

SECTION 12. CORPORATE ACTIONS.....	12-1
12.1 Bonus Issue	12-1
12.2 Calls	12-5
12.2.1 Limited Liability Companies	12-5
12.2.2 No-Liability Companies	12-8
12.2.3 Forfeiture	12-10
12.2.4 Archiving	12-10
12.2.5 Distribution or Claim Following Forfeiture	12-11
12.3 Capital Reconstruction	12-12
12.4 Capital Repayment	12-15
12.5 Change in a Financial Product’s Ranking.....	12-16
12.6 Company Announcements.....	12-17
12.6.1 Late Company Notice of a Corporate Action.....	12-17
12.7 Delisting / Liquidation.....	12-18
12.8 Distribution in Specie	12-20
12.9 Dividend, Interest and Trust Distribution Payments.....	12-23
12.10 Entitlement (Non Renounceable) Issue	12-26
12.11 Equal Access Buy Back.....	12-30
12.12 Maturity and Redemption.....	12-32
12.12.1 Maturity.....	12-32
12.12.2 Voluntary Redemption	12-34
12.13 Note Conversions and Option Exercises	12-36
12.13.1 Periodic Option Exercise or Note Conversions	12-37
12.13.2 Option Exercise or Note Conversions Prior to Final Expiry.....	12-38
12.13.3 Options or Convertible Note Ad Hoc Exercise	12-39
12.13.4 Lapse on Expiry	12-40
12.14 Placement	12-41
12.14.1 Non-DvP Placement of Securities	12-41
12.14.2 DvP Settlement of Placements	12-43
12.14.2.1 Process Overview	12-44
12.14.2.2 Registry Allotment to Issuer’s Agent.....	12-45
12.14.2.3 Placement.....	12-45
12.14.2.4 Conversion of Allocation Interests.....	12-46
12.15 Priority Issue.....	12-48
12.16 Proxy Voting	12-49
12.17 Re-Investment and Share Election Schemes.....	12-50
12.18 Rights (Renounceable) Issue	12-52
12.19 Scheme of Arrangement	12-61

ASX SETTLEMENT PROCEDURE GUIDELINES

12.20	Security Code Change	12-62
12.20.1	Preliminary Steps	12-62
12.20.2	The Night Of The Code Change	12-62
12.20.3	The Morning After The Code Change.....	12-63
12.20.4	Merger of Financial Product Classes	12-64
12.20.5	Change in Company ISIN Code.....	12-64
12.21	Security Split	12-65
12.22	Top Up Offer	12-66
12.23	Non Pro Rata Balance	12-68



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www.asxonline.com > Participants > Library > Manuals

Context of this Document

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

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

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

ASX SETTLEMENT PROCEDURE GUIDELINES

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
1.4	Dec 2008	Reference to SEATS updated to ITS.
1.7	Dec 2010	Updates to include name changes within ASX Group and ASX Operating Rule books.
2.2	May 2013	Procedures updated to include Cash Market Margining in sections 12.20.2.3, 12.20.4.4 & 12.20.5.1

ASX SETTLEMENT PROCEDURE GUIDELINES

Version	Date	Description of changes
2.5	Apr 2014	References and procedures updated to reflect the reduction of the ex period from 5 to 3 business days. ASX Rule book terminology amendments. Replace the words 'despatch' and 'allot' with 'issue'.
3.1	Jan 2016	ASXOnline document merge.
3.2	Mar 2016	T+2 implementation and change in references from C&S Operations to Post Trade Operations
3.7	Dec 2021	Replaced reference to mails, despatching & sending with issues/issuing (refer to 12.1.11, 12.9.6, 12.9.9, 12.10.7, 12.10.13, 12.13.1.5, 12.13.1.7, 12.14.1.6, 12.14.1.8, 12.18.25) Replaced reference to ASX Settlement Bulletin with ASX Market Notice (refer to 12.20.5) Removed reference to SRAA website and form/s (refer to 12.18, 12.18.19) Added reference to new sample CHESS holding statement D1 and D2 (mFund) (refer to 12.1.11, 12.9.9, 12.10.13, 12.13.1.7, 12.14.1.8, 12.18.25)

SECTION 12. CORPORATE ACTIONS

12.1 BONUS ISSUE

A bonus issue is an issue of securities on a free-of-payment basis to existing holders of a security (termed the “parent security”). Securities are issued on a pro rata basis, in accordance with the registered holdings of the parent security as at the specified record date.

