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# ASX SETTLEMENT PROCEDURE GUIDELINES

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## Context of this Document

The ASX Settlement Procedure Guidelines must be read in the context of the ASX Settlement Operating Rules.

Any terms explicitly defined in the ASX Settlement Operating Rules and used in the ASX Settlement Procedure Guidelines should be interpreted according to the definition given in ASX Settlement Operating Rules. This includes terms such as participant, registry, holder, issuer, subregister, and financial product. Because of the large number of these terms, they have not been capitalised for emphasis in this document.

In the interests of readability and comprehension, where a procedure applies only in the context of securities in a listed company, the specific term security has been used instead of the more generic term financial product.

## Change History

Version	Date	Description of changes
1.0	May 2005	Initial version of a merged guideline document incorporating details from both the PPG and IRPG
1.1	November 2005	Include descriptions for processes supporting non-disclosure of CHES PIDs.
1.3	July 2007	Inclusion of ACH Clearing Fund in section 7.3. Cross references to Section 2.1.8 updated to Section 2.1.9. Reference to SEATS updated to ITS.
1.7	Dec 2010	Updates to include name changes within ASX Group and ASX Operating Rule books. Inclusion of Approved Market Operator references.
1.8	Jan 2013	Updates to include Opt out for Trade notifications section 7.2
2.5	April 2014	Miscellaneous amendments
3.1	Jan 2016	ASXOnline document merge.
3.2	Mar 2016	T+2 implementation and change in references from C&S Operations to Post Trade Operations

## SECTION 7. MARKET TRADE PROCESSING

### 7.1 ORDER PROCESSING

When taking an order from a client it is essential for the person responsible to ensure that all details are recorded at the time of taking the order. This is applicable to both sales and purchases.

Clients should be asked to nominate the source or destination subregister of the holding.

For a holding on the CHESSE subregister, the holder identification number (HIN) must be confirmed. If possible at this stage, the units being sold should be confirmed from the participant's internal records.

For a holding on the issuer sponsored subregister, the securityholder reference number (SRN) should be verified so that the holding can be confirmed. This will help avoid delays in settlement and registration.

The order taker should determine the information required from the client to ensure that the appropriate procedures can be followed and any relevant documentation can be prepared (refer to Section 7.5).

Buying clients of financial products subject to CHESSE foreign ownership restrictions who are regarded as "foreign" for that financial products may request certainty of registration without fear of divestment (refer to Section 2.1.9). For this to occur, participants must ensure the trade includes the condition code of "OR - Overseas Register (Foreign to Foreign)".

## 7.2 TRADE PROCESSING

The procedures outlined in this section relate to the notification and processing of transactions in preparation for delivery-versus-payment (DvP) settlement via CHES.

CHES is mandated to provide DvP settlement facilities for the following transactions in approved financial products:

- Trades executed or reported through ASX trading platforms;
- Trades executed or reported through other Approved Market Operators (AMOs) and registered via the Trade Acceptance Service (refer to section 3.1.1);
- On market trades (contracts) between participants and clients who are either themselves participants or who use the services of settlement agents/custodians who are participants;
- Free of payment (FOP) deliveries where payment may occur outside CHES; and
- On-delivery transactions between non-market participants resulting from a market transaction with a market participant.

For crossings where the 4 digit Buyer and Seller Id are identical, the Trading Participant may instruct their clearing participant to opt out of the receipt of the Notified Trade message. Refer Appendix A

Direct settlement allows participants to settle cash and financial products directly between themselves without using DvP settlement. The payment side of direct settlement is effected outside CHES. The delivery side of direct settlement could be by demand transfer in CHES or by paper transfer outside CHES.

DvP settlement of trades in approved financial products through CHES is required under the ASX Settlement Operating Rules.

Prior to netting, participants can, under certain conditions (e.g. direct settlement), cancel settlement instructions generated by trades via Approved Market Operator Trading platforms. For more information, refer to the ASX Operating Rules. No Cancelled Settlement Instruction will be received by a clearing participant for cancelled crossings previously the subject of the opt out functionality.

For information about delivering financial products subject to foreign ownership restrictions and priority allocation of those financial products, refer to section 8.1.6.

### PROCEDURE

- 7.2.1 CHES is notified of trades in approved financial products by ASX Data Services Signal B messages (for trades executed on ASX trading platforms) or via the Trade Acceptance Service (for trades executed via other AMOs). Trade information including the settlement date is provided.
- 7.2.2 CHES notifies participants of the details of all trades either scheduled for settlement in CHES or for information only (e.g. crossings, overseas delivery).

