

# **ASX SETTLEMENT OPERATING RULES**

## **SECTION 2            DEFINITIONS**

“Custodial Settlement Participant” means a Settlement Participant that ASX Settlement has determined also meets the requirements set out in Rule 4.19.

“Registrable Transfer Document” means any document that an Issuer is entitled to accept as a valid instrument of transfer or a Transfer Request Document.

“Transfer Request Document” means a document supplied by a Settlement Participant which is not a Market Participant or a Custodial Settlement Participant to an Issuer that entitles the Issuer to authorise a Transfer of Financial Products from an Issuer Sponsored Holding to a CHESS Holding.

## **SECTION 4            PARTICIPATION IN THE SETTLEMENT FACILITY**

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### **4.19            CUSTODIAL SETTLEMENT PARTICIPANTS**

#### **4.19.1            Custodial Settlement Participant eligibility**

To be classified as a Custodial Settlement Participant by ASX Settlement, a Settlement Participant must:

- (a)            satisfy the eligibility criteria specified in the Procedures; and
- (b)            provide to ASX Settlement, the documentation set out in the Procedures as evidence that the Settlement Participant does satisfy the eligibility criteria.

#### **4.19.2            Classification as a Custodial Settlement Participant in ASX Settlement’s discretion**

The decision as to whether a Settlement Participant meets the requirements set out in Rule 4.19 is at the absolute discretion of ASX Settlement. ASX Settlement may determine that a Settlement Participant meets or does not meet the requirements set out in Rule 4.19 without giving any reasons.

#### **4.19.3            Custodial Settlement Participant notification**

A Custodial Settlement Participant must immediately notify ASX Settlement as soon as it becomes aware that it is no longer eligible to be a Custodial Settlement Participant.

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## SECTION 9 TRANSFERS OF FINANCIAL PRODUCTS

### 9.8 TRANSFERS INTO CHESS HOLDINGS

#### 9.8.1 Issuer Sponsored to CHESS Demand Transfers or Conversions

A Participant may initiate an Issuer Sponsored to CHESS Demand Transfer or Conversion by Transmitting to ASX Settlement a Valid Originating Message in accordance with the Procedures.

Introduced 11/03/04 Origin SCH 6.5.1

#### 9.8.2 Action by ASX Settlement following Demand Transfer

If an Originating Message Transmitted to ASX Settlement complies with Rule 9.8.1, ASX Settlement will Transmit to the Issuer a Message requesting the Issuer to authorise the Transfer or Conversion of Financial Products in accordance with the Originating Message.

Introduced 11/03/04 Origin SCH 6.5.1

#### 9.8.3 Action by Issuer following receipt of Message from a Settlement Participant

If in the case of a Valid Message received by an Issuer under Rule 9.8.2:

- (a) there are sufficient Available Financial Products in the Source Holding;
- (b) the SRN for the Holder of the Source Holding specified in the Message matches the Issuer's records; and
- (c) in the case of a Message requesting the Issuer to authorise a Conversion, the Registration Details for the Target Holding specified in the Message match the Registration Details for the Source Holding maintained by the Issuer,

the Issuer must subject to Rule 9.8.5 authorise the Transfer or Conversion, as the case requires.

Introduced 11/03/04 Origin SCH 6.5.3, 6.5.3A

#### 9.8.4 Other action by Issuer

If a Valid Message is received by an Issuer under Rule 9.8.2 pursuant to an Originating Message Transmitted by:

(a) \_\_\_\_\_ a Participant other than a Settlement Participant that is a:

(i) \_\_\_\_\_ Trading Participant of ASX;

(ii) \_\_\_\_\_ Custodial Settlement Participant; or

(iii) \_\_\_\_\_ a Recognised Market Operator,

the Issuer must not authorise the Transfer unless:

- (b) there are sufficient Available Financial Products in the Source Holding; and

- (c) it has received within 5 Business Days of ASX Settlement Transmitting the message a Registrable Transfer Document purporting to be signed by, or executed by or on behalf of, the Holder of the Source Holding, the details of which match the Issuer's records in relation to that Holder.

Introduced 11/03/04 Origin SCH 6.5.4 Amended 23/10/09

#### **9.8.5 Rejection of Transfer or Conversion by Issuer**

If the conditions for authorisation by the Issuer of a Transfer or Conversion as stipulated in Rules 9.8.3 or 9.8.4 are not met, the Issuer must:

- (a) reject the Transfer or Conversion; and
- (b) within the Scheduled Time, notify ASX Settlement of that rejection and the reason for the rejection.

