foreign ownership restrictions |

Participants can establish or amend standing HINs at any time by completing a Standing HIN Nomination form (appendix K) and sending it to Post Trade Operations.

The same HIN can be used as the default for one or more types of standing HIN.

Participants can override the standing HIN by explicitly specifying a HIN on a particular transaction.

3.10 CHANGE OF REGISTRY

3.10.1 Preliminary Steps

- 3.10.1.1 Either the issuer, new registry or old registry advises Post Trade Operations of the change of registry.
- 3.10.1.2 Confirmation of a change of registry must be sent by the issuer to Post Trade Operations.
- 3.10.1.3 Post Trade Operations provides notice to the new registry of the following items: a new User Identification Code (UIC); the Access Identification Code (AIC) linked to the new UIC; and the exact date/time the change will be effected.
- 3.10.1.4 Post Trade Operations provides notice to the old registry of the exact date/time the change will be effected.
- 3.10.1.5 Post Trade Operations provides notice to the Issuer of the new UIC and the exact date/time the change will be effected.
- 3.10.1.6 The new registry may establish any standing reporting requests without reference to the specific class of financial products. CHESSE rejects requests with references to specific financial products if the registry does not (yet) administer the class of financial products.
- 3.10.1.7 Post Trade Operations advises the details of the change of registry to participants, in particular address information. Participants may withhold non-essential registry to CHESSE movements until after the change.

3.10.2 The Night Before The Change

- 3.10.2.1 The old registry should not send any further messages after CHESSE End of Day. CHESSE processes any messages received after End of Day on the next day. However, as the old registry no longer administers the class of financial products, CHESSE rejects these messages.
- 3.10.2.2 CHESSE creates the overnight reports for the old registry as usual to allow completion of the necessary reconciliations.
- 3.10.2.3 The old registry should generate information for the new registry after completing the final reconciliation.

3.10.3 The Morning After The Change

- 3.10.3.1 Post Trade Operations changes the issuer's registry from the old registry to the new registry. This change links any existing financial products administered by the old registry to the new registry. Any future financial products of the Issuer will be linked automatically to the new registry.
- 3.10.3.2 The old registry can no longer access the subregister after the link is established between the new registry and the Issuer.
- 3.10.3.3 The new registry can submit a reporting request for Holding Balances (HBL) using the previous business day's date to establish balances in their own system.
- 3.10.3.4 The new registry can submit a reporting request (URT) to retrieve outstanding unauthorised registry to CHES movement requests. These outstanding requests are now the responsibility of the new registry.

3.10.4 At Some Future Date

Post Trade Operations may cancel the old registry and detach the old registry's UIC from the AIC if the old registry does not administer any other financial products. This step will prevent CHES from receiving any messages from the old registry.

Message Reference Table

| Section | Message Number and Description | Sender | Recipient |
|----------|--------------------------------|----------|-----------|
| 3.10.3.3 | 503 Reporting Request | Registry | CHES |
| 3.10.3.3 | 526 Accepted Reporting Request | CHES | Registry |
| 3.10.3.3 | 518 Rejected Transaction | CHES | Registry |
| 3.10.3.3 | 538 End of Reporting | CHES | Registry |
| 3.10.3.4 | 503 Reporting Request | Registry | CHES |
| 3.10.3.4 | 526 Accepted Reporting Request | CHES | Registry |
| 3.10.3.4 | 518 Rejected Transaction | CHES | Registry |
| 3.10.3.3 | 538 End of Reporting | CHES | Registry |

3.11 PAYMENT FACILITIES

Participants who settle approved securities (traded with an AMO) must establish at least one payment facility for the settlement of funds in the CHESSE environment.

As part of the daily batch settlement, ASXS either debits funds from the payment facility to meet a participant's funds obligation or credits funds due to be received.

CHESSE does not hold any bank account numbers. Instead, CHESSE holds a unique payment facility identifier that the payment provider can use to identify the specific participant account associated with any payment instruction. The actual accounts used remain the purview of the participant and their payment provider; CHESSE has no role in this arrangement. Participants may establish more than one payment facility, according to their business requirements.

