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ASX SETTLEMENT PROCEDURE GUIDELINES



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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
1.7	Dec 2010	Updates to include name changes within ASX Group and ASX Operating Rule books
2.5	Apr 2014	Miscellaneous format adjustments and general corrections ASX Rule book terminology amendments. Replace the words 'despatch' and 'allot' with 'issue'.
3.1	Jan 2016	ASXOnline document merge.
3.2	Mar 2016	T+2 implementation and change in references from C&S Operation to Post Trade Operations
3.7	Dec 2021	Replaced ASXS Bulletins with ASX Market Notices (refer to 13.3) Replaced reference to notification statements with notifications (refer to 13.5.2.2) Removed reference to fax (refer to 13.5.3)

SECTION 13. ACQUISITIONS

13.1 INTRODUCTION

These procedures detail the key steps involved in managing an off market takeover under the CHESSE environment. Existing industry procedures remain for holders of issuer sponsored financial products. The CHESSE procedures are designed to co-exist with these existing procedures. CHESSE notifies sponsored holders when their financial products are reserved for the purposes of a takeover acceptance and when the balance of the reserved subposition changes. Refer Appendix Samples N, O, P, Q and R.

These procedures are only relevant for registries acting as bidders or as agents of bidders.

13.2 ON-MARKET TAKEOVER

An on-market takeover is an offer to purchase securities in an ASX listed company, made in accordance with the provisions of the *Corporations Act*. Such an offer is commonly referred to as an on-market bid.

CHESSE has no processing specific to an on market bid. Acceptance of the bid is effected by a sale through a market participant and subsequent transfer of title, in the same manner as for any market trade.

13.3 OFF-MARKET TAKEOVER

The bidder notifies ASX Settlement (ASXS) of a takeover bid.

The details required by ASXS include:

- Bidder name.
- Bidder's CHES Unique Identification Code (UIC) or
- Bidder's CHES agent's name and UIC.
- Bidder's HIN (the default that may be used for takeover transfers).
- Class of financial product codes subject to the bid.
- Conditional or unconditional nature of the bid.
- Proportional or non proportional nature of the bid.

The bid may relate to multiple classes of financial products. The bidder notifies each ASX code affected.

To enable the bidder to fulfil the CHES operational requirements as outlined in these procedures the bidder either:

- becomes an ASXS participant bidder; or
- appoints an existing CHES user accredited as a participant bidder (either an issuer's agent e.g. registry or a participant) as its participant agent.

Registries should note, that as registries, they are not entitled to act for the bidder and must apply to become an ASXS participant. ASX Settlement Operating Rules provide for limited participation to facilitate takeover processing.

The participant who is to act for the bidder must ensure they have a CHES interface, which has been specifically accredited for takeover processing.

The bidder must notify ASXS, who will act as the participant, at least 5 business days before the start of the bid period.

The financial products subject to a bid must be approved for these procedures to apply.

Concurrent bids on the same class of financial products are catered for in CHES.

ASXS allocates a unique CHES takeover code, which is disseminated to all participants via an ~~ASXS Bulletin~~ [ASX Market Notice](#).

The takeover code is usually comprised of the 3-character target Issuer code and a 3-digit numeric. However, any 6-character alphanumeric combination may be used. A separate code is allocated for each consideration option.

This code is used as a unique identifier for the bid and is used by all parties when identifying bids on CHES messages.

The bid is given an initial status of “conditional” or “unconditional” on CHES. Either status enables CHES facilities for processing acceptances from participants and forwarding the acceptance information to bidders.

The “unconditional” status additionally enables the processing of takeover transfers initiated by the bidder (see the procedure on takeovers becoming unconditional for more details).

The target company has responsibilities to provide bidders with register information.

To prepare this information, target companies may need to electronically request a transmission of relevant balances from CHES. CHES transmits the requested balances to the target company. ASXS does not provide this information direct to the bidder.

For CHES holders, this information must include the HIN associated with each holding.