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7.2.3 Trade corrections must be agreed between the parties and lodged with trade executer, ie ASX market control or AMO, before the designated cut-off time on T+1 business day. Trade corrections are effected by ASX market control or AMO.

CHES is notified of trade corrections by ASX Data Service Signal B messages (for trades executed on ASX trading platforms) or via the Trade Acceptance Service (for trades executed via other AMOs).

CHES notifies participants of the trade corrections.

7.2.4 Settlement instructions resulting from trades appear on CHES obligation reporting immediately upon notification from ASX Data Services or Trades Acceptance Service (refer to Section 16).

### Message Reference Table

Section	Message Number and Description	Sender	Recipient
7.2.3	116 Cancelled Settlement Instruction	Participant	CHES
7.2.3	129 Dual Entry Settlement Cancellation Request	Participant	CHES
7.2.4	164 Notified Trade	CHES	Participant

### 7.3 NOVATION

Novation is the legal replacement of a trade contract between two participants by two new contracts:

- one between the selling participant and the central counterparty (CCP), and
- one between the central counterparty (CCP) and the buying participant.

The resultant settlement obligations are now between each participant and the central counterparty.

Immediately after the matching of bids and offers by ASX Trade, or the recording of a trade by ASX Trade, and valid notification of a settlement date, each eligible trade is legally novated.

Novation allows buying and selling participants and their clients to be protected by the National Guarantee Fund (NGF) and the ASX Clear Clearing Fund.

NGF protection enables clients of market participants to claim payment in cash or delivery of financial products in certain events, including:

- loss resulting from a market participant transferring financial products without authority; and
- loss resulting from a market participant becoming insolvent.

ASX Clear Clearing Fund protection enables market participants to claim payment in cash or delivery of financial products in certain events, including:

- failure to complete the purchase of financial products by a participant; and
- loss resulting from a market participant becoming insolvent.

Protection is not provided for:

- financial products loan transactions between participants and lending institutions/custodians; or
- on-deliveries between non-market participants arising from either an on market or wholesale lending transaction with a market participant.

However, the CHES design accommodates DvP settlement for these transactions. The design ensures that in the event of a market participant insolvency the NGF is not called upon to fund any shortfall attributable to the lending and non-market participant on-delivery transactions.

For more information on the National Guarantee Fund, refer to the Securities Exchanges Guarantee Corporation website (<http://www.segc.com.au>).

### 7.4 DELIVERY NETTING

CHESS minimises the number of delivery obligations for each settlement process by netting trades.

Eligible buy and sell trades with the same ISIN code/HIN combination are routinely netted into a single obligation. This netted obligation records the settlement amount for all the netted trades rolled into the obligation.

Trades that are excluded from netting are:

- trades in fixed interest securities;
- trades executed during a period of “deferred settlement” for a financial product;
- trades without settlement dates. Examples identified by condition code include:
  - book value switch;
  - forward delivery;
  - prompt sale;
  - prompt re-booking; and
  - overseas resident (foreign to foreign)
- trades with following condition codes:
  - booking purpose; and
  - put through;
- trades with a basis of quotation different to the default for the transaction date;
- trades which are requested for exclusion from netting by participant (blocked trades, refer to section 7.5); and
- transactions which are selected at the discretion of ASXS.
- Trades with an “as at” date

These excluded transactions scheduled for settlement on a particular day are aggregated with a participants other obligations for settlement on that day.

Only the selling participant, with the agreement of the counterparty, can request the exclusion of an eligible trade from netting. This request is known as blocking.

Under rare circumstances CHESS can reverse netting either for a particular ISIN code or for all financial products.

#### PROCEDURE

- 7.4.1 At the end of the first business day prior to the settlement date (usually T+1), CHESS nets all eligible trades into a net position for each ISIN code/HIN combination.

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CHESS may, in unusual circumstances, exclude a participant from the netting process.

7.4.2 CHESS notifies participants of the netted trades and net position.

CHESS also notifies participants of the end of netting reporting after all netting reporting has been queued. Participants can process netting messages prior to the receipt of the end of netting notification. This event notification is intended as a reconciliation point for participants and not a processing trigger.

7.4.3 On rare occasions, CHESS reverses netting for a financial product. CHESS cancels netted obligations, reinstates trades and notifies participants accordingly.

