



ASX

AUSTRALIAN SECURITIES EXCHANGE

**Australian Clearing House Pty Limited
ASX Settlement and Transfer Corporation Pty Limited**

**Provision of a trade acceptance service to Australian financial market
licensees in respect of CHESS-eligible ASX-quoted securities**

ASTC Settlement Rules - Draft Rule Amendments

The proposed rule changes set out in this document remain subject to regulatory approval and are not yet operative.

INTRODUCTION

ASX has committed to offering a Trade Acceptance Service to any approved Australian market licensee (“Approved Market Operator” or “AMO”) trading CHESS-eligible ASX-quoted securities. The Trade Acceptance Service will enable transactions in CHESS-eligible ASX-quoted securities effected through multiple AMOs to be accepted by ACH and ASTC for clearing and settlement. Further information on the Trade Acceptance Service can be found on ASX’s Trade Acceptance Service website: http://www.asx.com.au/professionals/trade_acceptance_service/index.htm

The draft amendments to the ASTC Settlement Rules are set out below.

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SECTION 2 – GENERAL PRINCIPLES OF INTERPRETATION

2.13.1

“Approved Listing Market Operator” means, in respect of a class of Financial Products or the Issuer of a class of Financial Products, the Approved Market Operator:

- (a) to whose official list the Issuer is admitted or has applied for admission in connection with the quotation of the class of Financial Products on the financial market operated by the Approved Market Operator; or
- (b) under whose operating rules the Issuer has applied for admission of the class of Financial Products to trading status on the financial market operated by the Approved Market Operator.

...

“Despatch Date” means the date by which an Issuer is required to have despatched Certificates (or in the case of rights, entitlement and acceptance forms in relation to those rights) or to have entered Financial Products (including rights) into Holders’ uncertificated Holdings in accordance with Listing Rules or otherwise as determined by the ~~relevant~~ Approved Listing Market Operator and notified from time to time.

...

“Ex Date” means the date on which the ~~relevant~~ Approved Listing Market Operator changes the basis of quotation for a class of Parent Financial Products to signify that trading in that class no longer carries the entitlement.

...

“Financial Products Code” means the code that is assigned to a class of Approved Financial Products by ~~an the~~ Approved Listing Market Operator.

...

“Listing Rules” means, in respect of an Approved Listing Market Operator or a class of Financial Products quoted on the financial market operated by an Approved Market Operator, the Listing Rules (as defined in section 761A of the Corporations Act) of an the Approved Listing Market Operator.

...

“Marketable Parcel” means in relation to a Financial Product, the number determined by ~~an the~~ Approved Listing Market Operator to be a marketable parcel.

...

“Rights Period” means the period from Start of Day on the date that rights trading begins on ~~an the~~ Approved Listing Market Operator to End of Day on the date that application money to take up those rights must be paid to the Issuer.

...

“Takeover Consideration Code” means a unique code allocated by ~~an the~~ Approved Listing Market Operator in respect of each alternate form of consideration offered under a takeover.

...

“Terms of Trade Acceptance Service” means the contractual terms on which ACH and ASTC provide the Trade Acceptance Service to an Approved Market Operator. It includes any operational, technical or other standards promulgated under those contractual terms.

...

“Trade Acceptance Service” means a service provided by ACH and ASTC to an Approved Market Operator under which certain categories of market transactions entered into on or reported to the market of the Approved Market Operator are accepted by ACH and ASTC, subject to and in accordance with the Terms of Trade Acceptance Service, for clearing and settlement in the CS Facilities operated by ACH and ASTC.

Purpose of amendment

Introduce definition of Approved Listing Market Operator to distinguish between AMOs which are listing venues and those which are not. The distinction is primarily relevant to Settlement Rules relating to the approval of Financial Products, Issuers and corporate actions.

As required, replace references to “Approved Market Operator” with reference to “Approved Listing Market Operator” where it is the intention of the rule to refer specifically to the operator of the listing market and not AMOs generally.

Introduce definition of: “Terms of Trade Acceptance Service” and “Trade Acceptance Service”.

SECTION 3 – FUNCTIONS, POWERS, RIGHTS AND OBLIGATIONS OF ASTC

3.1.1 Functions of ASTC

The functions of ASTC are:

...

- (c) to co-operate so far as reasonably possible with the Commission, the Reserve Bank of Australia, any Approved Clearing Facility and any Approved Listing Market Operator that quotes financial products which are Approved Financial Products, in carrying out the services of the Settlement Facility, and to provide such assistance as is reasonably required by the Commission, the Reserve Bank of Australia, any Approved Clearing Facility and any Approved Listing Market Operator that quotes financial products that are Approved Financial Products in carrying out their functions;

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”).

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SECTION 4 – PARTICIPATION IN THE SETTLEMENT FACILITY

4.3.1 Admission of General Settlement Participants

ASTC will admit a person as a General Settlement Participant if ASTC is satisfied that the person:

- (a) has applied for admission as a Participant in accordance with Rule 4.2.1;
- (b) is one of the following:
 - (i) the holder of an Australian financial services licence which authorises the applicant to carry on its business as a Participant;
 - (ii) a Market Operator;
 - (iii) a CS Facility;
 - (iv) a person regulated by APRA;
 - (v) a person regulated by an overseas regulatory authority approved by the Commission under section 911A(2)(h) of the Corporations Act;
 - (vi) a Trustee Company; or
 - (vii) a corporation that is a wholly owned subsidiary of an Australian bank and the whole business of which is providing nominee, custody and related services or margin lending services; and
- (c) unless otherwise determined by ASTC:
 - (i) meets the technical and performance requirements of this Section;
 - (ii) meets the performance bond requirements of this Section;
 - (iii) meets the payment facility requirements of this Section; ~~and~~
 - (iv) meets the business integrity requirements of this Section; ~~and~~
 - (v) meets the management requirements of this Section.