The newly issued securities may rank equally with the parent security, or may be a separate security.

The new securities are issued on the same subregister (CHESS or issuer sponsored) as the parent holding.

CHESS triggers the processing events for a bonus issue upon receipt of the relevant signals from ASX Market Data.

PROCEDURE

- 12.1.1 Issuer announces the terms of the bonus issue. Relevant details include:
- Ex date;
 - Record date;
 - Issue date;
 - Terms of issue.
- 12.1.2 The bonus financial products begin trading on a deferred settlement basis from the ex date. The ASX calculates the first allowable settlement date for the deferred settlement securities to be the issue date plus three business days.
- 12.1.3 At start of day on the ex date for the bonus issue, CHESS establishes a notional cum entitlement balance for each holding in the parent security on the CHESS subregister. When established, this balance is equal to the holding balance.
- 12.1.4 During the ex period, CHESS maintains both the holding balance and the separate cum entitlement balance for each holding of the parent security. This facilitates the designation of transactions during the period between the ex date and the record date as being either cum or ex the entitlement. Default designations apply (refer to section 11.1.2), but participants can override these when they submit the transactions to CHESS.
- CHESS rejects transactions with a designated override basis of movement if the settlement date is outside the ex period.
- 12.1.5 After the record date, CHESS reports the cum entitlement balances of holdings in the parent security on the CHESS subregister to the issuer’s registry.

At any time during the ex period and up until the end of the corporate action event, participants can request cum entitlement balance information from CHES. This may be useful for the participant's reconciliations.

- 12.1.6 After the close of business on record date, CHES adjusts all outstanding cum settlement transactions. Accrual obligations are generated for the bonus securities. CHES spreads the settlement amount of the original parent transaction according to the ASX standard formula across the parent and the accrual obligations.

CHES notifies participants of the adjusted and accrued transactions (refer to section 14).

- 12.1.7 On the basis of the cum entitlement balances provided by CHES, the issuer determines the number of securities to be distributed to each holder.

- 12.1.8 The registry issues the financial products on the same subregister as the parent holding. For CHES subregister holdings the issue of financial products is transmitted to CHES using the same holding as the parent holding. These may be transmitted progressively or as one issue on or before the issue date.

Once financial products are recorded in CHES, they are available to the holders. issuers should not disadvantage issuer sponsored holders by updating CHES holders prior to issuing statements.

CHES validates the registry messages, updates the CHES subregister holdings, notifies the controlling participants and confirms completion to the registry.

If a registry message is invalid or contains a HIN, which is not established in CHES, it will be rejected to the registry.

- 12.1.9 CHES updates or creates holdings based on the issue of securities and notifies participants. Holdings in the issued securities are established on CHES using the same HINs as for the holder's parent holdings.

- 12.1.10 If the update creates a new holding of financial products, CHES returns the holder's name and address to the registry. The registry checks the name and address details sent by CHES to ensure the Financial Products have been issued to the correct holder. It is unlikely a difference will occur with a bonus. If it does occur, the registry must either amend the name and address details in their records or retrieve the financial products via a further CHES message and update the correct CHES holding.

- 12.1.11 The registry issues statements to issuer sponsored holders. ASX Settlement (ASXS) issues statements to holders on the CHES subregister shortly after end of month. (refer to Sample D, D₁ and D₂.)

- 12.1.12 After receiving details of the issue of securities, the participant should reconcile the securities issued against the securities expected.

- 12.1.13 Participants should attempt to clear their entrepot accounts of cum balance securities by the end of record date.

Issuers have an obligation to enter bonus securities into a CHESSE subregister on or before the issue date announced to the ASX. Demand activity (e.g. transfers) in the securities may take place on the CHESSE subregister from the time that they are issued.

- 12.1.14 The ASX calculates the first allowable settlement date for the deferred settlement securities to be the issue date plus three business days. CHESSE rejects settlement transactions with an earlier settlement date.

To arrange settlement (outside CHESSE) prior to the first allowable settlement date, participants should:

- (a) Cancel the settlement instruction by agreement between the parties (refer to section 10);
- (b) Deliver the securities with a demand transfer (refer to section 8); and
- (c) Pay any consideration outside CHESSE.