The bidder receives the details of registered holdings from the target company.

The bidder mails bid documentation to all holders of the targeted financial products.

The bid documentation issued to CHES holders must include the CHES HINs and ASX class of financial product codes of the registered CHES holdings that are subject to the bid and may include the takeover code. References to holding details must clearly identify those, which are CHES holdings.

Should the ASX determine a need for a bid accepted market for the bid, it establishes a quotation code for this purpose. This market will be associated with proportional bids.

The bid accepted code is quoted with a basis of deferred delivery. The securities are notional and cannot settle in this form. Obligations are accepted by CHES and settle when transformed into a deliverable financial product (refer to Section 13.2.5).

13.3.1 Accepting an Off-Market Bid

Holders whose securities are held on the CHES subregister may only accept an off-market offer by advising their sponsoring participant of their acceptance; their sponsor will effect acceptance of the offer by sending an acceptance to the bidder on the holder’s behalf.

PROCEDURE

- 13.3.1.1 Holders accept a bid by instructing their participant and specifying the level of acceptance.
- 13.3.1.2 Participants send an acceptance to CHES.

The Takeover Acceptance message (031) includes an optional field (Distinct Portion Indicator) which is used in the acceptance of a takeover bid. This field establishes whether the number of securities covered by the acceptance relates to a distinct portion of a holding within the terms of the *Corporations Act*. Participants holding securities in a single holding on behalf of one or more holders use the indicator if only one or some of the holders wish to accept the bid.

- 13.3.1.3 CHESSE receives acceptances from participants. CHESSE neither attempts to match acceptance details to the terms of a bid, nor checks for compliance with rules or legislation beyond the usual technical validation of a CHESSE transaction. Compliance checking remains the responsibility of the parties to the bid.

CHESSE rejects an acceptance if there are insufficient securities available to satisfy the acceptance or if it is transmitted after acceptances close.

A bid must have a CHESSE status of “conditional” or “unconditional” for acceptances to be valid. An acceptance transmitted to CHESSE after acceptances close will be rejected.

- 13.3.1.4 For accepting holders, CHESSE reserves the necessary securities from their available balance in an acceptance subposition.

CHESSE establishes one subposition for each bid and accumulates securities in this subposition for each additional bid acceptance it receives from the participant.

- 13.3.1.5 CHESSE notifies the participant that the acceptance has been successfully processed.

ASXS notifies holders of their acceptance (refer to Sample N).

- 13.3.1.6 CHESSE notifies the bidder of details of the acceptance.

- 13.3.1.7 The bidder may choose to reject the acceptance.

- 13.3.1.8 CHESSE will release the units from the subposition; CHESSE notifies the participant of the rejection; CHESSE also notifies the bidder that the rejection has been processed. If the rejection is unsuccessful, CHESSE notifies the bidder.

ASXS notifies holders of the bidder’s rejection of the acceptance (refer to Sample O).

- 13.3.1.9 The bidder may request a report of acceptance details from CHESSE at any time during the bid period.

- 13.3.1.10 CHESSE notifies the bidder of all updates to the holder’s registration details.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
13.3.1.2	031 Takeover Acceptance	Participant	CHESS
13.3.1.3	518 Rejected Transaction	CHESS	Participant
13.3.1.5	032 Effected Takeover Acceptance	CHESS	Participant
13.3.1.6	704 Takeover Acceptance Notification	CHESS	Bidder
13.3.1.7	701 Takeover Acceptance Rejection	Bidder	CHESS
13.3.1.8	038 Reversed Takeover Acceptance	CHESS	Participant
13.3.1.8	518 Rejected Transaction	CHESS	Bidder
13.3.1.8	706 Effected Offeror Transaction	CHESS	Bidder
13.3.1.9	503 Reporting Request	Bidder	CHESS
13.3.1.9	704 Takeover Acceptance Notification	CHESS	Bidder
13.3.1.9	518 Rejected Transaction	CHESS	Bidder

13.3.2 Accepting an Off Market Bid for an Unregistered Holding

A purchaser of financial products that are eligible for the bid, who has yet to be registered prior to the end of the bid period, may still be entitled to accept the bid.