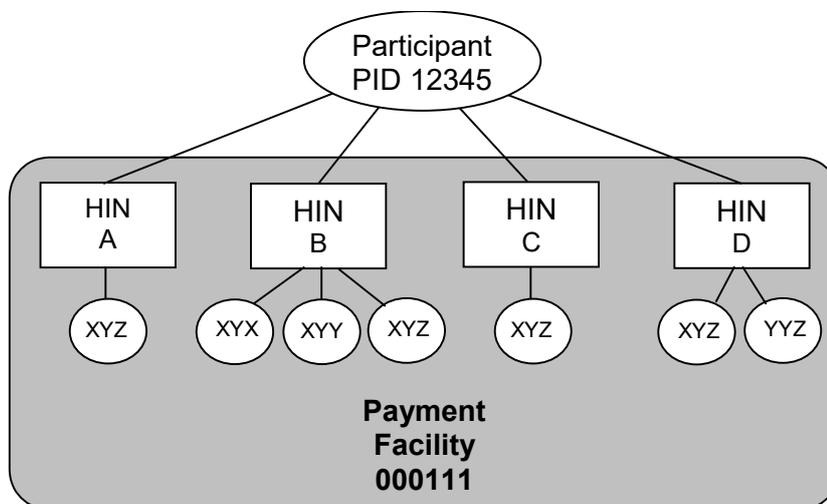
3.11.1 Payment Facilities for Settlement of Approved Securities (Traded through ITS)

During settlement, CHESSE nets together all payments associated with each payment facility and notifies the participant and payment provider accordingly. CHESSE requests funds authorisation, effects transfer during settlement, and reports effected funds movement per payment facility.

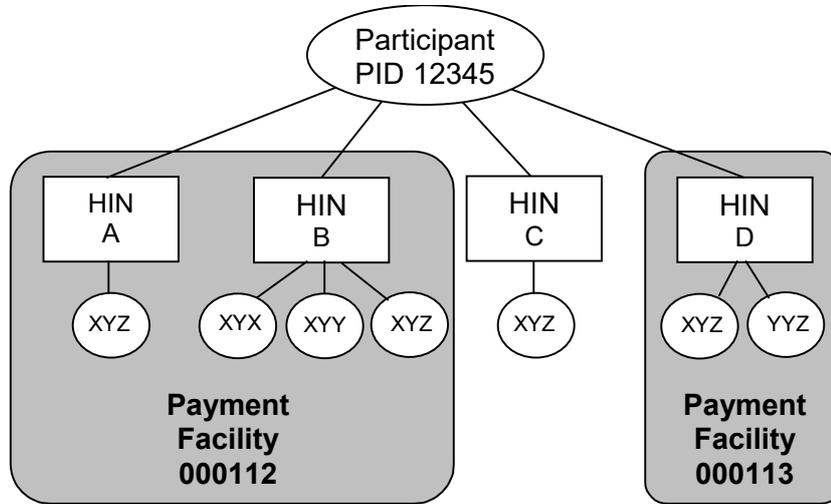
Each settlement, accumulation or entrepot HIN used in settlement must have one (and only one) payment facility associated with it. CHESSE rejects any value settlement instructions targeting a HIN that does not have a payment facility associated with it. As long as participants meet this condition, they have considerable flexibility in how they structure their settlement HINs and payment facilities.

A participant may choose to associate a payment facility with all HINS in their control, a group of HINs or a specific HIN. In addition, if they use more than one payment facility, they may designate one as the default payment facility.

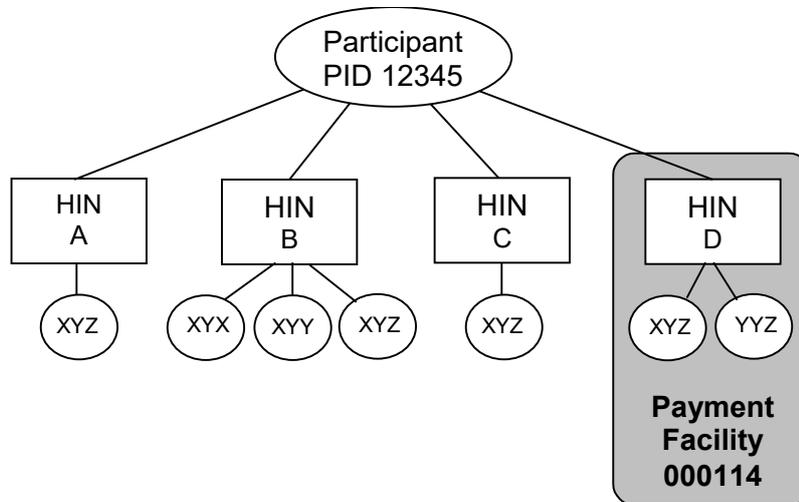
The following diagrams show some examples of possible arrangements.