Note: Cancellations can only be made prior to netting on the evening of T+1.

- 12.1.15 If a code change is necessary on issue date + 1, CHESSE changes the security code for transactions in the bonus securities and notifies participants of the amended outstanding transactions. Participants should check that all relevant transactions have been adjusted.

- 12.1.16 If the issue date for the new securities is moved to a later date, CHESSE amends the settlement date and notifies participants of the rescheduled transactions. Participants amend the settlement date of the deferred settlement transactions in their records and check that all relevant transactions have been adjusted.

ASX SETTLEMENT PROCEDURE GUIDELINES

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.1.5	503 Reporting Request	Registry	CHESS
12.1.5	520 Cum Entitlement Balance	CHESS	Registry
12.1.5	518 Rejected Transaction	CHESS	Registry
12.1.6	520 Cum Entitlement Balance	CHESS	Participant
12.1.6	128 Adjusted Settlement Instruction	CHESS	Participant
12.1.6	142 Accrued Settlement Instruction	CHESS	Participant
12.1.8	425 Holding Adjustment (BON)	Registry	CHESS
12.1.8	422 Applied Registry Transaction	CHESS	Registry
12.1.8	518 Rejected Transaction	CHESS	Registry
12.1.9	022 Effected Holding Adjustment (BON)	CHESS	Participant
12.1.10	512 Holding Registration Details	CHESS	Registry
12.1.10	425 Holding Adjustment (REV)	Registry	CHESS
12.1.13	518 Rejected Transaction	CHESS	Participant
12.1.15	128 Adjusted Settlement Instruction	CHESS	Participant
12.1.16	124 Rescheduled Settlement Instruction	CHESS	Participant

12.2 CALLS

A call is a payment of unpaid capital on partly paid securities.

Holders of partly paid securities in a limited liability company have a legal obligation to meet a call payment.

The holder makes a call payment directly to the registry. CHESS does not facilitate the payment process.

There is no ex period for a call.

The last day for ASX trading in the partly paid securities is set at a number of business days (initially 9) before the call payable date.

ASX trading in the call paid securities commences on the following business day, (i.e. initially 8 days prior to the call payable date).

Following payment date for the call, CHESS transforms the securities to an existing security code if they rank equally or to a new security code if they rank differently.

CHESS automatically applies diary adjustments to any outstanding settlement transactions in partly paid securities after the call due date (refer to section 14).

12.2.1 Limited Liability Companies

The timetable for a call on a limited liability company can be summarised as follows:

Date	Description
CALL - 30 business days	Send first call notice – compulsory
CALL - 9 business days	Last day of trading partly paid shares
CALL - 8 business days	First day of trading call paid shares (deferred delivery)
CALL - 7 business days	Last day for routine T+2 settlement partly paid shares
CALL - 5 business days	Last day for registration partly paid shares (record date)*
CALL - 4 business days	Last day for company to send call notices
CALL - 0 business days	Call due date (last day for payment of call)

PROCEDURE

12.2.1.1 The issuer announces a call on partly paid securities and informs the ASX. CHESS receives announcement details from the ASX and records the critical dates.

12.2.1.2 The registry requests balances of holdings of partly paid financial products from the CHESS subregister. These are transmitted to the registry to facilitate calculation of

the call amount for each holding, and preparation of first call notices for CHESSE holders.