This usually arises when purchases are made in the last week of the bid period.

The eligibility of an unregistered purchaser to accept a bid must be supported by the bid documentation.

The following procedure is to be used to allow an unregistered purchaser to accept a bid. However, it is advisable that Participants avoid having to use these procedures by adopting the following:

- Establish a “special market” and buy “cum takeover bid” (“bid accepted”) in the last week, modify the obligation to avoid failure and arrange for the on-forwarding of the bid consideration to the purchaser; or
- Settle earlier than T+2 to enable registration to occur prior to the bid closing and normal acceptance procedures to be followed.

13.3.2.1 The unregistered purchaser should lodge a completed acceptance form and a copy of the contract note with the bidder prior to the end of the bid period to establish they are entitled to accept the bid.

13.3.2.2 Once the financial products have been registered the buyer must provide the bidder with financial products to support the acceptance.

For issuer sponsored clients, this would be performed by passing the Securityholder Reference Number (SRN) to the bidder.

For CHESS clients, this transfer to the bidder may take several forms. Some examples are:

- convert the financial products to the issuer sponsored subregister and deliver the Securityholder Reference Number (SRN) to the bidder.
- deliver relevant documentation (e.g. acceptance forms) to the target Issuer and adjust holdings via registry initiated adjustments or transformations.

The way in which financial products are moved for CHESS clients is at the discretion of the registries.

13.3.3 Accepting an Off-Market Bid for Securities Traded during the Bid Period

Buyers acquiring securities during a bid period will not receive the physical bid documents from the bidder, as they were not the registered holder when the documents were sent at the start of the bid period.

The provisions of the *Corporations Act* mean the financial product is deemed to trade with the entitlement to accept the bid. A buyer can accept the bid as soon as the trade has settled, provided it is still within the bid period.

However, during the last few days of a bid, a buyer may wish to accept a bid on the results of a trade that won't settle before the bid closes. In such cases, the buyer should request a settlement earlier than the standard T+2 or make other arrangements with the counterparty to ensure acceptance, if desired.

PROCEDURE

13.3.3.1 A participant acting for a buyer wishing to accept a bid on for a trade that won't settle before the bid expires should alter the trade settlement date by sending a change settlement transaction to CHESS.

CHESS uses a tiered tolerance model for matching settlement amounts. Refer to APG section 8.1.7 for more information on how CHESS matches dual entry notifications.

13.3.3.2 Once the trade settles, the participant can accept the bid (on the buyer's instructions) in the usual manner (refer section 13.3.1).

Message Reference Table

Section	Message Number and Description	Sender	Recipient
13.3.3.1	121 Change Settlement Instruction Request	Participant	CHESS

13.3.4 Reversing an Acceptance for a Off-market Bid

During the bid period, a holder who has accepted the takeover bid may wish to withdraw their acceptance/s. A reversal request does not have a one-to-one relationship with the original takeover acceptance. A reversal request is based on units not transactions. There are two circumstances in which an acceptance may be reversed:

- by mutual agreement between the parties; or
- where the holder is legally entitled to have an acceptance subposition reversed.

CHESS acts as the agent of the bidder. This means that CHESS will act to release the subpositions only where the bidder has consented to its release.

Where the holder seeks the agreement of the bidder to reverse units in the acceptance subposition, the bidder has the right to either accept or reject the request.

Where the holder is legally entitled to have acceptance units reversed, the participant must give notice to the bidder that the holder is exercising their right to withdraw takeover acceptance units. Having been given notice, the bidder is obligated to consent to the release of the subposition units within 2 business days.

A holder is legally entitled to have acceptance subposition units reversed in certain circumstances, including:

- where the bidder varies the bid and, as a result, the bidder's obligations under the bid are delayed for more than one month;
- where a proportional takeover that requires holder approval under the company's constitution is rejected; or
- where a bid that contains misrepresentations or mistakes, or has been accepted under circumstances of duress, undue influence or unconscionable conduct on the part of the bidder.