CHESS notifies the end of netting reversal reporting after all netting reversal reporting has been queued. Participants can process messages prior to the receipt of end of netting reversal notification. The event notification is intended as a reconciliation point for participants and not a processing trigger.

### Message Reference Table

Section	Message Number and Description	Sender	Recipient
7.4.2	138 Netted Trade	CHESS	Participant
7.4.2	134 Scheduled Net Obligation	CHESS	Participant
7.4.2	542 CHESS Event Notification	CHESS	Participant
7.4.3	140 Cancelled Net Obligation	CHESS	Participant
7.4.3	136 Reinstated Trade	CHESS	Participant
7.4.3	542 CHESS Event Notification	CHESS	Participant



### 7.5 BLOCKING AND UNBLOCKING

Blocking is an optional facility that allows the selling participant, with the mutual agreement with the counterparty, to request the exclusion of an eligible trade from netting. Therefore, an application to request blocking must be completed before netting occurs on EOD on S-2 (usually T). Typically, it is the buyer to the trade who requests blocking to facilitate the transfer of an entitlement directly between counterparties.

Blocked trades remain part of the settlement process on T+2 as blocking does not alter the settlement details.

Participants contact Post Trade Operations to request blocking of a trade, as the counterparty information is masked on an eligible trade until EOD on T+1. If mutual agreement is obtained between the two parties to the trade, the delivering counterparty assents to blocking by transmitting the request.

#### PROCEDURE

- 7.5.1 The requesting participant contacts the Post Trade Operations to request blocking for a trade. Post Trade Operations contacts the counterparty to inform them of the blocking request, and, if they disagree, will contact the requestor.

ASXS will keep a record of the blocking request for audit purposes.

- 7.5.2 If the delivering counterparty agrees to block a trade from netting, they assent by sending a blocking request to CHESSE. CHESSE must receive the request before the end of the second business day prior to the settlement date (usually T+2).

CHESSE validates the request to block a trade. If the request is valid, CHESSE blocks the trade from netting and notifies both participants of the block. If invalid, CHESSE rejects the request.

- 7.5.3 If a participant decides to unblock a block trade before the end of the second business day prior to the settlement date (usually T+2). They must contact Post Trade Operations. Post Trade Operations contacts the counterparty to inform them of the unblocking request, and if they disagree, will contact the requestor.

ASXC will keep a record of the unblocking request for audit purposes.

- 7.5.4 If an unblocking request is agreed, the delivering participant sends an unblocking request to CHESSE.

CHESSE validates the request to unblock a trade. If the request is valid, CHESSE unblocks the trade from netting and notifies both participants of the block. If invalid, CHESSE rejects the request.

- 7.5.5 Occasionally, due to unforeseen circumstances (e.g. system processing errors); ASXS may cancel netting for the particular day. CHESSE notifies participants of the reinstated trades and cancelled net obligations.

### Message Reference Table

Section	Message Number and Description	Sender	Recipient
7.5.2	195 Block Trade Request	Participant	CHESS
7.5.2	196 Blocked Trade	CHESS	Participant
7.5.2	518 Rejected Transaction	CHESS	Participant
7.5.3	197 Unblock Trade Request	Participant	CHESS
7.5.3	198 Unblocked Trade	CHESS	Participant
7.5.3	518 Rejected Transaction	CHESS	Participant
7.5.5	136 Reinstated Trade	CHESS	Participant
7.5.5	140 Cancelled Net Obligation	CHESS	Participant

### 7.6 CHANGE SETTLEMENT INSTRUCTION NOVATED MARKET TRADES

Participants can mutually agree to effect changes to settlement instructions that result from novated market trades via CHESSE messaging only. Settlement instructions resulting from market trades can be changed prior to EOD S-2 (usually T+1), when net trades are created in CHESSE.

Via existing matchable messaging, participants can use CHESSE messaging to request changes to settlement instructions. Due to masking of counterparty information on novated market trades until EOD on T+2, participants will not be able to contact each other directly to agree to change an attribute of a settlement instruction.

Participants can change attributes as governed by the ASX Settlement Operating Rules and Procedures. For more detail on allowed attribute changes and the relevant change settlement instruction messages please refer to Section 8, Change Settlement Instruction.