The payment facility 000111 is associated with all HINs under the participant’s control. Any HIN could theoretically be used for settlement under this arrangement. All of the participant’s payments would be netted together during settlement.



The participant has two payment facilities, associated with only some of the HINs under the participant’s control. HIN C cannot be used for settlements under this arrangement. Payments associated with HINs A and B would be netted together under payment facility 000112, and those associated with HIN D would be netted together under payment facility 000113.



The participant has one payment facility associated with only one HIN which they therefore must use for all settlements.

3.11.2 Establishing a Payment Facility.

As part of their application for ASXS participation, a participant must provide ASXS with details of their payment facility and a list of the HINs under their control that they intend to use for DvP settlement. The participant must specify either:

- a common payment facility for all designated settlement holdings; or

- a payment facilities structure identifying which of the HINs under their control is associated with which payment facilities.

PROCEDURE

- 3.11.2.1 The participant makes arrangements with a payment provider.
- 3.11.2.2 The participant and Payment provider complete a Request to Create a New Payment Facility form (Appendix P1) and email it to Post Trade Operations.
A separate form is required for each payment facility.
- 3.11.2.3 Post Trade Operations processes the P1 and enters the new details into CHESSE.
A payment facility can be made effective immediately or with a future effective date.
- 3.11.2.4 CHESSE allocates a payment facility identifier. CHESSE notifies both the participant and the payment provider of the new payment facility, either immediately or on the effective date.

Message Reference Table

| Section | Message Number and Description | Sender | Recipient |
|----------|--------------------------------|--------|------------------|
| 3.10.2.4 | 240 Created Payment Facility | CHESSE | Participant |
| 3.10.2.4 | 240 Created Payment Facility | CHESSE | Payment Provider |

3.11.3 Changing Payment Providers

A participant may change payment providers.

When changing payment providers for a payment facility, the payment facility ID and the associated HINs stay the same. To change these, refer to section 3.12.4.

This procedure may be used for any type of CHESSE payment facility (default for approved securities, HIN specific for approved securities, options, futures house or futures client).

PROCEDURE

- 3.11.3.1 The participant makes arrangements with a new payment provider.
- 3.11.3.2 The participant completes a Change Payment Provider for Payment Facility form (Appendix P2).

A separate form is required for each payment facility.

3.11.3.3 The new payment provider stamps and signs the Change Payment Provider for Payment Facility form.

3.11.3.4 The participant or their payment provider mails the form to Post Trade Operations.

3.11.3.5 Post Trade Operations processes the P2 and enters the new details into CHES.

A payment facility can be made effective immediately or with a future effective date.

3.11.3.6 CHES notifies both the participant and the payment provider of the new payment facility, either immediately or on the effective date.

Message Reference Table

| Section | Message Number and Description | Sender | Recipient |
|----------|-------------------------------------|--------|------------------|
| 3.11.3.6 | 240 Created Payment Facility | CHES | Payment Provider |
| 3.11.3.6 | 242 Applied Payment Facility Update | CHES | Participant |
| 3.11.3.6 | 244 Cancelled Payment Facility | CHES | Payment Provider |

3.11.4 Changing a Payment Facility

Use this procedure to:

- change the HINs associated with an existing payment facility;
- set or change the default payment facility; or
- move a HIN from one existing payment facility to another.

This procedure applies only to payment facilities for approved securities (default and HIN specific).

PROCEDURE

3.11.4.1 The participant completes the appropriate form and sends it to Post Trade Operations.

The form will be one of the following:

- Modify Existing Payment Facility form (Appendix P3);
- Set Default Payment Facility for Participant form (Appendix P4); or
- Move HIN(s) between Existing Payment Facilities form (Appendix P5).

3.11.4.2 Post Trade Operations enter the new details into CHES.

ASX SETTLEMENT PROCEDURE GUIDELINES

- 3.11.4.3 CHESS notifies both the participant and the payment provider of the changed payment facility, either immediately or on the effective date.

PROCEDURE

Message Reference Table

| Section | Message Number and Description | Sender | Recipient |
|----------|-------------------------------------|--------|-------------|
| 3.10.4.3 | 242 Applied Payment Facility Update | CHESS | Participant |

3.11.5 Removing a Payment Facility

A participant may wish to remove a payment facility, perhaps because they are consolidating two or more payment facilities.

Remember that CHESS rejects any value settlement instructions targeting a HIN that does not have a payment facility associated with it.

This procedure may be used for any type of CHESS payment facility (equities default, equities HIN specific, options, futures house or futures client).