PROCEDURE

13.3.4.1 A participant sends an message to CHESS requesting units in a bid-accepted subposition be reversed.

CHESS rejects requests where the holding subposition does not have sufficient securities or where the message is invalid.

CHESS notifies the bidder and the submitting participant of the reversal request.

13.3.4.2 The bidder authorises or rejects the reversal request.

CHESS notifies the participant if their request was rejected.

13.3.4.3 If CHESS receives an authorisation for the reversal, it releases units from the bid-accepted subposition back to the holder and notifies the participant.

ASXS notifies the holder of the reversal (refer to Sample R).

Message Reference Table

Section	Message Number and Description	Sender	Recipient
13.3.4.1	o85 Takeover Acceptance Removal Request	Participant	CHESS
13.3.4.1	o86 Accepted Takeover Acceptance Removal Request	CHESS	Participant
13.3.4.1	702 Takeover Acceptance Removal Authorisation Request	CHESS	Bidder
13.3.4.2	705 Takeover Acceptance Removal Rejection	Bidder	CHESS
13.3.4.2	o88 Rejected Takeover Acceptance Removal Request	CHESS	Participant
13.3.4.2	706 Effected Offeror Transaction	CHESS	Bidder
13.3.4.2	703 Takeover Acceptance Removal Authorisation	Bidder	CHESS
13.3.4.3	o38 Reversed Takeover Acceptance	CHESS	Participant
13.3.4.3	706 Effected Offeror Transaction	CHESS	Bidder

13.3.5 A Conditional Off-Market Bid Becomes Unconditional

After an offer has been declared free of conditions, the actual transfer of securities to the bidder can be effected by the registry.

PROCEDURE

- 13.3.5.1 The bidder notifies the ASXS that a bid is now “unconditional”. From this point CHESS accepts takeover transfers from the bidder.
- CHESS continues to process valid acceptances.
- 13.3.5.2 CHESS removes accepted securities from the relevant subpositions and transfers them to the bidder.
- CHESS notifies the relevant participants and the bidder.
- CHESS rejects requests where the holding subposition does not have sufficient securities or where the message is invalid.
- 13.3.5.3 If the takeover consideration involves the issue of securities, the bidder adjusts the new holdings according to the terms of the bid.
- CHESS notifies participants of the successful adjustments.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
13.3.5.2	431 Takeover Transfer	Bidder	CHESS
13.3.5.3	518 Rejected Transaction	CHESS	Bidder
13.3.5.3	034 Effected Takeover Transfer	CHESS	Participant
13.3.5.3	706 Effected Offeror Transaction	CHESS	Bidder
13.3.5.3	022 Effected Holding Adjustment (TKA)	CHESS	Participant

13.3.6 Closing a Successful Off-market Bid

At the end of an offer period ASXS closes the CHESS acceptance codes for the bid.

PROCEDURE

13.3.6.1 The bidder advises ASXS when no more bid acceptances are to be processed by CHESS.

This prevents CHESS accepting further acceptances from participants but enables takeover transfers from the bidder to continue to be processed.

13.3.7 Finalising a Successful Off-market Bid

The bidder advises ASXS when there are no more takeover acceptances to be processed by way of transfers.

PROCEDURE

13.3.7.1 The bidder notifies the ASXS when all takeover acceptances have been processed.

When either finalised or a predetermined period lapses, CHESS no longer accepts any activity in relation to the takeover except relevant reporting requests for historical activity. ASXS sends the bidder a reminder letter to advise the takeover is about to be finalised.

13.3.7.2 CHESS releases all related bid accepted subpositions, if any still exist, and notifies the relevant participants.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
13.3.7.2	o82 Adjusted Subposition (ADJ)	CHESS	Participant

13.3.8 Completing a Lapsed Off-market Bid

Where the offer has been subject to a defeating condition and the bidder has not declared the offer to be free from that condition with the stated period, the transfer of securities based on that acceptance is void.

