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# ASX SETTLEMENT PROCEDURE GUIDELINES

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[www.asxonline.com](http://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.
3.1	Jan 2016	ASXOnline document merge.
3.2	Mar 2016	T+2 Implementation and change in references from C&S Operations to Post Trade Operations
3.7	Dec 2021	Replaced references post and send with issues (refer to 4.3, 4.4) Removed reference to participants obtaining a demand holding statement by sending a fax to Post Trade Operations (refer to 4.4)
3.8	July 2022	Updates to include section 4.6 Managing Undeliverable Emails and Returned Mail

### SECTION 4. CLIENT SPONSORSHIP

#### 4.1 SPONSORSHIP OF HOLDERS

ASXS participants may establish and control any number of sponsored holders within CHESSE.

#### 4.2 SPONSORSHIP AGREEMENTS

The ASX Settlement Operating Rules provide thorough information concerning the mandatory content of sponsorship agreements.

In addition to the traditional hard-copy sponsorship agreement, the rules also allow for the electronic execution of agreements (refer to the explanatory memorandum in the ASX Settlement Operating Rules for further details).

ASXS periodically reviews participants' sponsorship agreements to ensure that they comply with the provisions set out in the ASX Settlement Operating Rules.

#### 4.3 CHESSE COMMUNICATIONS WITH SPONSORED HOLDERS

ASXS communicates changes in a CHESSE holding balance to the registered owner of the holding. For direct and entrepot holders, CHESSE sends this information by way of CHESSE messages.

Each month, ASXS issues CHESSE holding statements to sponsored holders for all holdings that have had a movement in the month.

In July 2001, ASXS changed the format of the CHESSE holding statements. The statements now contain information only for those transactions that occurred in the relevant month. Historical information is no longer presented on statements.

Through their sponsoring participant or registry, sponsored holders can request an interim CHESSE holding statement. Interim CHESSE holding statements contain the holder's last holding balance prior to the month of the request, plus any transactions completed during the month of the request.

Copies of historical statements are available to participants on request from Post Trade Operations. To process the requests, Post Trade Operations require details such as HIN, security code, and statement date.

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In addition to CHESS holding statements, ASXS also sends the following CHESS notifications to sponsored holders:

<b>Notification</b>	<b>Sample</b>
New holder registration details	A
Changes to registration details	B
Change of sponsoring participant	C
Suspension of Statements	E
Reinstatement of Statements	F
Change of holder type	G, H
New or changed suppositions for collateral	I, J, K, L, M
New or changed suppositions for takeover acceptance	N, O, P, Q, R
Locked/Unlocked holdings	S, T
Change of Holder Status	U
Change of Holder Residency	V
Holder Cancellation	W

Note: Unlike CHESS holding statements, the above notifications cannot be requested on demand. However, a reproduction of any notification is generally possible by a direct request to Post Trade Operations

Note also that samples I, J, K, L and M continue to use the term “options cover”.

### 4.4 DEMAND HOLDING STATEMENT REQUEST

This function was introduced as part of the CHES 6.1 release.

A demand CHES holding statement shows a particular holder's current balance in the nominated financial product. The statement includes the holder's opening balance from the first of the month, plus any activity from the first of the month until the day the request is processed by CHES.

This report is available only to participants. CHES will report on any holding with a positive balance or a zero balance. A zero balance holding remains active and hence reportable for thirty days, from the time a holding balance is reduced to zero. Where there is no holding the report request will be rejected.

CHES processes demand holding statement requests at the end of each week (or part-week where the end of the month falls during the week). Following processing of the request, CHES sends participants an End of Reporting message, to indicate that the demand statement request is recorded on the file that is provided to ASX's external mailing house provider. After the End of Reporting message is received, the participant may not cancel the request. Report cancellations will only target requests submitted in the same week or part-week. Once the mailing house file record is created, the demand holding statement is issued to the holder

The selection parameters are:

- DSM (Reporting Id)
- HIN Parameter
- Security Code Parameter
- Processing Frequency 'OO-One off'
- Processing Period 'E-End of Day'

For more information about CHES reporting, refer to section 16. For information on requesting a report, refer to section 16.8.

For more information on fees, refer to the Schedule of Fees, Clearing and Settlement, available from [asxonline.com](http://asxonline.com)

### 4.5 SUPPRESSING HOLDING STATEMENTS

Some non-market participants such as custodians, nominees and trustees, hold financial products on CHESS on behalf of their clients. They do so either as direct sponsors or by sponsoring HINs with a registered name set to “care of”. Such holders may choose to suppress the holding statement sent by CHESS, as they are redundant.

To be eligible for suppression, the sponsored holder must be one of the following:

- a body corporate related to the non-market participant;
- bank;
- building society;
- credit union;
- life insurance company;
- general insurance company;
- superannuation fund;
- investment company;
- investment trust; or
- other such bodies as determined by ASXS.

CHESS notifies the participants of holding movements via CHESS messages. The participant may wish to issue an in-house statement to its client. Production of CHESS holding statements and notifications can be re-instated on request at any time.