- 12.2.1.3 The registry sends the first call notices to all existing holders at least 30 business days but not more than 40 business days before the call payable date. The call notices sent by the issuer must advise holders of the last day of trading partly paid securities, the call payable date and other statutory information. Call notices to CHESSE subregister holders must include the HIN.
- 12.2.1.4 The registry sends supplementary notices (“second notice”) to new holders and holders whose partly paid holdings have changed between this date and the fifth business day prior to, and inclusive of, the call-payable date. To facilitate this, the registry requests further holding balance transmissions from CHESSE.
- 12.2.1.5 From the date of issue of the first call notice, participants purchasing partly paid securities may advise buying clients on the buy tax invoice or by an attachment to the tax invoice of the following information:
- the last day of trading for the partly paid securities;
 - the amount of the call; and
 - the call payable date.
- 12.2.1.6 Participants record details of call payments to be made based on instructions received from the holders. Payment is made to the registry as directed by the issuer.
- 12.2.1.7 For holdings on the CHESSE subregister, the registry performs the transformations to convert the partly paid holdings to call paid. This is done on the basis of call payments received by the registry.
- 12.2.1.8 CHESSE updates holding records, giving effect to transformations on the subregister. If the newly transformed securities rank equally with existing securities, the existing security code is used. Otherwise, the securities are moved to a new security code. If there are insufficient securities in a partly paid holding to cover the transformation notified by the registry, CHESSE rejects the transaction.
- 12.2.1.9 If the update creates a new holding in the security, CHESSE returns the holder’s name and address to the registry. The registry checks the name and address details sent by CHESSE to ensure the securities have been issued to the correct holder. It is unlikely a difference will occur with a call payment. If it does occur, the registry must either amend the name and address details in their records or reverse the transformation via a further CHESSE message and update the correct CHESSE holding.
- 12.2.1.10 CHESSE notifies participants of transformation details. Participants record the application of the call payment and adjust holdings under their control accordingly.
- 12.2.1.11 Trading in the partly paid securities ceases on the ninth business day prior to the call payable date.
- 12.2.1.12 ASX trading in the call paid securities begins on the eighth business day prior to the call payable date, usually on a deferred settlement basis. CHESSE rejects settlement transactions scheduled before the first allowable settlement date.

ASX SETTLEMENT PROCEDURE GUIDELINES

- 12.2.1.13 Last day for routine T+2 settlement of the partly paid securities is on the seventh business day prior to the call payable date. The subregister for the securities is closed to participant transactions at the close of business on the second business day after the last settlement day, but remains open for participant reporting requests until it is archived.
- 12.2.1.14 The registry is required to send supplementary call notices on or before the fourth business day prior to the call payable date.
- 12.2.1.15 Participants may apply demand transactions to the CHESSE subregister for two more business days. At the end of the 5th business day before the call payable date CHESSE closes the partly paid subregister to participant activity. Registries may continue to apply transactions (e.g. call paid transformations).
- 12.2.1.16 The fourth business day before the call payable date is the last day in which the registry can send supplementary call notices.
- 12.2.1.17 At anytime after the issue of the first call notice until closure of the CHESSE subregister for the partly paid security, participants may request a report of holdings for which the call is still outstanding.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.2.1.2	503 Reporting Request	Registry	CHESSE
12.2.1.2	522 Holding Balance	CHESSE	Registry
12.2.1.2	518 Rejected Transaction	CHESSE	Registry
12.2.1.4	503 Reporting Request	Registry	CHESSE
12.2.1.4	522 Holding Balance	CHESSE	Registry
12.2.1.4	518 Rejected Transaction	CHESSE	Registry
12.2.1.8	421 Securities Transformation (CAL)	Registry	CHESSE
12.2.1.8	422 Applied Registry Transaction	CHESSE	Registry
12.2.1.8	518 Rejected Transaction	CHESSE	Registry
12.2.1.9	512 Holding Registration Details	CHESSE	Registry
12.2.1.9	421 Securities Transformation (REV)	Registry	CHESSE
12.2.1.9	422 Applied Registry Transaction	CHESSE	Registry
12.2.1.10	018 Effected Holding Transformation (CAL)	CHESSE	Participant
12.2.1.12	518 Rejected Transaction	CHESSE	Participant
12.2.1.13	503 Reporting Request	CHESSE	Participant
12.2.1.13	522 Holding Balance	Participant	CHESSE

Section	Message Number and Description	Sender	Recipient
12.2.1.13	518 Rejected Transaction	CHESS	Participant

12.2.2 No-Liability Companies

The timetable for a call on a no-liability company can be summarised as follows:

Date	Description
CALL - 10 business days	Send first call notice - compulsory.
CALL - 10 business days	Last day for advise of extension of call date if required
CALL - 0 business days	Call due date and payable (In the case of partly paid securities converting to fully paid, the market in partly paid securities ceases)
CALL+4 business days	Record date