PROCEDURE

- 13.3.8.1 The bidder notifies ASXS of the lapsed bid.
- 13.3.8.2 ASXS releases all related subpositions.
- 13.3.8.3 CHESS electronically notifies participants of changes to subpositions. There are no electronic advices to the bidder. Notification advising sponsored holders of the reversal of the acceptance are issued. (Refer to Sample O)

Message Reference Table

Section	Message Number and Description	Sender	Recipient
13.3.8.3	o82 Adjusted Subposition (ADJ)	CHESS	Participant

13.3.9 Compulsory Acquisition

Once the bidder has received acceptance for 90% of the securities covering 75% of the holders, the bidder may acquire the remaining securities in accordance with the *Corporations Act*. The registry sends all dissenting securityholders a notice of the compulsory acquisition, on behalf of the bidder.

PROCEDURE

- 13.3.9.1 The bidder advises ASXS that, pursuant to the *Corporations Act*, they are acquiring outstanding securities.
- 13.3.9.2 The target issuer subregister is closed by ASXS and CHESS rejects any transfers or conversions of the target securities after end of day on the 5th business day after the quotation has ceased.
- 13.3.9.3 The issuer adjusts the relevant holdings so that the bidder becomes the registered holder of the outstanding securities.
- 13.3.9.4 CHESS validates the registry messages, updates the CHESS holdings, notifies the controlling participants and confirms completion to the registry. If a registry message is invalid or contains a HIN, which is not established in CHESS, it will be rejected to the registry.
- 13.3.9.5 Generally, CHESS archives the subregister 20 business days after it has been closed and it ceases to be listed. If CHESS archives the subregister, advice is provided.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
13.3.9.3	425 Holding Adjustment (CAQ)	Registry	CHESS
13.3.9.4	422 Applied Registry Transaction	CHESS	Registry
13.3.9.4	518 Rejected Transaction	CHESS	Registry
13.3.9.4	022 Effected Holding Adjustments (CAQ)	CHESS	Participant
13.3.9.5	528 Archived Subregister	CHESS	Registry

13.4 BUY-BACKS

The *Corporations Act* provides that a company, under certain circumstances, can buy-back their own securities. This results in that portion of the issued capital being cancelled.

Buy-backs may take place either on-market or off-market.

13.4.1 On-Market Buy-Back

An on-market buy-back by a company listed on the ASX occurs via the ordinary course of trading in accordance with the ASX Operating Rules and the *Corporations Act*.

CHESS has no processing specific to an on-market buy-back. The buy-back is effected by purchase through a market participant and subsequent transfer, in the same manner as for any market purchase.

13.4.2 Off-Market or Equal Access Buy-Back

An equal access buy back is when a company makes a uniform offer to each holder to buy back a proportion of each of their securities. The company must send a document to holders setting out the terms of the buy back offer. During the offer period, holders are entitled to accept or reject the buy back offer.

Where a holder accepts or rejects a buy back offer, they must do so in the manner specified by the offer document.

The procedure for accepting a buy back may be either electronic or paper based, that is, the buy back may be effected through CHESS or outside CHESS.

13.4.3 Equal Access Buy-Back Through CHESS

Where the company offering to buy-back its securities seeks to do so through CHESS, the company can ask ASXS to exercise its discretion to treat the buy-back as a part of a takeover scheme in accordance with the ASX Settlement Operating Rules.

Where ASXS exercises this discretion, the CHESS procedures for an off-market takeover apply to the buy-back and all acceptances of the offer shall be made in electronic form (refer to Section 13.3).

13.4.4 Equal Access Buy-Back Outside CHES

Where the company wishes to buy-back its securities outside CHES or some of its securities are not held on the CHES subregister, then the following procedure shall apply in relation to either the offer, or those securities not held on the CHES subregister.