PROCEDURE

- 3.11.5.1 The participant completes a Cancel Payment Facility form (Appendix P6) and sends it to Post Trade Operations.
- 3.11.5.2 Post Trade Operations enter the details into CHESS.
- 3.11.5.3 CHESS notifies both the participant and the payment provider that the payment facility has been cancelled, either immediately or on the effective date.

PROCEDURE

Message Reference Table

| Section | Message Number and Description | Sender | Recipient |
|----------|--------------------------------|--------|------------------|
| 3.11.5.3 | 244 Cancelled Payment Facility | CHESS | Participant |
| 3.11.5.3 | 244 Cancelled Payment Facility | CHESS | Payment Provider |

3.12 TRANSACTION PROTECTION

Under the ASX Operating Rules, transactions between market participants are protected by the National Guarantee Fund (NGF) and the ASXC Clearing Fund.

3.12.1 National Guarantee Fund (NGF) and the ASXC Clearing Fund

NGF protection enables the clients of market participants to claim payment in cash or delivery of securities in certain events, including:

- loss resulting from a market participant transferring financial products without authority; and
- loss resulting from a market participant becoming insolvent.

ASXC Clearing Fund protection enables market participants to claim payment in cash or delivery of financial products in certain events, including:

- failure to complete the purchase of financial products by a participant; and
- loss resulting from a market participant becoming insolvent.

Protection is not provided for:

- financial products loan transactions between market participants and lending institutions/custodians; or
- on-deliveries between “non-market participants” arising from either an on market or wholesale lending transaction with a market participant.

In the ASX Settlement Procedure Guidelines, the term “non-market participant” is used to describe a settlement participant who is not also a market participant. Because non-market transactions initiated by non-market participants do not enjoy National Guarantee Fund protection, different procedure steps apply to non-market participants in certain cases. For example, a non-market participant must send documentation to a registry for a issuer-sponsored to CHESS conversion, whereas market participants do not (refer to section 6.1.1).

Prior to March 2004, non-market participants were referred to as non-broker participants (NBPs).

For more information on the National Guarantee Fund, refer to the Securities Exchanges Guarantee Corporation website (<http://www.segc.com.au>).

3.12.2 Performance Bonds for Non-Market Participants

The ASX Settlement Operating Rules require non-market participants to lodge a performance bond with ASXS. This performance bond is to mitigate risk that is not covered by the National Guarantee Fund because the settlement participant is **not** also a market participant.

There are two types of bond, depending on the roles the non-market participant wishes to act in:

- settlement bonds; and

- sponsorship bonds.

For more information on performance bonds, contact ASX Client Relations.

Settlement Bond

Settlement participants must lodge a settlement bond of \$500,000 with ASXS unless they are prudentially supervised (e.g. subject to the NTA, a market participant subject to the capital requirements of the ASX Operating Rules, a clearing participant subject to the capital requirements of the ASXC Clearing Rules, or a settlement participant that is APRA regulated).

Sponsorship Bond

Sponsorship participants must lodge a sponsorship bond of \$500,000 with ASXS unless the participant is covered by the National Guarantee Fund, or by some other acceptable compensation arrangement.

3.12.3 Stress Testing Exposure Limit (STEL) Additional Initial Margin (AIMs) Call

As a Clearing and Settlement Facility licensee, ASX Clear must comply with the RBA's Financial Stability Standard (FSS) requirement to ensure that it holds sufficient financial resources to manage a Clearing Participant (CP) default in extreme, but plausible, market conditions. The STEL AIMs (formerly known as CAC) regime was introduced in its original form in March 2007 as a principal risk control measure to meet this FSS requirement.

ASX Clear calculates the funds it would need to manage a CP default in extreme market conditions by running the Capital Stress Test (CST) model each night and assessing the exposures against a pre-defined limit that is set for each CP.

The margin calculation is managed by ASX Clearing Risk Management. Any calculation queries should be directed to the Exposure Risk Management Team via email: ermteam@asx.com.au.

If a limit is breached, STEL AIMs payments are made in cash and are payable within two hours of the call. Funds are returned the day after the exposure has fallen below the pre-defined threshold.

3.13 STAMP DUTY

Stamp duty on the purchase and sale of quoted marketable financial products was abolished from 1 July 2001 in all Australian States and Territories.

Stamp duty continues to be levied on transfers of unquoted financial products where applicable. Stamp duty returns for off-market transactions are no longer processed by ASXS.

Stamp duty related fields remain on the applicable CHES messages, but CHES no longer validates those fields if they are no longer appropriate. For more information, refer to the External Interface Specification (EIS).