PROCEDURE

- 12.2.2.1 The issuer announces a call on partly paid securities and informs the ASX. CHESS receives announcement details from the ASX and records the critical dates.
- 12.2.2.2 At least 10 business days but not more than 20 business days prior to the call payable date, the issuer sends the first call notice to all existing holders. The registry receives holding balances of CHESS holdings of partly paid securities from CHESS. These are used in the calculation of the call amount for each holding and in preparation of first call notices for CHESS holders. The call notice sent by the issuer must advise the holder of the last day of trading for the partly paid securities and other statutory information. Call notices to CHESS holders should include their HIN.
- 12.2.2.3 From the date of issue of the first call notice, participants purchasing partly paid securities may advise buying clients on the buy tax invoice or by an attachment to the tax invoice of the following information:
- the last day of trading for the partly paid securities;
 - the amount of the call; and
 - the call payable date.
- 12.2.2.4 Participants record details of call payments to be made based on instructions received from the holders. Payment is made to the registry as directed by the issuer.
- 12.2.2.5 For holdings on the CHESS subregister, the registry performs the transforms to convert the partly paid holdings to call paid. This is done on the basis of call payments received by the registry.
- 12.2.2.6 CHESS updates holding records, giving effect to transformations on the subregister. If the newly transformed securities rank equally with existing securities, the existing

ASX SETTLEMENT PROCEDURE GUIDELINES

security code is used. Otherwise, the securities are moved to a new security code. If there are insufficient securities in a partly paid holding to cover the transformation notified by the registry, CHESS rejects the transaction.

- 12.2.2.7 CHESS validates the registry messages and updates the CHESS holdings. CHESS notifies participants of transformation details. Participants record the application of the call payment and adjust holdings under their control accordingly.

If a registry message is invalid or there are insufficient units in the partly paid holding, it will be rejected to the registry.

- 12.2.2.8 If the update creates a new holding, CHESS returns the holder's name and address to the registry. The registry checks the name and address details sent by CHESS to ensure the securities have been issued to the correct holder. If a difference does occur, the registry must reverse the payment and update the correct CHESS holding via a further CHESS message.

- 12.2.2.9 On the night of record date, CHESS closes the subregister and suspends any settlement instructions targeting the subregister. Registries may continue to apply call payment transactions.

- 12.2.2.10 If participants have agreed that settlement will be affected by a transfer of the securities that result from the call, both participants must submit matching change settlement instructions to reflect the number and class of the securities to be transferred.

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

- 12.2.2.11 If the suspended settlement instructions are not changed within 10 business days, CHESS housekeeping cancels the transactions and notifies both participants.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.2.1.2	503 Reporting Request	Registry	CHESS
12.2.1.2	522 Holding Balance	CHESS	Registry
12.2.1.2	518 Rejected Transaction	CHESS	Registry
12.2.1.5	421 Securities Transformation (CAL)	Registry	CHESS
12.2.1.5	422 Applied Registry Transaction	CHESS	Registry
12.2.1.6	518 Rejected Transaction	CHESS	Registry
12.2.1.7	018 Effected Holding Transformation (CAL)	CHESS	Participant
12.2.1.9	421 Securities Transformation (REV)	Registry	CHESS
12.2.2.9	162 Suspended Settlement Instruction	CHESS	Participant

Section	Message Number and Description	Sender	Recipient
12.2.2.10	121 Change Settlement Instruction Request	Participant	CHESS
12.2.2.11	116 Cancelled Settlement Instruction	CHESS	Participant

12.2.3 Forfeiture

This procedure covers forfeiture.

PROCEDURE

- 12.2.3.1 CHESS closes the subregister shortly after call payable date.
- 12.2.3.2 Holdings that contain non-paid securities are forfeited. The registry reduces the balance of these holdings and sends the details to CHESS.
- 12.2.3.3 CHESS validates the registry messages and if a registry message is invalid, or there are insufficient units in the partly paid holding, it will be rejected to the registry. Otherwise CHESS applies the forfeiture and notifies participants of the adjustment and confirms completion to the registry.
- 12.2.3.4 Participants check that the call has not been paid and process the forfeiture.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.2.1.2	425 Holding Adjustment (FOR)	Registry	CHESS
12.2.1.3	422 Applied Registry Transaction	CHESS	Registry
12.2.1.3	518 Rejected Transaction	CHESS	Registry
12.2.3.3	022 Effected Holding Adjustment (FOR)	CHESS	Participant

12.2.4 Archiving

PROCEDURE

- 12.2.4.1 Generally, CHESS archives the partly paid subregister 20 business days after it has been closed and the class of Financial Products ceases to be listed. If CHESS archives the subregister, advice is provided.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.2.4.1	528 Archived Subregister	CHESS	Registry

12.2.5 Distribution or Claim Following Forfeiture

On some occasions, the issuer sells forfeited securities and distributes the net proceeds to the holders. Sale of forfeited securities issued by a limited liability company may result in a shortfall that may be claimed by the company from the holder.