Purpose of amendment

Introduce additional obligation on General Settlement Participants to meet new management requirements (see Rule 4.18 below).

4.5.1 Admission of Account Participants

ASTC will admit a person as an Account Participant if ASTC is satisfied that the person:

- (a) is the holder of an Australian financial services licence which authorises the applicant to carry on its business as a Participant
- (b) has applied for admission as a Participant in accordance with Rule 4.2.1;
- (c) meets the technical and performance requirements of this Section;
- (d) meets the business integrity requirements of this Section; ~~and~~
- (e) meets the performance bond requirements of this Section; and
- (f) meets the management requirements of this Section.

Purpose of amendment

Introduce additional obligation on Account Participants to meet new management requirements (see Rule 4.18 below).

DRAFT

4.9.1 Settlement Participant to lodge Settlement Bond

A Settlement Participant, other than a Participant that:

- (a) is prudentially supervised;
- (b) is a CS Facility that complies with the Reserve Bank of Australia's financial stability standards; or
- (c) acts only as a Participant Bidder,

must ensure that at all times while the Participant remains a Settlement Participant there is lodged with ASTC a valid Settlement Bond.

For the purposes of this Rule 4.9, a Participant is prudentially supervised if it is required to comply with: the operating rules of an Approved Market Operator; or Approved Clearing Facility that relate to NTA or risk based financial requirements; or if the Participant is regulated by APRA.

Purpose of amendment

Corrects typographical error.

DRAFT

4.18 MANAGEMENT REQUIREMENTS

4.18.1 Management Structure and Supervisory Procedures

The management requirements of this Section are that:

- (a) an Account Participant and a General Settlement Participant must have an appropriate management structure in place, including operations and processes which are reasonably designed, implemented and function so as to achieve compliance by the Participant with these Rules.
An Account Participant and a General Settlement Participant must keep accurate records of its management structure and must give a copy of the management structure to ASTC; and
- (b) an Account Participant and a General Settlement Participant must have appropriate supervisory policies and procedures, and meet any standards prescribed by ASTC, to ensure compliance by the Participant with these Rules.

Purpose of amendment

Additional obligation on Account/General Settlement Participants to have an appropriate management structure in place and have appropriate supervisory policies/procedures. Mirrors equivalent requirement imposed on Clearing Participants under ACH Rules 3.5.1 and 4.8.1.

It is proposed that these amendments will not take effect until about 3 months after expiry of ministerial disallowance period (or earlier clearance) post formal lodgement. This will allow Participants time to implement any required changes before the amendments become effective.

SECTION 5 – RIGHTS AND OBLIGATIONS OF ISSUERS

5.3.1 Initiating a Holding Adjustment

If:

- (a) an Issuer makes available forms of application for an Offer of Approved Financial Products; and
- (b) ~~an the~~ Approved Listing Market Operator gives that Issuer approval for quotation of those Financial Products, the Issuer must, other than where it is bound by the provisions of Rules 15.27 or 15.28, not later than End of Day on the Despatch Date for the Financial Products, Transmit to ASTC a Message that initiates a Holding Adjustment to establish a CHES Holding in respect of each person who has:
 - (c) lodged an application with, and been allocated Financial Products pursuant to the Offer by, the Issuer; and
 - (d) instructed the Issuer that any Financial Products so allocated be held in a CHES Holding by specifying a HIN on the application.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

5.20.1 Establishment of Cum Entitlement Balance

If Parent Financial Products for a Corporate Action will be quoted on an ex basis by ~~an~~ the Approved Listing Market Operator, the Issuer must:

- (a) before Start of Day on the Ex Date, establish a Cum Entitlement Balance for each Issuer Sponsored Holding of Parent Financial Products equal to the Holding Balance as at End of Day on the Business Day before the Ex Date; and
- (b) during the Ex Period, if a Cum Entitlement Transfer or Conversion creates a new Issuer Sponsored Holding of Parent Financial Products, establish a Cum Entitlement Balance equal to the initial Holding Balance for that Holding.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

SECTION 8 – HOLDING FINANCIAL PRODUCTS IN THE SETTLEMENT FACILITY

8.1.1 Approval of person as Issuer and Approval of Financial Products quoted by an Approved Listing Market Operator

A person who has applied for a class of Financial Products to be quoted on the market of an Approved Listing Market Operator may apply to ASTC in the form prescribed in the Procedures to act as Issuer in relation to that class of Financial Products and to have the class of Financial Products Approved.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”).

DRAFT

8.1.2 Approval of person as Issuer and Approval of other Financial Products

A person may apply to ASTC in the form prescribed in the Procedures to act as Issuer in relation to a class of Financial Products other than a class to be quoted on an Approved [Listing](#) Market Operator and to have that class of Financial Products Approved.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

8.1.4 Effective date of Approval – Financial Products quoted on a market

Where ASTC determines to accept an application made under 8.1.1 in accordance with Rule 8.1.3, the following applies in relation to that class of the Issuer's Financial Products:

- (a) subject to Rule 8.1.4(b)(i), the class of the Issuer's Financial Products will be Approved Financial Products with effect from the date that those Financial Products are quoted by the Approved Listing Market Operator unless:
 - (i) otherwise determined by ASTC;
 - (ii) otherwise agreed with the Issuer;
 - (iii) the date is otherwise varied under Rule 8.4.3; or
 - (iv) Rule 8.3.3 or Rule 8.3.4 applies; and
- (b) ASTC must give Notice to the Issuer and to the Approved Listing Market Operator if ASTC determines that:
 - (i) a class of an Issuer's Financial Products that is to be quoted by ~~the~~ Approved Listing Market Operator will not be Approved;
 - (ii) the Commencement Date is not the date of initial quotation of those Financial Products; or
 - (iii) a class of an Issuer's Financial Products are not taken to be quoted under Rule 8.3.3.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