The company makes an offer to holders to buy-back securities on a voluntary basis.

PROCEDURE

13.4.4.1 The issuer announces the terms of the buy-back scheme. When the issuer sends notices to holders on the CHES subregister, the issuer instructs the CHES holder to accept the offer by instructing their participant to initiate a CHES to issuer-sponsored conversion request.

The holder will complete and return their buy-back instruction to the issuer.

13.4.4.2 The participant sends a conversion request to CHES. The Securityholder Reference Number (SRN) may be included in the request by the participant.

13.4.4.3 CHES validates the conversion request, including checking that the source holding has sufficient securities to cover the quantity specified in the conversion. CHES rejects any invalid conversions.

13.4.4.4 CHES updates the source holding.

13.4.4.5 CHES appends the registration name and address of the source holding to the transaction and generates a CHES-to-issuer-sponsored conversion message to the registry and notifies the participant.

13.4.4.6 If an existing holding is being referenced and the registration details do not match, the registry will set up a new holding.

13.4.4.7 Once this is complete the Issuer has full control over the holding and can make the necessary arrangements for the disposal or cancellation of the securities.

13.4.5 Holder Fails to Respond to Offer

The company makes an offer to holders to buy-back their securities. The holder is given the option of accepting the offer or indicating that they wish to remain a holder in the company. If the holder fails to reply within the requisite time, the company

may have the authority pursuant to its Articles of Association or Court approved scheme to divest the securities.

PROCEDURE

- 13.4.5.1 The issuer announces the terms of the buy-back scheme. When the issuer sends notices to holders on the CHESSE subregister, the issuer instructs the CHESSE holder to accept the offer by instructing their participant to initiate a CHESSE-to-Issuer-Sponsored conversion request.
- 13.4.5.2 Where the holder is accepting the offer, participants should follow the procedures for a buy-back (refer to Section 13.4.4).
- 13.4.5.3 Where the offer period has expired and the holder has not responded by voluntarily converting securities from CHESSE, the issuer must give **prior** notice to the participant of its intention to divest the securities for that holding.
- 13.4.5.4 Where the time limit specified in the notice has passed, the registry initiates a holding adjustment to remove the securities from the CHESSE subregister. CHESSE notifies the participant of the adjustment. When this is complete the Issuer has full control of the holding and can make arrangements for the disposal or cancellation of the securities.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
13.4.5.2	011 CHESSE to Issuer Sponsored Conversion Request	Participant	CHESSE
13.4.5.3	518 Rejected Transaction	CHESSE	Participant
13.4.5.5	008 Effected CHESSE to Registry Movement	CHESSE	Participant
13.4.5.4	022 Effected Holding Adjustment (BYB)	CHESSE	Participant

13.5 OFFEROR INITIATED TAKEOVER ACCEPTANCE

The Offeror Initiated Takeover Acceptance function allows the offeror to accept a takeover offer on behalf of a holder.

13.5.1 Accepting an Off-Market Bid via an Offeror

Offeror Initiated Takeover Acceptance covers the same corporate actions as the existing participant initiated acceptance function. It can be used for the takeovers and buybacks that are indicated as permissible in the current ASX Settlement Operating Rules and ASX Settlement Procedure Guidelines.

Holders whose securities are held on the CHESSE subregister may effect an off-market offer by advising the offeror of their acceptance; the offeror will effect acceptance of the offer by sending an authorisation request to the holder's sponsoring participant.

The sponsoring participant validates the acceptance by ensuring the securities are not encumbered. If the participant confirms validation, CHESSE will place the nominated units of the security into a takeover subposition.

Under the ASX Settlement Operating Rules, participants are responsible for responding with a confirmation or a rejection of the Offeror Takeover Acceptance within the Scheduled Time, i.e. by the end of the day on the business day following the receipt of the notification message. In addition, the participant is required under the ASX Settlement Operating Rules to include the Target Transaction Id whether they confirm or reject the offeror's request.

