

ASX SETTLEMENT PROCEDURE GUIDELINES

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ASX SETTLEMENT PROCEDURE GUIDELINES



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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
1.2	May 2007	Renumbering of this section as the original Section 20 ASX World Link has been removed
1.7	Dec 2010	Updates to include name changes within ASX Group and ASX Operating Rule books.
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 27. RECONCILIATION

Incorporated into the tariff structure for issuers is the facility to retrieve holding movements daily. It is left to the discretion of the Issuer to decide how often their registry will require this information for reconciliation purposes. In addition, CHES also provides record date balances for corporate actions.

Supplementary to these reports, further reports can be requested by the registry through demand reporting. For details of available reports and how to request them, refer to the Requesting Reports (Section 16).

Where discrepancies arise, joint action by both ASXS and registry will be undertaken if necessary to resolve a reconciliation problem.

Indemnity issues are discussed in Section 2 of the APG.

27.1 RECONCILIATION TYPES

27.1.1 Messages

Reconciling message processing status information sent by CHESSE against messages sent by the registry.

All messages sent to CHESSE have some form of associated business response from CHESSE eg, for a Registry to CHESSE Conversion Authorisation, CHESSE responds by sending an Applied Registry Authorisation Response back to the registry.

These messages are routinely made available to registries by CHESSE. The registry can also request a historical range of these messages should this be necessary.

CHESSE includes the business date within these messages to aid registries reconciling when messages were processed.

27.1.2 Issued Capital

Reconciling the total issued capital for the register (across all subregisters).

When a registry needs to reconcile the issued capital of the total register, it must determine the total balance for the class of financial product on the CHESSE subregister. This can be aggregated with the issuer's subregister to determine the issued capital.

This can be achieved through the following reports:

- **Total Security Balance**

This notifies the registry of the total of all holding balances held on the CHESSE subregister for the class of financial product.

- **Holding Net Movements**

The registry can periodically retrieve holding movements from CHESSE. The two aggregate movements for any holding are designated either as "ons" or "offs". The aggregation of "ons" and "offs" for a class of financial product yields the net movement on or off the CHESSE subregister for the time period covered by the movements. This movement can then be applied to a control total held by the registry as a result of the last reconciliation. This should yield the total balance of financial products on CHESSE.

The inter subregister movements exclude CHESSE to CHESSE movements and only show movements on and off the CHESSE subregister for the specified period.

CHESSE to CHESSE movements are derived by deducting the inter subregister movements from the net (total) movement figures.

- **Holding Balances**

At any time the registry can request all holding balances for a class of financial product and aggregate them to yield the total balance for the CHESSE subregister.

27.1.3 Basis for Entitlements

Reconciling the total Cum entitlement balances for the register (across all subregisters).

When a registry needs to reconcile the Cum entitlement balance of the total register it must determine the Cum entitlement balance on the CHESSE subregister for the class of financial product. This can be aggregated with the registry managed subregister to determine the total Cum entitlement balance for the class of financial product.

This can be achieved through the following reports:

- **Total Cum Entitlement Balance**

This notifies the registry of the total of all Cum entitlement balances on the CHESSE subregister for the class of financial product.

- **Cum Entitlement Net Movements**

The registry can periodically retrieve holding Cum entitlement movements from CHESSE. The two aggregate movements for any holding are designated either as "ons" or "offs". The aggregation of "ons" and "offs" for a class of financial product yields the net Cum entitlement movement on or off the CHESSE subregister for the time period covered by the movements. This movement can then be applied to a control total held by the registry as a result of the last reconciliation. This should yield the total Cum entitlement balance of financial products on CHESSE.

- **Cum Entitlement Balance**

At any time the registry can request all holding Cum entitlement balances for the class of financial product and aggregate them to yield the total Cum entitlement balance for the CHESSE subregister.

27.1.4 Holdings

Reconciling CHESSE balances against registry balances.

If a registry holds CHESSE balances then these should be reconciled at strategic processing milestones such as corporate action record dates.

This reconciliation may also be required where the total issued capital is not reconciled.

Holding balance reporting is available on request including an "as at date" feature.

Reconciling CHES Cum entitlement balances against registry balances.

If a registry holds CHES Cum entitlement balances, then these should be reconciled at strategic processing milestones such as corporate action record dates.

This reconciliation may also be required where the Cum entitlement balance total does not reconcile.

The Cum entitlement balance reporting is available on request including an "as at date" feature.

Reconciling CHES holding transaction history against registry holding transaction history.

There may be situations, such as when a holding balance reconciliation has failed, where a registry may need to reconcile CHES holding transactions against the registry history of registry sourced transactions.

The registry can request the relevant transaction history from CHES and compare this information against their internal records.

Reconciling CHES Cum entitlement transaction history against registry Cum entitlement transaction history.

There may be situations, such as when a holding Cum entitlement balance reconciliation has failed, where a registry may need to reconcile CHES holding transactions (designated Cum) against the Registry sourced transactions (designated Cum).

The registry can request the relevant transaction history from CHES and compare this information against their internal records.

Reconciling inter-subregister holding movements.

A registry may wish to reconcile movements between the CHES subregister and the registry managed subregister.

The holding movement reports specifically provide summary totals for inter subregister movements.

Reconciling inter-subregister Cum entitlement movements.

A registry may wish to reconcile Cum entitlement movements between the CHES subregister and the registry managed subregister.

The total Cum entitlement balance reconciliation procedure described in this section explains how to use holding Cum entitlement balances for a class of financial product. As mentioned, the aggregation of "ons" and "offs" (to all CHES holdings

for a class of financial product) yields the net Cum entitlement movements on or off the CHESSE subregister. This can be used to reconcile against registry records.

This aggregation of "ons" and "offs" cannot be used for the same purpose at a CHESSE holding level.

27.1.5 Holders

Reconciling CHESSE registered names and addresses against registry held names and addresses.

At any time the registry can reconcile CHESSE holder registration details against their own details by requesting a Holding Registration Details report and comparing the details.

27.1.6 Damaged Records

In the unlikely event that either ASXS or registry records have become damaged, the registry may find it prudent to perform a reconciliation with CHESSE records.

Should this reconciliation procedure be requested by ASXS as a result of CHESSE records being suspected of damage, then ASXS will suggest the minimum level reconciliation required.

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