Introduced 11/03/04 Origin SCH 6.5.5, 6.5.6

#### **9.8.6 Action by Issuer if Transfer or Conversion authorised**

If an Issuer authorises a Transfer or Conversion under Rule [9.8.3 or 9.8.4](#) ~~or 9.8.5~~, the Issuer must, within the Scheduled Time:

- (a) deduct the number of Financial Products specified in that Message from the Source Holding; and then
- (b) Transmit a Message to ASX Settlement to Transfer or Convert those Financial Products in accordance with the Originating Message.

Introduced 11/03/04 Origin SCH 6.5.7

#### **9.8.7 Action following Transfer or Conversion**

If ASX Settlement receives a Valid Message under Rule 9.8.6(b);

- (a) ASX Settlement must enter Financial Products into the Target Holding in accordance with the Originating Message; and
- (b) if the Message under Rule 9.8.6(b) initiates a Foreign to Foreign Allocation and the Target Holding has a Residency Indicator of "F" those Financial Products will have the status of Confirmed FOR Financial Products.

Introduced 11/03/04 Origin SCH 6.5.8, 6.5.8A

#### **9.8.8 Effect of a Demand Transfer initiated under Rule 9.8.1**

A Demand Transfer initiated under Rule 9.8.1:

- (a) takes effect when, under Rule 9.8.6(a), the Issuer deducts Financial Products from the Source Holding; and
- (b) is taken to be effected by the Participant whose PID is included in the Valid Originating Message as that of the Participant Transmitting the Message.

Introduced 11/03/04 Origin SCH 6.5.9 Amended 18/12/06

#### **9.8.9 ASX Settlement may purge unactioned Messages**

If an Issuer receives a Message from ASX Settlement under Rule 9.8.2 and does not respond to ASX Settlement under either Rule 9.8.5 or Rule 9.8.6 within the relevant Scheduled Time for response, ASX Settlement may purge the unactioned Message from the Settlement Facility.

Introduced 09/05/05

### **9.9 STANDING HINs**

#### **9.9.1 Purpose of Rules**

The Procedures apply for the purposes of determining whether a Message of a type listed in Appendix 2 specifies a Source Holding or a Target Holding in accordance with this Section 9.

Introduced 11/03/04 Origin SCH 6.7.1

### **9.10 TRANSFERS AND CONVERSIONS OF CONFIRMED FOR FINANCIAL PRODUCTS**

#### **9.10.1 ASX Settlement or Issuer to reject Message**

Notwithstanding any other provision of this Section 9, if ASX Settlement or an Issuer receives a Valid Message that initiates or seeks authorisation for a Foreign to Foreign Allocation and:

- (a) the number of Confirmed FOR Financial Products in the Source Holding specified in the Message is less than the number of Confirmed FOR Financial Products to be Transferred or Converted; or
- (b) the Source Holding, being the Source Holdings which is specified:
  - (i) in the Message; or
  - (ii) on the Issuer Operated Subregister,

is a Source Holding which does not have a Residency Indicator of "F", ASX Settlement or the Issuer must reject the Message as the case requires.

Introduced 11/03/04 Origin SCH 6.10

### **9.11 ERRONEOUS OR UNAUTHORISED TRANSFERS**

#### **9.11.1 Erroneous or unauthorised transfers**

If Financial Products are Transferred by a Participant from a Source Holding controlled by that Participant to a Target Holding controlled by another Participant:

- (a) in error; or
- (b) without the consent or acquiescence of the Holder of the Target Holding;

then the Participant which controls the Target Holding must within 2 Business Days of receiving advice or otherwise becoming aware of the erroneous or unauthorised transfer (or such later time as agreed between the Participants), take such action as may be necessary to Transfer the Financial Products back to the Source Holding.

Introduced 11/03/04 Origin SCH 9.11.1, 10.10.1

### **9.11.2 Participant to indemnify ASX Settlement and others**

If Rule 9.11.1 applies, the Participant that Transmitted the Originating Message indemnifies each of:

- (a) ASX Settlement;
- (b) the Issuer of the Financial Products specified in the Originating Message;
- (c) the Holder of the Target Holding; and
- (d) the Participant controlling that Holding,

against all losses, damages, costs and expenses which ASX Settlement, that Issuer, that Holder or that Participant may suffer or incur by reason of that Transfer.

Introduced 11/03/04 Origin SCH 9.11.2, 10.10.2

### **9.11.3 Transfer from a deceased Holding**

If a Participant Transmits a Message to Transfer the Financial Products in a deceased Holding, and an Issuer transfers Financial Products in accordance with that Message, the Participant indemnifies the Issuer from and against all losses, damages, costs and expenses which the Issuer may suffer or incur because the Participant was not authorised to Transmit the Message, or because the Message was Transmitted in error.

