

SECTION 10. CANCELLING TRANSACTIONS..... 10-1

10.1 Cancellation Concepts.....10-1

10.2 Cancelling a Transaction.....10-2

10.3 Removing a Cancellation Request..... 10-4

10.4 CHES Housekeeping For Unmatched Transactions.....10-5

10.5 Removing a Settlement Instruction from Settlement 10-6

10.6 CHES Housekeeping For Unactioned Transfer and Conversion Requests..... 10-6



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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
1.7	Dec 2010	Updates to include name changes within ASX Group and ASX Operating Rule books.
2.9	May 2015	Updates to information regarding Single Entry Transfers and Client Account Segregation (section 10.2).
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

SECTION 10. CANCELLING TRANSACTIONS

10.1 CANCELLATION CONCEPTS

Once a transaction has been effected in CHESSE, it cannot be cancelled.

Demand transactions involving only a single participant are effected immediately they are received and validated: there is no facility to cancel these transactions at any time.

Dual entry demand transactions are effected immediately once they are matched and therefore can only be cancelled prior to matching.

Non-value settlement transactions can be cancelled at any time prior to settlement cut-off on the settlement day.

Value settlement transactions can be cancelled at any time prior to the settlement cut-off on the settlement day.

For dual entry transactions, if matching has occurred, both participants must request the cancellation and those cancellation requests must be matched by CHESSE. If only one participant has requested the cancellation of a transaction by the cut-off, CHESSE processes the transaction normally. However, prior to processing the transaction, CHESSE notifies both participants of the unmatched cancellation instruction.

Cancellation instructions that require matching by another party can be removed if CHESSE has not yet matched the cancellation instruction.

In exceptional circumstances, the ASX Settlement (ASXS) may cancel transactions at the request of one party. The request must be supported by appropriate documentation. It is anticipated that this facility may be required if, for example, a participant's client went into liquidation. Use of this function will be governed by the provisions of the ASX Settlement Operating Rules.

Participants are not required to cancel unmatched transactions as CHESSE housekeeping automatically cancels them and notifies both participants after the relevant cut-off. However, participants should note that if the cancelling of an unmatched transaction is left to CHESSE housekeeping, the counterparty can still match the transaction up to the relevant cut-off.

For demand transactions, the cut-off is 2 days after the original transaction receipt (1 day if the first day is a record date).

For settlement transactions, the cut-offs is Settlement Cut-off on the day of settlement for non-value transactions.

Participants may elect to cancel unmatched transactions after the relevant cut-off and before CHESSE housekeeping is performed.

10.2 CANCELLING A TRANSACTION

If a transaction is not required or in error, a participant may cancel it.

PROCEDURE

- 10.2.1 The participant records the cancellation and sends CHESSE a message appropriate to the type of transaction they are cancelling.
- 10.2.2 For unmatched dual entry transfers, the originating participant can cancel the transaction by submitting a cancellation request at any time prior to matching or prior to CHESSE housekeeping. If the cancellation request is valid, CHESSE responds to both participants with a message acknowledging that the cancellation has been effected. If the request is invalid, CHESSE sends a rejection message to the submitting participant.
- 10.2.3 A matched settlement notification can only be cancelled by both the participant and their counterparty submitting matching cancellation request messages to CHESSE before settlement instruction cut-off on the settlement day for value transactions and before settlement cut-off on settlement day for non-value transactions.
- 10.2.4 CHESSE responds to the participant submitting the cancellation request message as follows:
- If a match is available and the original scheduled settlement instruction can be cancelled directly, CHESSE sends a cancelled settlement instruction message;
 - If CHESSE has no record of a matching cancellation request from the counterparty, CHESSE sends an unmatched cancellation request message; or
 - If the cancellation request fails validation, CHESSE sends a rejected transaction message.
- CHESSE notifies the counterparty of the cancellation action by way of:
- CHESSE sends a cancelled settlement instruction message, if a match is available and the original scheduled settlement instruction can be cancelled directly; or
 - CHESSE sends an unmatched cancellation request message, if CHESSE has no record of a matching cancellation request from the counterparty.
- If a match is not achieved in time to prevent settlement, CHESSE does not process the cancellation request. CHESSE removes the cancellation request with housekeeping messages (refer to Section 10.3).
- 10.2.5 For single entry scheduled settlement transfers, the participant can cancel at any time prior to settlement cut-off by submitting a cancellation request. CHESSE responds either with a message acknowledging that the cancellation has been effected or with a rejection message.