Requests to suppress (or re-instate) CHESS holding statements may only be made for sponsored holders that meet the criteria set out in the ASX Settlement Operating Rules.

ASXS notifies sponsored holders if their sponsor has requested suppression or re-instatement of CHESS holding statements.

#### PROCEDURE

4.5.1 The participant completes a Holding Statements Suppression / Reinstatement Form (refer to Appendix N) and forwards it to Settlement Operations together with supporting documentation.

4.5.2 Settlement Operations apply the suppression or reinstatement within 5 business days of receiving the request.

ASXS notifies the sponsored holder that their CHESS holding statements have been either suppressed or re-instated (refer to Samples E and F).

### 4.6 **MANAGING UNDELIVERABLE EMAILS AND RETURNED MAIL**

As part of the ASX electronic communications service, sponsoring participants have access to the undeliverable email and returned mail report.

The undeliverable email report will let sponsoring participants know if an email to one of their customers fails to be sent.

The returned mail report will let sponsoring participants know if mail posted to one of their customers has been returned.

Sponsoring participants can retrieve both reports manually through the ASX Online Participants portal, or systematically via the ASX Secure File Transfer Protocol (sFTP) service. Reports are permissioned, which means sponsoring participants will only be able to see the HINs that are linked to them.

While these reports will not contain private data, they will give sponsoring participants enough information to be able to identify their sponsored holder customers.

#### 4.6.1 **Undeliverable Email and Returned Mail Reports via ASX Online Participants**

Sponsoring participants can access undeliverable email and returned mail reports via ASX Online Participants and initiate remediation of contact details in CHESSE via Registration Details Update (203) message. These reports will not contain private data, but will provide enough information so that the sponsored holder customer can be identified by a sponsoring participant.

A new role, "CHESSE Undeliverable Statement Reports" has been created to grant authorised user access to these reports. New user creation and role assignment can be performed by the sponsoring participant user(s) with the "Participant Enterprise Administrator ('EA')"

role. For more information around roles and permissions can be found in the ASX Online guide for Enterprise Administrators. If you are unable to find who in your organisation has access to ASX Online Participants, please contact [CHESSEHelp@asx.com.au](mailto:CHESSEHelp@asx.com.au).

Once logged in, users can navigate to 'ASX Online Participants' where the past three months of undeliverable email reports can be downloaded for the specific sponsoring participant.

#### 4.6.2 **Undeliverable Email and Returned Mail Reports via ASX Secure FTP (sFTP)**

Sponsoring participants can also retrieve undeliverable email and returned mail reports from ASX's sFTP service to allow more direct automation into a sponsoring participants CRM. Sponsoring participants should contact [CHESSEHelp@asx.com.au](mailto:CHESSEHelp@asx.com.au) to establish this connection.

Note: existing connections to ASX sFTP will not be permitted to retrieve undeliverable email and returned mail reports. A new connection/user must be established for this purpose.

## ASX sFTP – access information

Environment	Domain Name	IP	Port
Production	FTP.ASX.COM.AU	203.15.145.110	22

ASX requires the following access requirements:

- 2048 bit generated SSH-2 RSA keys;
- Public key provided to ASX; and
- Source IP address or range for whitelisting.

The sFTP service utilises SSH public and private key combinations for secure access.

- The requestor (ASX customer) generates the SSH key combination.
- The SSH private key is retained by the requestor and the public SSH key is provided to ASX.

Multiple concurrent logins are limited to a maximum of five sessions per user. Subsequent attempts to login to the sFTP server will be rejected.

### 4.6.3 What defines an undeliverable ('bounced') Email

When the system attempts to send an email, and it bounces, it will return as either a 'hard bounce' or 'soft bounce'. In the event of a hard bounce (e.g. if the email address does not exist), it will immediately be classified as a bounced email and included in the bounced email report.

If it is a soft bounce (e.g. if the email account is currently offline), the system will attempt to re-send the email. Depending on the circumstances, this retry period could last up to 48 hours. Only after the system has determined that a soft bounce email cannot be sent will it be classified as a bounced email and included in the report.

### 4.6.4 What defines a returned mail

When statement or notification mail is returned to ASX via the postal system, it will be classified as returned mail and included in the returned mail report. The exception to this rule is returned mail containing the B2 (Change of address details in CHESS) notification, as this document is mailed to the customer's old registered address and is expected to be returned to sender. ASX will destroy returned B2 notification upon receipt.

### 4.6.5 Report Retention

Undeliverable email and returned mail reports will be available for a period of three months on ASX Online Participants and seven days via sFTP.

For audit purposes, ASX will archive these reports for seven years. If a sponsoring participant requires reports that are no longer available for download from ASX Online Participants, please contact [CHESHelp@asx.com.au](mailto:CHESHelp@asx.com.au) for an extract.

ASX will generate undeliverable email reports or returned mail reports every week on Wednesdays (02:00am) and Fridays (02:00am). No undeliverable email report will be generated when there are no undeliverable emails processed since the previous participant undeliverable email report. Likewise, if there is no returned mail processed since the previous participant returned mail report, no returned mail report will be generated.