Introduced 11/03/04 Origin SCH 9.11.3, 10.10.3

## **9.12 ELECTRONIC ACCESS TO HOLDINGS**

### **9.12.1 Warranty of Holder's authority**

If, in a Message that initiates an Issuer Sponsored to CHESS Conversion of Financial Products, a Participant other than a Settlement Participant that is a:

- (a) \_\_\_\_\_ Market Participant of ASX;
- (b) \_\_\_\_\_ ~~a~~ Custodial Settlement Participant; or
- (c) \_\_\_\_\_ ~~a~~ Recognised Market Operator.

includes a Holder's SRN, the Participant warrants to the Issuer that it has the Holder's authority to access the Source Holding specified in the Message.

Introduced 11/03/04 Origin SCH 10.7.2

### 9.12.2 Other Participants must have Registrable Transfer Document

A Participant other than a Settlement Participant that is a:

- (a) \_\_\_\_\_-Market Participant of ASX; ~~or~~
- (b) \_\_\_\_\_ Custodial Settlement Participant; or
- (c) \_\_\_\_\_ ~~a~~-Recognised Market Operator.

must not Transmit a Message that initiates an Issuer Sponsored to CHESSTransfer of Financial Products unless that Participant has possession of a Registrable Transfer Document signed by, or executed by or on behalf of, the registered Holder of the Financial Products to be Transferred.

Introduced 11/03/04 Origin SCH 10.7.1

### 9.12.3 Specifying the Transaction Identifier on the Registrable Transfer Document

If a Participant other than a Settlement Participant that is a:

- (a) \_\_\_\_\_Market Participant of ASX;
- (b) \_\_\_\_\_ Custodial Settlement Participant; or
- (c) \_\_\_\_\_ ~~a Participant that is a~~-Recognised Market Operator.

Transmits a Message to ASX Settlement that complies with Rule 9.8.1, then as soon as ASX Settlement acknowledges acceptance of that Message, that Participant must in the case of a Message that initiates a Transfer of Financial Products:

- (~~d~~) specify the Transaction Identifier on the Registrable Transfer Document held by it under Rule 9.12.2;
- (~~e~~) immediately send that document to the office of the Issuer's principal register; and
- (~~f~~) store a copy of the documentation sent to the Issuer in a secure location.

Introduced 11/03/04 Origin SCH 10.7.3

### 9.12.4 Application of Rules 9.12.5 to 9.12.8

Rules 9.12.5 to 9.12.8 apply only to Settlement Participants that are:

- (a) \_\_\_\_\_Market Participants of ASX;
- (b) \_\_\_\_\_ Custodial Settlement Participants; or
- (c) \_\_\_\_\_Recognised Market Operators.

Introduced 11/03/04

### 9.12.5 Electronic Access to Issuer Sponsored Holdings by Settlement Participants

If, in a Message that initiates an Issuer Sponsored to CHESSTransfer or Conversion of Financial Products, a Settlement Participant includes a Holder's SRN, that Participant warrants to the Issuer that it has:

- (a) the Holder's authority to access the Source Holding specified in the Message; and
- (b) if Rule 9.12.6 applies:
  - (i) the authority of the person specified as the transferor on the Registrable Transfer Document [referred to in Rule 9.12.6\(a\)](#) to effect an Issuer Sponsored to CHESSTransfer; and
  - (ii) possession of the Registrable Transfer Document.

Introduced 11/03/04 Origin SCH 9.6.1 Amended 10/06/04

### 9.12.5A Pre transfer validation

[A Custodial Settlement Participant must not Transmit a Message that initiates an Issuer Sponsored to CHESSTransfer of Financial Products unless the Custodial Settlement Participant has verified that the SRN and Registration Details that they have for the Holder of the Source Holding match the SRN and Registration Details for the Holder maintained by the Issuer.](#)

### 9.12.6 Registrable Transfer Document

If:

- (a) a Settlement Participant takes possession of a Registrable Transfer Document from a person other than the person specified as the transferor in that document; and
- (b) the person who supplies the Registrable Transfer Document to that Participant instructs the Participant to move the Financial Products the subject of the Transfer to a CHESST Holding (whether or not that Holding is in the name of that person),

then the Participant must not Transmit a Message that initiates an Issuer Sponsored to CHESSTransfer unless that Participant has also been authorised to effect that Transfer by the person specified as the transferor in the Registrable Transfer Document.

Introduced 11/03/04 Origin SCH 9.6.2

### 9.12.7 Participant to check registration details

On receipt of notification from ASX Settlement that an Issuer Sponsored to CHESSTransfer has been effected, a Settlement Participant must check to make sure that the Financial Products which were specified in the Transfer were deducted from the correct Issuer Sponsored Holding.