ASX SETTLEMENT PROCEDURE GUIDELINES

Message Reference Table

Section	Message Number and Description	Sender	Recipient
10.2.1	037 Demand Dual Entry CHES to CHES Transfer Cancellation Request	Participant	CHES
10.2.1	119 Single Entry Settlement CHES to CHES Transfer Cancellation Request	Participant	CHES
10.2.1	129 Dual Entry Settlement Cancellation Request	Participant	CHES
10.2.1	135 Dual Entry Settlement Notification Cancellation	Participant	CHES
10.2.2	037 Demand Dual Entry CHES to CHES Transfer Cancellation Request	Participant	CHES
10.2.2	048 Cancelled Demand Dual Entry Transfer Request	CHES	Participant
10.2.2	135 Dual Entry Settlement Notification Cancellation	Participant	CHES
10.2.2	116 Cancelled Settlement Instruction	CHES	Participant
10.2.2	518 Rejected Transaction	CHES	Participant
10.2.3	129 Dual Entry Settlement Cancellation Request	Participant	CHES
10.2.4	116 Cancelled Settlement Instruction	CHES	Participant
10.2.4	178 Unmatched Dual Entry Settlement Instruction Cancellation Request	CHES	Participant
10.2.4	518 Rejected Transaction	CHES	Participant
10.2.5	116 Cancelled Settlement Instruction	CHES	Participant
10.2.5	518 Rejected Transaction	CHES	Participant
10.2.5	105 Single Entry Settlement CHES to CHES Transfer Request	Participant	CHES
10.2.5	107 Scheduled Settlement CHES to CHES Transfer Request	Participant	CHES

10.3 REMOVING A CANCELLATION REQUEST

If the underlying transaction is cancelled in error, a participant may remove the cancellation request.

PROCEDURE

- 10.3.1 The participant records the removal of a cancellation request and sends a removal request to CHESSE.
- 10.3.2 If the original cancellation request is unmatched, CHESSE removes the cancellation request and confirms the removal. CHESSE notifies both participants of the removal of the cancellation request. The participant records the confirmation of the cancellation request removal.
- 10.3.3 If the original cancellation has already been matched by the counterparty, CHESSE rejects the removal request and notifies the participant. The participant may need to contact the counterparty to resolve the status of the transaction.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
10.3.1	131 Dual Entry Settlement Instruction Cancellation Removal	Participant	CHESSE
10.3.2	132 Removed Dual Entry Settlement Instruction Cancellation Request	CHESSE	Participant
10.3.3	518 Rejected Transaction	CHESSE	Participant

10.4 CHESS HOUSEKEEPING FOR UNMATCHED TRANSACTIONS

CHESS automatically removes unmatched transactions and notifies all participants involved in the transaction.

PROCEDURE

10.4.1 CHESS cancels unmatched transactions that have missed settlement and which meet the following housekeeping criteria:

Transaction Type	Housekeeping Criteria
Unmatched settlement for value	Settlement cut-off has passed on the day of settlement
Unmatched settlement for non-value	Settlement cut-off has passed on the day of settlement
Unmatched demand	2 days after original transaction receipt (1 day if the first day is a record date)
Suspended settlement	Case by case basis
Unmatched change or cancellation request	when target settlement instruction is cancelled or settled

CHESS notifies both participants of the cancelled transactions.

CHESS may cancel unmatched transactions at any time after the relevant criteria have been satisfied; CHESS usually performs its housekeeping during overnight processing on the evening immediately following the appropriate cut-off.

10.4.2 At the end of day on record date, CHESS cancels dual entry settlement notifications meeting all of the following criteria:

- the trade date is prior to the underlying corporate action’s ex date;
- the settlement date is after the underlying corporate action’s record date;
- the notification is unmatched;
- the notification is a value transaction; and
- the notification is an “on market” transaction.

This is to prevent participants matching notifications with an indeterminable basis of movement during corporate action periods.

CHESS notifies participants of the cancelled transactions.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
10.4.1	048 Cancelled Demand Dual Entry Transfer Request	CHESS	Participant
10.4.1	116 Cancelled Settlement Instruction	CHESS	Participant
10.4.1	118 Cancelled Change Settlement Instruction Request	CHESS	Participant
10.4.1	132 Removed Dual Entry Settlement Instruction Cancellation Request	CHESS	Participant
10.4.2	116 Cancelled Settlement Instruction	CHESS	Participant

10.5 REMOVING A SETTLEMENT INSTRUCTION FROM SETTLEMENT

Refer to Section 8.6.4 for information on removing a settlement instruction from settlement. This applies only to non-market participants.

10.6 CHESS HOUSEKEEPING FOR UNACTIONED TRANSFER AND CONVERSION REQUESTS

CHESS automatically removes unactioned transfer or conversion requests after six business days (day of receipt plus 5 business days) and notifies the affected participants and registries.

PROCEDURE

10.6.1 Participants submit a CHESS message (EIS 015, 017, 021, or 019) requesting a conversion or transfer from the issuer sponsored or certificated subregisters into CHESS.

10.6.2 At the end of the day CHESS cancels any transfer or conversion request that remain unactioned after six business days.

CHESS notifies the participant and the registry.

The registry will only receive this message if it is the same registry that managed this security at the time of the participant's transfer or conversion request.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
10.6.1	015 Issuer Sponsored to CHESSTransfer Request	Participant	CHESSTransfer Request
10.6.1	017 Issuer Sponsored to CHESSTransfer Request	Participant	CHESSTransfer Request
10.6.1	019 Certificated to CHESSTransfer Request	Participant	CHESSTransfer Request
10.6.1	021 Certificated to CHESSTransfer Request	Participant	CHESSTransfer Request
10.6.2	694 Cancelled Transfer or Conversion Request	CHESSTransfer Request	Participant
10.6.2	694 Cancelled Transfer or Conversion Request	CHESSTransfer Request	Registry

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