Such distributions and claims are made directly by the registry to the holder without involving CHESS.

12.3 CAPITAL RECONSTRUCTION

A capital reconstruction is an alteration of the capital structure of a company where existing securities are cancelled and replacement securities issued. This process may include a repayment of capital to holders.

New securities are issued in accordance with the registered holdings as at the close of business on the record date.

New securities are generally issued on the same subregister (CHESS or issuer sponsored) as the existing holding.

CHESS does not facilitate the distribution of funds for any repayment of capital.

There is no ex trading period for a reconstruction. Pre-reconstructed securities continue to be processed by registries until the close of business on record date.

CHESS triggers the processing events for a reconstruction upon receipt the relevant signals from ASX Market Data.

Following the effective date, the post-reconstruction securities trade on a deferred settlement basis. The ASX calculates the first allowable settlement date for the deferred settlement securities to be the issue date plus four business days.

PROCEDURE

- 12.3.1 On the record date, CHESS ceases to process transactions for the existing securities. CHESS either suspends the subregister if the code is to be re-used after the reconstruction or closes the subregister if the old code is to be discontinued (refer to Section 11.4 and Section 11.5).
- 12.3.2 On record date, the participant should internally apply the reconstruction formula. There is no trigger from CHESS for this process.
- 12.3.3 On record date, CHESS establishes any new codes required and applies the reconstruction adjustment formula to any unsettled transactions. This includes amending the security code and the number of securities if necessary, and rescheduling the settlement date to the new post-reconstruction settlement date calculated by CHESS.
- 12.3.4 After record date, the registry requests balances of holdings from the CHESS subregister. These are transmitted to the registry to facilitate calculation of the reconstructed holdings.
- 12.3.5 CHESS notifies participants of the amended transactions. The participant checks the calculation and confirms all unsettled transactions have been amended.
- 12.3.6 If the issue date is moved to a later date, CHESS amends settlement dates and notifies participants.

- 12.3.7 On or before the issue date, the registry adjusts the reconstructed securities. The registry transmits details of adjustments on the CHESSE subregister to CHESSE using adjustments or transformations for reconstruction of the same code or transformations for reconstruction to a new code.

It is important that the reconstruction is achieved through the processing of one message per holding for the following reasons:

- any subpositions (for takeover acceptances or collateral) that are associated with the holding are also reconstructed in the same proportion as the CHESSE holding at the time that the transaction is processed. If the reconstruction is processed using two transactions, the subpositions are not maintained.
- the separation of the reconstruction into two transactions (i.e. a reduction to zero and an increase to the reconstructed balance) can lead to operational problems.

If registries reduce the holdings to zero prior to reconstruction, the Holding Transformation (message 421) should be used with the same Reducing and Increasing Security Codes when reconstructing to the same security code. This will maintain the integrity of the CHESSE holdings and their associated subposition balances.

- 12.3.8 CHESSE validates the registry messages, updates the CHESSE holdings, notifies the controlling participants and confirms completion to the registry. If takeover acceptances or collateral exists over the reconstructed securities, ASXS will notify sponsored holders via Samples P and K, respectively. If a registry message is invalid, or there are insufficient units in the holding, it will be rejected to the registry.
- 12.3.9 If the update creates a new holding in the securities, CHESSE returns the holder's name and address to the registry. The registry checks the name and address details sent by CHESSE to ensure the securities have been issued to the correct holder. It is unlikely a difference will occur with a reconstruction. If it does occur, the registry must either amend the name and address details in their records or reverse the transaction via a further CHESSE message and update the correct CHESSE holding.
- 12.3.10 CHESSE updates or creates holdings based on the issue of securities and notifies participants of movements to holdings under their control.
- 12.3.11 The participant reconciles the issue of securities against those expected and internally processes the reconstruction to completion.
- 12.3.12 The registry forwards any capital repayment to the participant. The participant verifies the amount received and distributes the funds to the relevant holders internally.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.3.4	503 Report Request	Registry	CHESS
12.3.4	522 Holding Balance	CHESS	Registry
12.3.4	518 Rejected Transaction	CHESS	Registry
12.3.5	128 Adjusted Settlement Instruction	CHESS	Participant
12.3.6	124 Rescheduled Settlement Instruction	CHESS	Participant
12.3.7	421 Securities Transformation (REC)	Registry	CHESS
12.3.7	425 Holding Adjustment (REC)	Registry	CHESS
12.3.8	422 Applied Registry Transaction	CHESS	Registry
12.3.8	518 Rejected Transaction	CHESS	Registry
12.3.9	512 Holding Registration Details	CHESS	Registry
12.3.9	421 Securities Transformation (REV)	Registry	CHESS
12.3.9	425 Holding Adjustment (REV)	Registry	CHESS
12.3.10	022 Effected Holding Adjustment (REC)	Participant	CHESS
12.3.10	018 Effected Securities Transformation (REC)	CHESS	Participant