Introduced 11/03/04 Origin SCH 9.6.3

### **9.12.8 Rectifying Errors**

If, under Rule 9.12.7, it is determined that the Financial Products specified in the Transfer were not deducted from the correct Issuer Sponsored Holding, the Participant that initiated the Transfer must liaise with the Issuer and take such steps as are necessary to rectify the error.

Introduced 11/03/04 Origin SCH 9.6.4

## **9.13 SINGLE ENTRY TRANSFER REQUESTS**

### **9.13.1 Message to initiate Single Entry Transfer Request**

Subject to Rule 9.13.4, a Participant may initiate a Single Entry Transfer Request of Financial Products by Transmitting to ASX Settlement a Valid Originating Message in accordance with the Procedures.

### **9.13.2 Action by ASX Settlement following Single Entry Transfer Request Message**

If an Originating Message Transmitted to ASX Settlement complies with Rule 9.13.1 and there are sufficient Available Financial Products in the Source Holding:

- (a) ASX Settlement must deduct the number of Financial Products specified in the Message from the Source Holding; and
- (b) ASX Settlement must enter that number of Financial Products into the Target Holding.

### **9.13.3 Effect of Single Entry Transfer Request**

A Single Entry Transfer Request initiated under Rule 9.13.1:

- (a) takes effect when, under Rule 9.13.2, ASX Settlement deducts Financial Products from the Source Holding; and
- (b) is taken to be effected by the Participant whose PID is included in the Valid Originating Message as that of the Participant Transmitting the Message.

### **9.13.4 Restriction on Participant initiating Single Entry Transfer Request**

A Single Entry Transfer Request may only be initiated by a Participant if the Participant is authorised by an Issuer of Financial Products to provide the service as set out in the Procedures.

Introduced 10/05/04



# ASX SETTLEMENT OPERATING RULES PROCEDURES

## SECTION 2 DEFINITIONS AND INTERPRETATION

“Guarantor” means a third party approved by ASX Settlement to provide an unconditional and irrevocable guarantee in favour of the Holder, issuer and any party entitled to claim against the Settlement Participant for an unauthorised transfer of Financial Products under the Corporations Regulations.

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### 4.19.1 CUSTODIAL SETTLEMENT PARTICIPANT ELIGIBILITY

#### Eligibility criteria

To be eligible to be classified as a Custodial Settlement Participant, a Settlement Participant must:

- (a) provide a custodial or depository service to Holders;
- (b) either:
  - (i) hold an Australian financial services licence authorising the Settlement Participant to provide a custodial or depository service; or
  - (ii) be exempt from the requirement to hold an Australian financial services licence to provide a custodial or depository service pursuant to Corporations Regulation 7.6.01(1)(k); and
- (c) either:
  - (i) at a minimum, hold at all times the amount of NTA specified in either section 912AA(4)(b) or section 912AC(4)(a) of the Corporations Act and the amount of cash or cash equivalents and liquid assets specified in section 912AA(8) or section 912AC(7) of the Corporations Act; or
  - (ii) have a Guarantor which meets the criteria in paragraph (c)(i) above who has provided an unconditional and irrevocable guarantee in the form acceptable to ASX Settlement in favour of the Holder, issuer and any party entitled to claim against the Settlement Participant for an unauthorised transfer of Financial Products under the Corporations Regulations.

#### Supporting documentation

In order to be eligible to be classified as a Custodial Settlement Participant, a Settlement Participant must provide ASX Settlement with:

- (d) either
  - (i) a copy of its Australian financial services licence; or

(ii) a legal opinion in a form acceptable to ASX Settlement confirming that the Settlement Participant is eligible to rely on the exemption from the requirement to hold an Australian financial services licence under Corporations Regulation 7.6.01(1)(k);

(e) one of the following:

(i) a copy of the most recent audit opinion and balance sheet the Settlement Participant is required to lodge with ASIC under either section 912AA(9)(a) or section 912AC(10)(a) of the Corporations Act;

(ii) a copy of an audit opinion and balance sheet in respect of the Settlement Participant substantially in the form contemplated by section 912AA(9)(a) or section 912AC(10)(a) of the Corporations Act;

(iii) a copy of the executed guarantee referred to in paragraph (c)(ii) above, together with a copy of an audit opinion and balance sheet in respect of the Guarantor substantially in the form contemplated by section 912AA(9)(a) or section 912AC(10)(a) of the Corporations Act; or

(iv) in the case of a Settlement Participant or Guarantor that is not subject to the financial requirements referred to in paragraph (c)(i) above, a certification in a form acceptable to ASX Settlement,

which demonstrates to ASX Settlement that the Settlement Participant or Guarantor (as applicable) meets the financial requirements referred to in paragraph (c)(i) above; and

(f) any other information ASX Settlement may reasonably require to determine whether a Settlement Participant meets the criteria to be classified as a Custodial Settlement Participant.