### 7.7 TRANSACTIONS WITH NON-PARTICIPANT CLIENTS

This section covers a participant's settlement of sale and purchase transactions made on behalf of clients

- who are not themselves participants and ;
- who hold their financial products on either the CHESSE subregister or on issuer sponsored subregisters.

#### 7.7.1 Settlement

To settle a trade with a non-participant client, participants :

- transfer financial products between the participant's entrepot holding on the CHESSE subregister and the client's HIN; and
- make or receive payment for the financial products outside CHESSE using standard payment procedures.

Transfers to the entrepot holding for a sale transaction must be effected before the settlement cut-off time on the settlement date to ensure financial products are available for fulfilling settlement obligations. Transfers from the entrepot holding for a buy transaction must be effected after the participant has been advised by CHESSE that the settlement process has completed.

Participants can transfer financial products between the CHESSE holding of a sponsored client and their entrepot holding as part of the CHESSE settlement process by using single entry settlement transfer requests. The transfer of financial products between the entrepot and the sponsored client's holding is then scheduled to occur concurrently with CHESSE settlement, rather than being a post-settlement function. This option may be used if a buy client has paid for the financial products prior to the settlement date.

ASXS requires participants to meet financial product obligations and DvP funds obligations to other participants irrespective of failures to deliver or pay by the due settlement time on the part of the participant's clients. Responsibility for resolving fails on the part of non-participant client rests entirely with the participant.

If a participant's failure to meet a delivery obligation to another participant is attributable to a delivery fail on the part of a non-participant client, ASX Operating Rules give the participant the discretion to pass any resulting fail fee levies on to that client.

#### 7.7.2 Entrepot Holdings

To meet their obligation to hold client holdings in trust, participants are required to maintain two entrepot holdings to facilitate settlement. These holdings are designated as a "settlement entrepot" and an "accumulation entrepot".

The accumulation entrepot is used as a temporary holding in which financial products can be held prior to the due settlement date. Before settlement cut-off on

the settlement date, financial products can be transferred from the accumulation entrepot to the settlement entrepot holding.

The settlement entrepot holding can be used to hold just those units due for delivery in the next cycle. Each day it is possible to determine units due for settlement in the next cycle, either from a participant's internal system or from CHESSE obligation reporting. Participants should investigate any short position in sufficient time to resolve any problem, or optionally make arrangements to borrow financial products. Any discrepancy between the expected settlement obligation and the reported CHESSE obligation may indicate a short sold position, an unconfirmed transfer, a rejection of an inter-subregister transfer or a rejection of an inter-subregister conversion.

The transfer of units from the issuer sponsored subregister to CHESSE must be effected via the entrepot holding. Participants should constantly monitor their systems for either rejections or delays in response from registries to ensure that verifications of conversions or transfers have been received. Daily reconciliation of units due for settlement can ensure that selling clients are paid any funds due.

Participants wishing to effect priority foreign to foreign allocations (FFA) for financial products subject to CHESSE foreign ownership restrictions (refer to section 2.1.9), must maintain separate foreign designated entrepot HINs. Both a foreign accumulation and a foreign settlement entrepot HIN are required for these transactions.

Note that for a foreign to foreign transaction to be settled, only the delivering holder is required to be foreign. However, for the transaction to be registered with priority, both the receiving and delivering HINs must be designated as foreign.

Refer to Section 5.1 for details covering the establishment of entrepot holdings in CHESSE.

### **7.7.3 Sale by a Participant Sponsored Client**

The units sold by a participant sponsored client may be transferred to an entrepot holding where they are held until the due settlement date.

Alternatively, if the HIN for a participant sponsored client is nominated as the source holding for a settlement delivery, the sold units should be held on this holding at the due settlement date.

This procedure uses the transfer procedures detailed in Section 8.2.1 (demand transfer) and 8.4.2 (settlement transfer).

## **PROCEDURE**

7.7.3.1 The participant receives an instruction from a sponsored client to settle a sale transaction from a CHESSE holding.

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- 7-7-3.2 The participant sends a demand transfer request to CHESSE requesting that financial products be transferred from the sponsored holding to their entrepot holding.
- Priority foreign-to-foreign allocations should be marked accordingly (refer to Section 8.1.6) and directed to an entrepot designated as foreign (refer to Section 2.1.9).
- 7-7-3.3 CHESSE validates the request and notifies the participant that the transfer has been either effected or rejected.