8.2.1 Issuer to meet Technical and Performance Requirements

An Issuer must ensure that it meets the Technical and Performance Requirements before the Commencement Date and ASTC may:

- (a) require an Issuer to undertake Pre-commencement Testing in respect of Financial Products that are to be Approved under Rule 8.1, at least 30 Business Days before the Commencement Date;
- (b) give advice or directions in order to ensure that an Issuer meets the Technical and Performance Requirements;
- (c) vary the Commencement Date, if an Issuer fails to meet the Technical and Performance Requirements before the Commencement Date, and

if ASTC varies the Commencement Date in accordance with this Rule 8.2, ASTC must give Notice to the Issuer and where applicable to the ~~relevant~~ Approved Listing Market Operator.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

8.3.1 Financial Products approved for quotation

Subject to Rules 8.3.3 and 8.3.4, for the purposes of these Rules and Regulation 7.11.03 of the Corporations Regulations, if:

- (a) a class of Financial Products of an Issuer has been approved for quotation by an Approved Listing Market Operator but has not yet been quoted; and
 - (b) Financial Products in that class have been issued,
- those Financial Products are taken to be quoted Financial Products from the date the Financial Products are approved for quotation by that Approved Listing Market Operator until the date the Financial Products are quoted.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

8.3.2 Financial Products issued under an employee incentive scheme

For the purposes of these Rules and Section 1071H(2) of the Corporations Act, if Financial Products are issued by an Issuer under an employee incentive scheme, those Financial Products will be Approved with effect from the date of issue unless ASTC determines otherwise, notwithstanding that those Financial Products have not been quoted by the ~~relevant~~ Approved Listing Market Operator.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

8.3.4 ETF Financial Products

For the purposes of these Rules:

- (a) if a class of an Issuer's ETF Financial Products has been approved by an Approved [Listing](#) Market Operator;
and
- (b) new ETF Financial Products of that class are subject to an ETF Application,
those new ETF Financial Products are taken to be Approved Financial Products from the time the ETF Application is received by the Issuer.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

8.4.1 Suspension or revocation of approval

Subject to Rule 8.4.2(a), ASTC may either:

- (a) suspend approval of a class of an Issuer's Financial Products until further Notice, provided that any period of suspension does not exceed 60 Business Days or such other time as ASTC considers appropriate in the circumstances; or
- (b) revoke approval of a class of an Issuer's Financial Products, whether or not approval of the Financial Products is already suspended,

in any of the following cases:

- (c) an Issuer becomes unable or unwilling or in any respect fails to comply with:
 - (i) these Rules; or
 - (ii) Listing Rules that relate to settlement, transfer or registration of approved Financial Products;
- (d) ~~an the~~ Approved Listing Market Operator suspends trading in a class of an Issuer's approved Financial Products;
- (e) that class of the Issuer's Financial Products is listed on a market operated by a market licensee which is provided with a Transfer Service under Rule 4.1A and:
 - (i) the Transfer Service is terminated under Rule 4.1A.6, in which case ASTC will revoke approval of that class of an Issuer's Financial Products; or
 - (ii) the market licensee is in breach of its obligations under a Transfer Service Agreement, in which case ASTC may suspend approval of that class of the Issuer's Financial Products for such time as the market licensee remains in breach or until such time as the market licensee's Transfer Service is terminated under Rule 4.1A.6 (in which case Rule 8.4.1(e)(i) will apply); or
- (f) ASTC considers it necessary or desirable having regard to:
 - (i) the integrity, reliability and efficiency of the Settlement Facility; or
 - (ii) the protection of Participants from risk of loss.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

8.4.2 Notice of intention to suspend or revoke approval

If ASTC intends to suspend or revoke approval of a class of an Issuer's Financial Products:

- (d) ASTC must, at the time of giving Notice to the Issuer under Rule 8.4.2(a), (b) or (c), give a copy of that Notice to the ~~relevant~~ Approved Listing Market Operator.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

8.4.3 Notice of suspension or revocation

If ASTC suspends or revokes approval of a class of an Issuer's Financial Products in accordance with Rule 8.4.1, or revokes approval in accordance with Rule 8.5.4, ASTC must promptly give Notice of the suspension or revocation to:

- (a) the Issuer;
 - (b) the ~~relevant~~ Approved Listing Market Operator; and
 - (c) to the extent that ASTC considers reasonably necessary, other Facility Users.
- including in the Notice:
- (d) the time and date on which the suspension or revocation is effective; and
 - (e) the reason for the suspension or revocation.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

8.4.8 Cessation of approval

Subject to these Rules and the Corporations Act, approval of a class of an Issuer's Financial Products will cease and be of no further force or effect when:

- (a) the Financial Products in that class cease to be quoted by ~~an~~ the Approved Listing Market Operator (other than because quotation is merely suspended);
- (b) a declaration made by the Commission under section 1073E or section 1075A of the Corporations Act to the effect that a financial product is a Division 4 financial product for the purposes of the Corporations Regulations ceases to have effect; or
- (c) ASTC determines that a class of Financial Products the subject of an application under Rule 8.1.3 will no longer be approved,

in which event, for the purpose of these Rules, Financial Products in that class are taken to be Approved Financial Products:

- (d) until End of Day, 5 Business Days after the date of closure of the CHESS Subregister for that class of Financial Products; or
- (e) for such period as ASTC determines and notifies to the Issuer.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

8.5.2 Discretion to allow Instruction

If ASTC suspends approval of a class of an Issuer's Financial Products, ASTC may in its discretion determine to give effect to an Instruction or a class of Instructions or a Message or a class of Messages that would affect a CHES Holding of Financial Products in that class and if ASTC so determines must give notice to:

- (a) the Issuer;
- (b) the ~~relevant~~ Approved Listing Market Operator; and
- (c) to the extent that ASTC considers reasonably necessary, other Facility Users.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

8.9.1 Issuer to send Holder a Notice

If:

- (a) an Issuer makes available forms of application for an Offer of Approved Financial Products; and
- (b) an Approved Listing Market Operator gives that Issuer approval for quotation of those Financial Products, the Issuer must, within 5 Business Days of receiving notification from ASTC that a new CHESS Holding has been established under Rule 5.3.2, and provided the Registration Details specified in the notification from ASTC match the Registration Details specified in the application for the person to whom the Financial Products have been allocated, send to the Holder of that Holding a Notice that sets out:
 - (c) the HIN;
 - (d) the Registration Details; and
 - (e) the Holding Balance,for the CHESS Holding as specified in the notification from ASTC.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

8.15.3 Employee Incentive Scheme Financial Products

If, in accordance with Rule 8.3.2, ASTC gives approval to a class of an Issuer's Financial Products that are the subject of an employee incentive scheme, the Issuer must:

- (a) in respect of those Financial Products held on an Issuer Operated Subregister, apply a Holding Lock to all Holdings of Financial Products that have not been quoted by the Approved [Listing](#) Market Operator; and
- (b) in respect of those Financial Products held on the CHESSE Subregister, give Notice in the form specified by ASTC requesting ASTC to apply a Holding Lock to all Holdings of Financial Products that have not been quoted by the Approved [Listing](#) Market Operator.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

8.15.12 Applications of a Holder Record Lock by ASTC to a Holder Record

If ASTC:

- (a) receives a Valid Originating Message from a Participant in accordance with Rule 8.15.8(a); or
- (b) is satisfied that a requested action pursuant to Rule 8.15.8(b) or 8.15.10(c) is supported by the documentation given to ASTC by a Participant under Rule 8.15.11,

ASTC must:

- (c) within the Scheduled Time:
 - (i) apply the requested Holder Record Lock;
 - (ii) notify the Controlling Participant; and
 - (iii) in respect of each class of Financial Products in the CHESS Holding of that person, notify the Issuer of those Financial Products; and
- (d) give Notice that the Holder Record Lock has been applied to:
 - (i) if the Locked Holding is a Participant Sponsored Holding, the Holder;
 - (ii) if some or all of the Financial Products in the Locked Holding are reserved in a Subposition, the Participant in whose favour the Financial Products are reserved; and
 - (iii) the Approved [Listing](#) Market Operator.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

8.23.1 ASTC to establish a CHESSE Subregister

If:

- (a) ASTC receives notification from ~~the an~~ Approved Listing Market Operator of a Complete Corporate Action Record in relation to a class of Approved Financial Products; and
- (b) the Corporate Action will result in the issue of Financial Products of a different class, whether or not those Financial Products are issued by the same Issuer,

ASTC must, subject to that different class of Financial Products becoming Approved in accordance with Section 8, establish a CHESSE Subregister in respect of those Financial Products.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

8.25.1 Ceasing quotation of Financial Products

If quotation of Financial Products by the Approved [Listing](#) Market Operator ceases (other than because quotation is merely suspended) for:

- (a) partly paid Financial Products on which final calls are payable;
- (b) convertible Financial Products that are due to mature;
- (c) company options that are due to expire;
- (d) redeemable Financial Products; or
- (e) warrants that are due to expire;

ASTC must:

- (f) suspend an Instruction or Message that would Transfer or Convert those Financial Products after End of Day on the Business Day on which the CHES Subregister closes and remove the Instruction or Message on the 10th Business Day after the Subregister closes; or
- (g) cancel a Message which has not been Matched at End of Day on the Business Day on which the CHES Subregister closes,

as the case requires.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

8.26.1 Where ASTC receives notification of a Reconstruction

If:

- (a) ASTC receives notification from ~~the~~an Approved Listing Market Operator of:
 - (i) a Reconstruction that affects a class of Approved Financial Products;
 - (ii) the effective date and the Despatch Date for that Reconstruction; and
- (b) the Financial Product Code for that class will continue following the Reconstruction;

ASTC must:

- (c) reschedule an Instruction that is received before End of Day on the fifth Business Day after the effective date that would Transfer Financial Products in that class between End of Day on the effective date and End of Day on the Despatch Date; or
- (d) reject an Instruction or Message that is received after End of Day on the effective date that would Transfer or Convert Financial Products in that class between End of Day on the fifth Business Day after the effective date and End of Day on the Despatch Date,

as the case requires.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

8.29.1 Change to a new Financial Product Code

If ASTC receives notification from ~~the~~an Approved Listing Market Operator that, as from an effective date, the Financial Product Code for a class of Approved Financial Products of an Issuer will be changed to a new Financial Product Code, ASTC must:

- (a) create a new Subregister under the new Financial Product Code for that class of Financial Products;
- (b)
 - (i) reject an Instruction or Message that:
 - A. specifies the old Financial Product Code; and
 - B. would Transfer or Convert Financial Products in that class after End of Day on the Business Day before the effective date; or
 - (ii) cancel a Message which has not been Matched at End of Day on the Business Day before the effective date;
- (c) after End of Day on the Business Day before the effective date and before Start of Day on the effective date, effect a Financial Products Transformation to move each existing CHES Holding of Financial Products of that class to CHES Holdings on the new Subregister created under paragraph (a); and
- (d) notify:
 - (i) the Issuer that the code change has been applied; and
 - (ii) the Controlling Participants for Holdings affected by the change that Holding Balance movements have been effected because of a change in Financial Product Code.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

8.29.2 Redundant Financial Product Codes

If ASTC receives notification from ~~the~~ Approved Listing Market Operator that as from an effective date:

- (a) a class of Financial Products held on one CHESSE Subregister, (the redundant class) will be absorbed into a different class of Financial Products held on another CHESSE Subregister of the same Issuer, (the continuing class); and
- (b) the Financial Product Code for the redundant class will be discontinued when quotation of Financial Products in that class ceases,

ASTC must:

- (c)
 - (i) reject an Instruction or Message that has been Matched:
 - A. specifies the Financial Product Code for the redundant class; and
 - B. would Transfer or Convert Financial Products in that class after End of Day on the Business Day before the effective date; or
 - (ii) cancel a Message that has not been Matched at End of Day on the Business Day before the effective date;
- (d) after End of Day on the Business Day before the effective date and before Start of Day on the effective date effect a Financial Products Transformation of each CHESSE Holding of Financial Products in the redundant class to a CHESSE Holding of Financial Products in the continuing class; and
- (e) notify:
 - (i) the Issuer that the code change has been applied; and
 - (ii) the Controlling Participants for Holdings affected by the change that Holding Balance movements have been effected because of a change in Financial Product Code.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

SECTION 9 – TRANSFER OF FINANCIAL PRODUCT

9.2.1 Establishment of Cum Entitlement Balance for Distribution of cash or Financial Products or an offer under an equal access scheme

If ASTC receives notification from an Approved [Listing](#) Market Operator of a Complete Corporate Action Record that includes notification that Parent Financial Products for a Corporate Action will be quoted on an ex basis, ASTC must:

- (a) before Start of Day on the Ex Date, establish a Cum Entitlement Balance for each CHESS Holding of Parent Financial Products that is equal to the Holding Balance as at End of Day on the Business Day before the Ex Date; and
- (b) during the Ex Period, if a Cum Entitlement Transfer or Conversion creates a new CHESS Holding of Parent Financial Products, establish a Cum Entitlement Balance equal to the initial Holding Balance for that Holding.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”).

DRAFT

9.2.2 Processing of Cum Entitlement Transfer or Conversion

During the Ex Period for a Corporate Action affecting a class of Approved Financial Products, if:

- (a) an Instruction or Message would Transfer or Convert Parent Financial Products; and
- (b) that Instruction or Message does not designate the Transfer or Conversion as Cum Entitlement or Ex Entitlement,

ASTC must:

- (c) in the case of a Demand Transfer or a Conversion, process the Transfer or Conversion as Cum Entitlement;
- (d) in the case of a Settlement Transfer in relation to a DvP Batch Instruction (excluding a Settlement Transfer in relation to a Wholesale Loan or Wholesale Return Loan) (subject to variation by the Approved [Listing](#) Market Operator of the Ex Period for the Corporate Action):
 - (i) process the Transfer as Cum Entitlement if the Trade Date is prior to the Ex Date; and
 - (ii) process the Transfer as Ex Entitlement if the Trade Date is on or after the Ex Date and prior to or on the Record Date for that Corporate Action; or
- (e) in the case of a Settlement Transfer in relation to a Wholesale Loan, Wholesale Return Loan or a non-DvP Batch Instruction, process the Transfer as Cum Entitlement.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

SECTION 10 – BATCH SETTLEMENT

10.5.1 Removal of Batch Instructions from Batch Settlement by ASTC

ASTC may remove a Batch Instruction from either Batch Settlement or DvP Batch Settlement if:

- (a) ASTC reasonably considers it necessary in order to maintain the orderly operation and integrity of the Settlement Facility;
- (b) it is requested to do so by an Approved Market Operator in accordance with the Terms of Trade Acceptance Service, or by an Approved Clearing Facility, in order to ensure the efficiency, orderly operation, integrity or proper functioning of the market or facility; or
- (c) it is notified by an Approved Market Operator in accordance with the Terms of Trade Acceptance Service, or by an Approved Clearing Facility, that a Batch Instruction scheduled for settlement has been cancelled, and if it removes the Batch Instruction ASTC will immediately notify:
 - (d) the affected Settlement Participants that the Batch Instruction has been removed from Batch Settlement or DvP Batch Settlement; and
 - (e) where relevant, the Approved Market Operator or the Approved Clearing Facility that the Batch Instruction has been removed from Batch Settlement or DvP Batch Settlement.

Purpose of amendment

Specifies: request from AMO to remove Batch Instructions or notification of cancellation must be made in accordance with the Terms of Trade Acceptance Service.

10.9.1 Change to CCP Gross Batch Instructions

If the delivering Settlement Participant and the receiving Settlement Participant to a CCP Gross Batch Instruction Transmit a Valid Message to ASTC within the Scheduled Time that requests a change to the settlement obligations under the instruction, then ASTC will take the following action:

- (a) if the Messages are Matched ASTC will:
 - (i) change the settlement obligations in accordance with the Matched Messages;
 - (ii) within the Scheduled Time, notify the Settlement Participants that the change has been effected; and
 - (iii) include the CCP Gross Batch Instruction in a Surveillance Report of changed Batch Instructions; or
- (b) if the Messages are not Matched and the Settlement Participant that Transmitted the Message cancels the request by Transmitting a further Valid Message to ASTC revoking the initial request ASTC will:
 - (i) cancel the initial request; and
 - (ii) notify the Settlement Participant that the request has been cancelled.

| ASTC may provide the Surveillance Report referred to in paragraph (a)(iii) to the relevant Approved Market Operator or as required by these Rules or the law.