3.14 PARTICIPANT COMPUTER SYSTEMS

Participants require a back office computer system in order to communicate with CHESSE. Although participants can build these systems themselves, CHESSE compatible systems are available from a number of third party vendors who specialise in building and supporting these systems.

3.14.1 Back Office System Concepts

Participants must use a back office computer system that supports the defined electronic interface to CHESSE via one of the approved TCP/IP networks.

Routine back office processing functions are converted by the participant's back office system into CHESSE messages. Similarly messages received from CHESSE are processed by the back office system to maintain records or print reports.

Responsibility for development of computer software to support the CHESSE interface rests with the participant or the participant's system provider.

The participant's back office system must support CHESSE data security measures and must have been accredited by ASXS for use with CHESSE (refer to the External Interface Specification)

ASXS can provide basic CHESSE terminal software that operates under Microsoft Windows. This allows a participant to manually key, send and receive CHESSE messages.

3.14.2 Changing Computer Systems

ASXS participants must inform Post Trade Operations immediately of their intention to change the computer system they use to communicate with CHESSE.

Participants must liaise closely with the "new" and "old" system providers, as well as Post Trade Operations to ensure the change is effected with minimal disruption.

Participants embarking on a change which directly or indirectly affects their means of communicating with CHESSE must submit a New External User (Technical Details) form (Appendix W) to Post Trade Operations.

Post Trade Operations and Client Relations Department can help participants address potential issues arising from a change of computer system.

For information on the technical considerations of changing computer systems, refer to the External Interface Specifications.

3.15 DISASTER RECOVERY AND BUSINESS CONTINUITY PLANNING

Disaster recovery is the restoration of clearing and settlement activities, for the purpose of completing pending transactions on their scheduled settlement dates, after a significant site-specific or wide-scale disruption.

Business continuity is the capacity to accept and process new transactions and payment activities after a significant site-specific or wide-scale disruption. The goal of a business continuity plan is the recovery of a particular activity or function and not the recovery of a disabled facility or system.

Participants have obligations under the ASX Clear Operating Rules and ASX Settlement Operating Rules to maintain adequate disaster recovery and business continuity arrangements.

ASXC and ASXS provide some emergency assistance, as prescribed within the rules, but this may only be available in limited circumstances. ASXC and ASXS can only attempt to provide emergency assistance on a “best endeavours” basis, so participants should not to rely on ASXC and ASXS’s ability to offer emergency assistance as their sole source of disaster recovery and business continuity.

Disaster recovery and business continuity planning are also discussed in the External Interface Specification (EIS).

3.15.1 Request for CHES Messages to be Resent

ASXS can resend CHES messages, which may allow a participant to recover from a minor system outage.

To request the resending of CHES Messages, a participant completes a Request For CHES Messages To Be Resent form (Appendix Y) and forwards it to Post Trade Operations. The form includes the range of messages required.

3.15.2 Request Creation of a Business Continuity File

ASXS can provide a participant with a file of CHES messages for business continuity purposes. Before requesting a business continuity file, participants should discuss their requirements with Post Trade Operations.

To request a history of CHES message details for business continuity purposes, a participant completes a Business Continuity Message Retrieval form (Appendix R) and sends it to Post Trade Operations.

Business continuity message files are produced in the CHES PC Export/Import format (refer to section 12 of the External Interface Specification) and supplied on CD ROM which can either be couriered or collected, by agreement with the requesting participant.

A hard copy of CHES messages can be produced if required.

3.16 ASXS COMMUNICATIONS

ASXS provides operational information to participants in the form of ASX Market Notices. All ASX Market Notices are posted in the participants' library of the ASXOnline website (<http://www.asxonline.com>).

ASXOnline includes an optional facility allowing participants to receive a notification of ASX Market Notices via email. The ASXOnline system sends an email to subscribers when any new documents are posted on the website.

Each participant has a dedicated ASX online system administrator who can set up the email subscription service. For details on how to subscribe, participants should contact their Client Relations account manager.

The service is free and available to all ASX participants.

All documents posted on ASXOnline are in the Adobe portable document format (PDF). They should be read with a minimum of Version 6.0 of the Adobe Acrobat Reader.

3.16.1 Urgent ASXS Communications

Urgent ASXS operational matters are communicated to participants by email.

Participants must provide Post Trade Operations with a single point of contact (e.g. a group email address). They can do this by emailing the address to Post Trade Operations (chesshelp@asx.com.au).