### ALTERNATIVE PROCEDURE

- 7-7-3.4 Alternatively, the participant sends a settlement transfer request to CHESSE requesting that the financial products be transferred from the sponsored holding to their entrepot during the CHESSE settlement process on the specified settlement date.
- 7-7-3.5 CHESSE validates the request and notifies the participant that the transfer has been either scheduled to settle on the specified date or rejected.
- 7-7-3.6 On the specified settlement date, CHESSE effects the transfer as part of the settlement process and notifies the participant accordingly.
- 7-7-3.7 If there are insufficient units to effect the transfer, CHESSE reschedules all or part of the transfer request to the next settlement cycle and notifies the participant accordingly.
- 7-7-3.8 At any time until settlement cut-off on the due settlement date, the participant may send a request to CHESSE to remove the scheduled settlement instruction from the settlement process.

### Message Reference Table

Section	Message Number and Description	Sender	Recipient
7-7-3.2	001 Demand Single Entry CHESSE to CHESSE Transfer Request	Participant	CHESSE
7-7-3.3	002 Effected Demand Single Entry CHESSE to CHESSE Transfer	CHESSE	Participant
7-7-3.3	518 Rejected Transaction	CHESSE	Participant
7-7-3.4	105 Single Entry Settlement CHESSE to CHESSE Transfer Request	Participant	CHESSE
7-7-3.5	106 Scheduled Single Entry Settlement CHESSE to CHESSE Transfer	CHESSE	Participant
7-7-3.5	518 Rejected Transaction	CHESSE	Participant
7-7-3.6	156 Settled Settlement Instruction	CHESSE	Participant
7-7-3.7	124 Rescheduled Settlement Instruction	CHESSE	Participant

Section	Message Number and Description	Sender	Recipient
7.7.3.7	192 Part-Settled Settlement Instruction	CHESS	Participant
7.7.3.8	119 Single Entry Settlement CHESS to CHESS Transfer Cancellation Request	Participant	CHESS
7.7.3.8	116 Cancelled Settlement Instruction	CHESS	Participant

### 7.7.4 Sale by an Issuer Sponsored Client

To ensure the financial products are available for settlement, the timing of the transfer request must allow for the registry's prescribed turnaround time (refer to Appendix 1 of the ASX Settlement Operating Rules).

A registry may reject a transfer request for several reasons, including insufficient units in a holding or a locked holding.

This procedure is uses the transfer procedure detailed in Section 8.3.1.

#### PROCEDURE

7.7.4.1 The participant receives an instruction from a non-participant client to settle a sale transaction from an issuer sponsored holding.

The participant captures the client's securityholder reference number (SRN) to enable the registry to identify the issuer sponsored holding.

Where the transfer documentation is supplied to the participant by a person other than the noted transferor, the participant should obtain authorisation from the transferor before effecting the transfer.

7.7.4.2 The participant sends a transfer request to CHESS identifying the issuer sponsored holding as the transferor, and the participant's entrepot as the transferee holding.

Priority foreign-to-foreign allocations should be marked accordingly (refer to Section 8.1.6) and directed to an entrepot designated as foreign (refer to section 2.1.9).

7.7.4.3 CHESS validates the request and notifies the participant of either a valid or rejected request.

CHESS relays details of the transfer to the registry, seeking authorisation.

7.7.4.4 If the transfer is authorised by the registry, CHESS transfers the financial products to the participant's entrepot on the CHESS subregister and notifies the participant that the transfer has been effected.

The registration details of the issuer sponsored holding are included in the confirmation message to enable the participant to perform standard verification

procedures (compare the registration details reported by CHESSE to the equivalent details on the client's request).

7.7.4.5 If the transfer is rejected by the registry CHESSE notifies the participant.

The participant should use the Registry Reference field carried in the CHESSE message as a cross-reference when communicating externally with the registry.

### Message Reference Table

Section	Message Number and Description	Sender	Recipient
7.7.4.2	015 Issuer Sponsored to CHESSE Transfer Request	Participant	CHESSE
7.7.4.3	016 Accepted Registry to CHESSE Movement Request	CHESSE	Participant
7.7.4.3	518 Rejected Transaction	CHESSE	Participant
7.7.4.4	174 Effected Registry to CHESSE Transfer	CHESSE	Participant
7.7.4.5	076 Rejected Registry to CHESSE Movement	CHESSE	Participant

### 7.7.5 Purchase by a Participant Sponsored Client

Where a participant sponsored client purchases financial products that are to be held on the CHESSE subregister, the participant must effect a transfer out of a holding under their control into the sponsored holding. The participant can effect the transfer demand transfer in the same way as for transfers to issuer sponsored holdings.