Purpose of amendment

Multiple AMOs.

DRAFT

10.17.5 Calculation of Settlement Amount

The Settlement Amount of an Accrued DvP Batch Instruction must be calculated by multiplying the adjustment per unit of Financial Product notified by the Approved [Listing](#) Market Operator by the number of Financial Products to be Transferred by the Accrued DvP Batch Instruction.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”).

DRAFT

10.17.7 Calculation of Settlement Date

ASTC will calculate the Settlement Date for an Accrued Batch Instruction in accordance with the relevant operating rules of the Approved [Listing](#) Market Operator.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”).

DRAFT

10.18.1 Cash distributions for Parent DvP Batch Instructions

If a Parent DvP Batch Instruction:

- (a) is scheduled to settle on a Cum Entitlement basis;
- (b) has an Entitlement to:
 - (i) a dividend;
 - (ii) interest; or
 - (iii) a capital return; and
- (c) does not settle in full by End of Day on the Record Date for the Corporate Action, ASTC will within the Scheduled Time:
 - (d) calculate a Settlement Adjustment by multiplying the adjustment per unit of Financial Product notified by the Approved Listing Market Operator by the number of outstanding Financial Products specified in the Parent DvP Batch Instruction at End of Day on the Record Date for the Corporate Action;
 - (e) reduce the settlement Amount of the Parent Batch Instruction by a Settlement Adjustment; and
 - (f) notify the Settlement Adjustment to each Settlement Participant.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

10.19.1 ASTC's powers where Parent Batch Instruction does not settle

If a Parent Batch Instruction:

- (a) is scheduled to settle on or before End of Day on the last Business Day on which ASTC will process Transfers before:
 - (i) a call for a limited liability company falls due; or
 - (ii) application money for a renounceable rights issue falls due; and
- (b) does not settle in full by End of Day on that Business Day, within the Scheduled Time, ASTC will unless Rule 10.20 applies:
 - (c) if notified by the Approved Listing Market Operator of a change of Financial Product Code for the class of Financial Products specified in the Parent Batch Instruction, change the Financial Product Code of the Parent Batch Instruction;
 - (d) reschedule the Parent Batch Instruction for settlement on the Settlement Date calculated in accordance with the operating rules of the Approved Listing Market Operator;
 - (e) if the Parent Batch Instruction is a Parent DvP Batch Instruction, increase the Settlement Amount of the Parent DvP Batch Instruction by a Settlement Adjustment; and
 - (f) notify each Settlement Participant.

ASTC will calculate the Settlement Adjustment by multiplying the:

- (a) limited liability call; or
- (b) minimum application money for the renounceable rights, per unit of Financial Product by the number of outstanding Financial Products specified in the Parent DvP Batch Instruction at End of Day on the call payment date or applications close date for the Corporate Action, as the case requires.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

10.22.1 RECONSTRUCTIONS

ASTC actions upon receipt of notification

If ASTC receives notification from an Approved [Listing](#) Market Operator of:

- (a) a Reconstruction that affects a class of Approved Financial Products; and
 - (b) the effective date and the Despatch Date for that Reconstruction,
- and a Parent Batch Instruction does not settle in full by End of Day on the 5th Business Day after the effective date, ASTC will either:
- (c) where the Financial Product Code for that class will continue following the Reconstruction:
 - (i) effect, if necessary, a cash distribution in accordance with Rule 10.18, and
 - (ii) reschedule the Parent Batch Instruction for the Settlement Date calculated in accordance with the operating rules of the Approved [Listing](#) Market Operator; or
 - (d) where the Financial Product Code for that class will be changed to a new Financial Product Code:
 - (i) effect, if necessary, a cash distribution in accordance with Rule 10.18;
 - (ii) Transform the number of outstanding Financial Products to be Transferred by the Parent Batch Instruction in accordance with the terms of the Reconstruction;
 - (iii) change the Financial Product Code of the Parent Batch Instruction; and
 - (iv) reschedule the Transformed Parent Batch Instruction for settlement on the Settlement Date calculated in accordance with the operating rules of the Approved [Listing](#) Market Operator ,
- and in respect of both (c) and (d) notify each Settlement Participant of the rescheduled Batch Instruction.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

SECTION 11 – REAL TIME GROSS SETTLEMENT

11.1.2 Non-eligible classes of Instructions

ASTC may at any time determine that a class of Instructions is not eligible for Real Time Gross Settlement in CHES, or may at any time remove a class of Instructions from Real Time Gross Settlement if:

- (a) ASTC forms the reasonable opinion that Real Time Gross Settlement of the class of Instructions is unlikely to be commercially viable for ASTC;
- (b) ASTC reasonably considers it necessary in order to maintain the orderly operation or integrity of the Settlement Facility or the efficiency of Real Time Gross Settlement in CHES;
- (c) it is requested to do so by an Approved Market Operator in accordance with the Terms of Trade Acceptance Service, or by an Approved Clearing Facility, in order to ensure the efficiency, integrity or proper functioning of that market or facility; or
- (d) it is requested to do so by the Reserve Bank of Australia in order to ensure the proper functioning of RITS/RTGS.

Purpose of amendment

Request by AMO must be made in accordance with the Terms of Trade Acceptance Service.