PROCEDURE

13.5.1.1 A holder accepts a bid by instructing the offeror and specifying the level of acceptance.

13.5.1.2 The offeror sends an Offeror Takeover Acceptance message to CHESSE on behalf of the holder.

The Offeror Takeover Acceptance includes an optional field (Distinct Portion Indicator) that is used in the acceptance of a takeover bid. This field establishes whether the number of securities covered by the acceptance relates to a distinct portion of a holding within the terms of the *Corporations Act*. Where the holder is holding securities in a single holding with one or more other holders the Offeror may use the indicator if only one or some of the holders wish to accept the bid.

13.5.1.3 CHESSE receives an Offeror Takeover Acceptance message from an offeror. CHESSE neither attempts to match acceptance details to the terms of a bid, nor checks for compliance with rules or legislation beyond the usual technical validation of a CHESSE transaction. Compliance checking remains the responsibility of the parties to the bid.

CHESS rejects an acceptance if there are insufficient securities available to satisfy the acceptance or if it is transmitted after acceptances close.

- 13.5.1.4 CHESS notifies the offeror that the Offeror Takeover Acceptance message has been acknowledged.
- 13.5.1.5 CHESS passes the acceptance details to the sponsoring participant for validation, via an Offeror Takeover Acceptance Notification.
- 13.5.1.6 The sponsoring participant confirms the holder's acceptance as valid within the Scheduled Time. Participants must supply the Target Transaction Id (supplied to them as the Origin Transaction Id on the Offeror Takeover Acceptance Notification) on the Takeover Acceptance Message.
- CHESS rejects an acceptance if the nominated units, security and takeover details are not as per the original message.
- 13.5.1.7 Upon receipt of the sponsoring participant's confirmed validation, CHESS reserves the necessary securities in a Takeover subposition. CHESS establishes one subposition for each bid and accumulates securities in this subposition for each additional bid acceptance it receives from either the offeror or the sponsoring participant.
- 13.5.1.8 CHESS notifies the participant that the acceptance has been successfully processed.
- ASXS notifies holders of their acceptance (refer to Sample N).
- 13.5.1.9 CHESS notifies the offeror of details of the acceptance.
- 13.5.1.10 The sponsoring participant may find the holder's acceptance invalid and choose to reject the offeror's acceptance. It is mandatory for participants to supply the Target Transaction Id (supplied to them as the Origin Transaction Id on the Offeror Takeover Acceptance Notification) on their Offeror Takeover Acceptance Rejection message.
- 13.5.1.11 CHESS notifies the offeror of the rejection.
- 13.5.1.12 CHESS also notifies the sponsoring participant that the rejection has been processed. If the rejection is unsuccessful, due to incorrect message details CHESS notifies the sponsoring participant.
- 13.5.1.13 The offeror may request a report of acceptance details from CHESS at any time during the bid period.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
13.5.1.2	711 Offeror Takeover Acceptance	Offeror	CHESS
13.5.1.3	518 Rejected Transaction	CHESS	Offeror

Section	Message Number and Description	Sender	Recipient
13.5.1.4	706 Effected Offeror Acceptance	CHESS	Offeror
13.5.1.5	036 Offeror Takeover Acceptance Notification	CHESS	Participant
13.5.1.6	031 Takeover Acceptance	Participant	CHESS
13.5.1.6	518 Rejected Transaction	CHESS	Participant
13.5.1.8	032 Effected Takeover Acceptance	CHESS	Participant
13.5.1.9	704 Takeover Acceptance Notification	CHESS	Offeror
13.5.1.10	035 Offeror Takeover Acceptance Rejection	Participant	CHESS
13.5.1.11	710 Rejected Offeror Takeover Acceptance	CHESS	Offeror
13.5.1.12	084 Effected Participant Transaction	CHESS	Participant
13.5.1.12	518 Rejected Transaction	CHESS	Participant
13.5.1.13	503 Reporting Request	Participant	CHESS
13.5.1.13	518 Rejected Transaction	CHESS	Participant