The client must be set up as a sponsored client of the participant before the participant can request the transfer.

This procedure uses the transfer procedures detailed in Section 8.2.1 (demand transfer) and 8.4.2 (settlement transfer).

#### PROCEDURE

7.7.5.1 The participant receives an instruction from a sponsored client that purchased financial products are to be held in their CHESSE holding.

7.7.5.2 The participant sends a demand transfer request to CHESSE.

Priority foreign-to-foreign allocations should be marked accordingly (refer to Section 8.1.6).

7.7.5.3 CHESSE validates the transfer request. CHESSE notifies the participant that the transfer has been effected or rejected.



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7.7.5.4 The participant records the acknowledgment and verifies the resulting balances of the sponsored holding and the other holdings.

### ALTERNATIVE PROCEDURE

7.7.5.5 Alternatively, the participant may send a settlement transfer request to CHESSE, to transfer the financial products in a future settlement cycle.

7.7.5.6 CHESSE validates the request and notifies the participant that the transfer has been scheduled or rejected

7.7.5.7 During settlement, if there are insufficient financial products to effect the transfer, CHESSE reschedules all or part of the transfer request to the next settlement cycle and notifies the participant accordingly.

7.7.5.8 At any time until settlement cut-off time on the due settlement date, the participant may send a request to CHESSE to remove the scheduled settlement instruction from the settlement process.

### Message Reference Table

Section	Message Number and Description	Sender	Recipient
7.7.5.2	001 Demand Single Entry CHESSE to CHESSE Transfer Request	Participant	CHESSE
7.7.5.3	002 Effected Demand Single Entry CHESSE to CHESSE Transfer	CHESSE	Participant
7.7.5.3	518 Rejected Transaction	CHESSE	Participant
7.7.5.5	105 Single Entry Settlement CHESSE to CHESSE Transfer Request	Participant	CHESSE
7.7.5.5	106 Scheduled Single Entry Settlement CHESSE to CHESSE Transfer	CHESSE	Participant
7.7.5.5	518 Rejected Transaction	CHESSE	Participant
7.7.5.6	156 Settled Settlement Instruction	CHESSE	Participant
7.7.5.7	124 Rescheduled Settlement Instruction	CHESSE	Participant
7.7.5.7	192 Part-Settled Settlement Instruction	CHESSE	Participant
7.7.5.8	119 Single Entry Settlement CHESSE to CHESSE Transfer Cancellation Request	Participant	CHESSE
7.7.5.8	116 Cancelled Settlement Instruction	CHESSE	Participant
7.7.5.8	518 Rejected Transaction	CHESSE	Participant

### 7.7.6 Purchase by an Issuer Sponsored Client

Where a client purchases financial products that are to be held on the issuer sponsored subregister, the participant must effect a transfer out of a holding under the participant's control into the transferees name. The transfer can only be effected by demand processing.

Where the client is an existing holder on the issuer sponsored subregister, the participant should provides the securityholder reference number (SRN) in addition to the holder's registration details. Participants can also lodge tax file numbers and Australian business numbers (refer to Section 5.6.2).

The issuer will check if the holder has an existing holding and updates the units accordingly. If the details do not match an existing holding, the issuer will open a new holding and issue a new securityholder reference number.

This procedure uses the transfer procedure detailed in Section 8.3.2.

#### PROCEDURE

7.7.6.1 The participant receives an instruction from a non-participant client that the financial products purchased are to be held in the issuer sponsored subregister.

The participant captures the client's securityholder reference number (SRN) to enable the registry to identify the issuer sponsored holding.

7.7.6.2 The participant sends a demand transfer request to CHES.

Priority foreign-to-foreign allocations should be marked accordingly (refer to Section 8.1.6).

7.7.6.3 CHES validates the request and notifies the participant that the request is either effected or rejected.

7.7.6.4 The participant records the acknowledgment and verifies the resulting balance of the entrepot holding.

#### Message Reference Table

Section	Message Number and Description	Sender	Recipient
7.7.6.2	007 Demand CHES to Issuer Sponsored Transfer Request	Participant	CHES
7.7.6.3	008 Effected CHES to Registry Movement	CHES	Participant
7.7.6.3	518 Rejected Transaction	CHES	Participant