DRAFT

11.31.6 RTGS Reconstructions

Rule 10.22 applies, as if incorporated in full in this Section 11, to a Parent RTGS Instruction Recorded for Real Time Gross Settlement where:

- (a) ASTC receives notification from ~~the an~~ Approved Listing Market Operator of:
 - (i) a Reconstruction that affects a class of Approved Financial Products; and
 - (ii) the effective date and the Despatch Date for that Reconstruction;
- (b) the Financial Products Code for that class will continue following the Reconstruction; and
- (c) the Parent RTGS Instruction does not settle in Real Time Gross Settlement by End of Day on the 5th Business Day after the effective date,

except that references in Rule 10.22 to Batch Settlement are to be construed as if they were references to Real Time Gross Settlement.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

SECTION 12 – SUPERVISION AND DISCIPLINARY MATTERS, TRIBUNAL PROCEEDINGS AND APPEALS

12.17.1 Failure to pay amounts by an Issuer or Participant

Subject to any right of appeal, if an Issuer or Participant fails to pay:

- (a) any fee or charge in accordance with the Fees and Charges Schedule (excluding any fee or charge that is payable under a Transfer Service Agreement by a market licensee which is provided with a Transfer Service under Rule 4.1A);
- (b) any fine imposed by ASTC;
- (c) or amount payable under a direction given by ASTC, within 20 Business Days after the amount becomes payable;
- (d) the Issuer or Participant must pay interest (at a rate determined by ASTC) from the day that fee, charge, fine or amount as the case may be becomes payable;
- (e) ASTC may give Notice to the ~~relevant~~ Approved Listing Market Operator and the Issuer of its intention to suspend ASTC approval of the Issuer's Financial Products until the fee, charge or amount and interest is paid;
- (f) ASTC may, on giving 10 Business Days Notice of its intention to do so, suspend the participation of the Participant until the fee, charge, amount or fine and interest is paid; and
- (g) if the Participant is a Clearing Participant, ~~or a participant of an Approved Market Operator other than ASX,~~ ASTC must give 10 Business Days Notice to the Approved Clearing Facility ~~or that Approved Market Operator~~ of any intention to suspend the participation of the Participant.

If a fee, charge, fine or amount and interest remains unpaid 60 Business Days after suspension of the participation of the Participant, under this Rule 12.17.1, ASTC may upon giving Notice to:

- (h) the Participant;
- (i) if the Participant is a Market Participant, ~~the~~ each relevant Approved Market Operator; and
- (j) if the Participant is a Clearing Participant, the Approved Clearing Facility; ~~and,~~
- ~~(k) if the Participant is a participant of an Approved Market Operator other than ASX, that Approved Market Operator,~~

terminate the participation of the Participant.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

Paragraph (k) is captured in paragraph (i).

12.17.2 Failure by Issuer to comply with other directions

If an Issuer fails to comply with any other direction of ASTC or a Tribunal under this Section 12 or the Australian Securities Exchange Disciplinary Processes and Appeals Rulebook, ASTC may give Notice to the ~~relevant~~ Approved Listing Market Operator and the Issuer of its intention to suspend ASTC approval of the Issuer's Financial Products.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

12.17.3 Suspension of ASTC approval

- | If ASTC gives Notice to an Approved Listing Market Operator and an Issuer under Rule 12.17.1(e) or 12.17.2:
- (a) ASTC may suspend ASTC approval of the Issuer's Financial Products unless within 10 Business Days after the Notice is given, the Issuer has paid the fee, charge or amount and interest or complied with the direction, as the case requires; and
 - (b) otherwise ASTC must give Notice to ~~that the~~ Approved Listing Market Operator and the Issuer that it does not intend to suspend ASTC approval of the Issuer's Financial Products.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

12.17.4 Revocation of ASTC approval

If:

- (a) ASTC suspends ASTC approval of an Issuer's Financial Products under Rule 12.17.3; and
- (b) 60 Business Days after the suspension, the Issuer has not paid the fee, charge or amount and interest or complied with the direction as the case requires,

| ASTC may, by Notice to the Issuer and the ~~relevant~~ Approved Listing Market Operator, revoke ASTC approval of the Issuer's Financial Products and such revocation will take effect from End of Day on the last day of the suspension.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

|

DRAFT

12.18.2 ~~Notice by Approved Market Operator~~ [Deleted]

~~An Approved Market Operator must, in respect of a General Settlement Participant which is a participant of that Approved Market Operator, give Notice of Non-compliance to ASTC immediately:~~

~~(a) — upon the happening of any of the Events of Non-Compliance in Rule 12.18.1(i); or~~

~~(b) — it becomes aware of the happening of any of the Events of Non-Compliance in Rule 12.18.1.~~

Purpose of amendment

Obligation imposed on Approved Market Operator under Terms of Trade Acceptance Service rather than operating rules.

DRAFT

12.19.3 Notice of Restriction, Suspension or Termination of Participation

If ASTC:

- (a) imposes Restrictions on the participation of a non-compliant Participant under Rule 12.19.1(c); or
 - (b) suspends or terminates the participation of a non-compliant Participant under Rule 12.19.1(d) or (e),
- ASTC must promptly give Notice of the Restrictions, suspension or termination, as the case requires, to:
- (c) the non-compliant Participant;
 - (d) if the non-compliant Participant is a Clearing Participant, the Approved Clearing Facility;
 - (e) if the non-compliant Participant is a Market Participant of ASX, the Approved Market Operator ASX and SEGC; and
 - ~~(f) if the non-compliant Participant is a Clearing Participant, each Market Participant with whom the Participant has entered into a Clearing Agreement and each Settlement Participant with whom the Participant has entered into a Settlement Agreement; and~~
 - ~~(g)~~ if the non-compliant Participant is a participant of an Approved Market Operator other than ASX, that Approved Market Operator.