13.5.2 Reversing an Acceptance for a Off-market Bid via an Offeror

During the bid period, a holder who has accepted the takeover bid may wish to withdraw that acceptance/s. A reversal request does not have a one-to-one relationship with the original takeover acceptance. A reversal request is based on units not transactions. There are three circumstances in which an acceptance may be reversed:

- if the bidder varies the bid and, as a result, the bidder's obligations under the bid are delayed for more than one month;
- if a proportional takeover that requires holder approval under the company's constitution is rejected; or
- if a bid that contains misrepresentations or mistakes, or has been accepted under circumstances of duress, undue influence or unconscionable conduct on the part of the bidder.

PROCEDURE

13.5.2.1 An offeror sends a message to CHESS requesting units in a Takeover subposition be reversed.

CHESS rejects a request if the Takeover subposition does not have sufficient securities or if the message is invalid.

13.5.2.2 CHES reverse the units and notify the sponsoring participant and the submitting offeror of the reversal.

ASXS notifies the holder of the reversal (refer to Sample O or to Sample R of the APG). If the offeror indicates "Legal Entitlement" as the Takeover Acceptance Removal Reason on the Offeror Takeover Acceptance Removal message, the holder receives a Sample O notification ~~statement~~. If the optional field Takeover Acceptance Removal Reason is left blank, the Holder will receive a Sample R notification ~~statement~~. ~~The notification statements~~ [Notifications](#) inform the holder the reversal request has been effected by ASXS.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
13.5.2.1	707 Offeror Takeover Acceptance Removal	Offeror	CHES
13.5.2.1	518 Rejected Transaction	CHES	Offeror
13.5.2.2	092 Offeror Takeover Acceptance Removal Notification	CHES	Participant
13.5.2.2	706 Effected Offeror Transaction	CHES	Offeror

13.5.3 CHES Housekeeping of Unactioned Offeror Initiated Takeover Acceptance Requests

CHES automatically cancels unactioned Offeror Initiated Takeover Acceptance requests. Automatic cancellation occurs at the end of the day on the business day following the day CHES has sent the Offeror Initiated Takeover Acceptance Notification to the controlling participant, and where the controlling participant has not responded with an acceptance or rejection.

Participants are responsible under the ASX Settlement Operating Rules for responding to a Offeror Initiated Takeover Acceptance Notification. Participants must respond with a Takeover Acceptance or a rejection within the timeframe of the day of message receipt plus one full business day. If a participant does not respond within this time, the participant is in breach of the ASX Settlement Operating Rules. CHES will in the next overnight process initiate automatic cancellation of the Offeror Initiated Takeover Acceptance, provide notification to the offeror and controlling participant and trigger reporting to ASX Compliance.

In the circumstance where an offeror's acceptance message has been housekept, they may still need to pass the holder's acceptance to the controlling participant. Offerors ~~can choose to~~ should contact the controlling participant, ~~fax the holder's acceptance to the participant or send another Offeror Takeover Acceptance.~~

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PROCEDURE

- 13.5.3.1 The offeror submits an Offeror Initiated Takeover Acceptance.
- 13.5.3.2 CHESS sends the controlling participant an Offeror Initiated Takeover Acceptance Notification.
- 13.5.3.3 If the Offeror Initiated Takeover Acceptance Notification has remained unactioned after the prescribed timeframe has passed, CHESS cancels the Offeror Initiated Takeover Acceptance request in the next overnight process.

CHESS notifies both the registry and the controlling participant of the cancellation and reports the cancellation to ASX Compliance Services.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
13.5.3.1	711 Offeror Initiated Takeover Acceptance	Offeror	CHESS
13.5.3.2	036 Offeror Initiated Takeover Acceptance Notification	CHESS	Participant
13.5.3.3	432 Cancelled Offeror Initiated TKO Acceptance Request	CHESS	Offeror
13.5.3.3	432 Cancelled Offeror Initiated TKO Acceptance Request	CHESS	Participant

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