Purpose of amendment

ASTC will notify Approved Market Operators, and Approved Market Operators will be responsible for advising affected Market Participants.

DRAFT

12.19.14 Notice of removal of suspension or restriction

If ASTC or a Tribunal, as the case requires, removes a Restriction or a suspension under Rule 12.19.13 or Rule 12.21.3, ASTC:

- (a) must promptly give Notice of the removal to:
 - (i) the non-compliant Participant;
 - (ii) if the non-compliant Participant is a Clearing Participant, the Approved Clearing Facility;
 - (iii) if the non-compliant Participant is a Market Participant of ASX, the Approved Market Operator ASX and SEGC;
 - ~~(iv) if the non-compliant Participant is a Clearing Participant, to each Market Participant with whom the Clearing Participant has entered into a Clearing Agreement and each Settlement Participant with whom the Participant has entered into a Settlement Agreement; and~~
 - (v) if the non-compliant Participant is a Participant of an Approved Market Operator other than ASX, that Approved Market Operator;
- (b) must also give Notice or Publish a Notice on at least two occasions of the removal to each Facility User who was given Notice of the Restriction or suspension; and
- (c) may give Notice or Publish a Notice on at least two occasions of the removal to other Facility Users.

Purpose of amendment

ASTC will notify Approved Market Operators, and Approved Market Operators will be responsible for advising affected Market Participants.

DRAFT

SECTION 13 – DEPOSITORY INTERESTS IN CHESS

13.2.1 Approval of person as Principal Issuer

A person who has applied for:

- (a) a class of Principal Financial Products; or
- (b) CDIs issued over a class of Principal Financial Products,

to be quoted on the market of an Approved [Listing](#) Market Operator may apply to ASTC in the form prescribed in the Procedures to:

- (c) act as Principal Issuer in relation to CDIs issued or to be issued in respect of those Principal Financial Products; and
- (d) to have those CDIs approved.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

SECTION 14 - SUBPOSITIONS

14.3.1 Notice given by ASTC when Financial Products cease to be quoted by ~~an~~ Approved Listing Market Operator

If:

- (a) Rules 14.2.1 and 14.2.2 do not apply;
- (b) ASTC revokes approval of a class of an Issuer's Financial Products under Rule 8.4.1 or 8.5.4; and
- (c) Financial Products in that class in a CHESS Holding are reserved in a Subposition,

ASTC will give Notice of the date that the Financial Products will cease to be quoted by ~~an~~the Approved Listing Market Operator to:

- (d) the Participant in whose favour the Financial Products are reserved in that Subposition; and
- (e) the Controlling Participant for that Holding.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

14.21.1 Application of Rule

This Rule 14.21 applies if the bidder in relation to a takeover bid:

- (a) gives notice to Holders in accordance with Section 661B or 664C of the Corporations Act that it desires to acquire outstanding Financial Products; or
- (b) advises ~~an~~the Approved Listing Market Operator under its Listing Rules that it will proceed to compulsory acquisition of outstanding Financial Products pursuant to the Corporations Act.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

14.21.3 ASTC to reject Messages received more than 5 Business Days after quotation has ceased

ASTC must reject any Message initiating a Transfer or Conversion of outstanding Financial Products that ASTC receives after End of Day on the 5th Business Day after quotation of the outstanding Financial Products by the Approved [Listing](#) Market Operator has ceased.

Purpose of amendment

Refer changes to definitions (“Approved Listing Market Operator”).

DRAFT

SECTION 15 – DVP SETTLEMENT OF ALLOCATIONS IN RESPECT OF INITIAL PUBLIC OFFERINGS

15.2.1 Issuer to give Notice

If:

- (a) an Issuer makes available forms of application for an Offer of Approved Financial Products; and
- (b) ~~an the~~ Approved Listing Market Operator gives that Issuer approval for quotation of those Financial Products, the Issuer may give Notice to ASTC that it wishes to process an Allocation Component of that Offer as a class of transactions in DvP Settlement.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

DRAFT

SECTION 16 – COMMUNICATIONS WITH ASTC

16.4.1 Effect of suspension

Where ASTC has suspended processing of Messages or classes of Messages under Rule 16.3(e):

- (a) the suspension takes effect immediately;
- (b) ASTC must promptly give Notice of the suspension, including reasons, to:
 - (i) the Facility User; and
 - (ii) where the Facility User is:
 - A. a Clearing Participant, to the Approved Clearing Facility;
 - B. a participant of an Approved Market Operator, to the relevant Approved Market Operator; or
 - C. an Issuer, to the ~~relevant~~ Approved Listing Market Operator; and
- (c) ASTC may, to the extent that it considers reasonably necessary, give Notice of the suspension to other Facility Users; and
- (d) subject to Rule 16.7, the suspension will continue until ASTC is satisfied that the circumstances that gave rise to the suspension no longer exist.

Purpose of amendment

Refer changes to definitions ("Approved Listing Market Operator").

APPENDICES

Scheduled times

Rule 10.4.4	ASTC to notify that Participant Direct Batch Instruction is scheduled for settlement.	by End of Day on the Business Day that ASTC is notified of a Direct Batch Instruction by an <u>the relevant</u> Approved Market Operator.
Rule 10.5.3	Participants to Match removal request for Direct Batch Instruction from Scheduled Settlement.	before Settlement Cut-Off on the Settlement Date notified to ASTC by an <u>the relevant</u> Approved Market Operator.

Purpose of amendment

Market Transactions may be effected through multiple AMOs

DRAFT