12.4 CAPITAL REPAYMENT

A capital repayment is the payment of a portion or all of the capital of company to the holders on a specified date.

CHESS does not facilitate distribution of the funds.

Where a capital repayment is combined with a capital reconstruction, the corporate actions are treated separately.

If the capital repayment is a final payment because the securities cease to exist as a result of this payment, the action is treated as a redemption with no ex-period (refer to Section 12.12).

If the capital repayment is an interim payment, this action is treated in the same way as a dividend.

12.5 CHANGE IN A FINANCIAL PRODUCT'S RANKING

A change in a financial product's ranking should be handled as a security code change (refer to Section 12.21).

12.6 COMPANY ANNOUNCEMENTS

ASX records company announcement details on the Australian Securities Management (ASM) system.

For approved financial products, CHESS routinely receives notification of relevant details of company announcements for corporate actions from ASM. Records passed from the ASX system trigger corporate action processing events in CHESS. In exceptional circumstances, details of a corporate action may be entered directly into CHESS.

CHESS provides no company announcement service to registries.

12.6.1 Late Company Notice of a Corporate Action

There have been instances where an Issuer has failed to advise the ASX of a corporate action until after the record date has passed. The result of this is that “Cum” entitlement balances are not created for the financial products involved and automatic corporate action processing cannot be performed by CHESS. Participants are also restricted to “Cum” transfers and not offered the opportunity of supplying an override.

To determine the entitlements to be provided to security holders, the registry should use holding balances generated as at the Record Date as the balances to base their calculations on. Any diary adjustments must be manually performed by participants.

PROCEDURE

- 12.6.1.1 Once the error has been detected, the registry requests a Holding Balance report from CHESS, as at the Record Date for the corporate action.
- 12.6.1.2 CHESS generates the Holding Balance Report as part of its standard end of day processing. In the event that the balances have been archived before the error is known, the balances must be retrieved using a “Demand Reporting Request from Archival Storage” (Appendix V1).

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.6.1.1	503 Reporting Request	Registry	CHESS
12.6.1.2	522 Holding Balance	CHESS	Registry

12.7 DELISTING / LIQUIDATION

Delisting is the removal of an issuer from the ASX official list. Liquidation is the official winding up of a company.

Prior to delisting, ASX will have suspended quotation of the issuer's securities. Settlement of outstanding transactions and registration of transfers continues through CHESS after the securities have been suspended from quotation.

In some cases, the issuer may continue as an unlisted company where the register is maintained in issuer sponsored form. However, no CHESS subregister is maintained for the unlisted security.

When an issuer is to be wound up, preferably the registry will continue to function for a short period to allow settlement and registration of any outstanding transactions and the archiving of the CHESS subregister. However, the registry may cease processing prior to completion of all transactions and some securities required for settlement may be held in issuer-sponsored form. In such cases, participants must negotiate external delivery of the securities to complete settlement. CHESS continues to operate the subregister until all outstanding transactions have been either settled or cancelled. The CHESS subregister will then be closed in consultation with the liquidator.

After the issuer is delisted, Post Trade Operations advise the issuer that CHESS approval for their securities is to be revoked after 5 business days. Post Trade Operations also advise all participants of the revocation of the CHESS approval. After 5 business days, all CHESS holdings in the issuer's securities are converted to an issuer controlled subregister.

PROCEDURE

- 12.7.1 Post Trade Operations determines that an issuer has been delisted.
- 12.7.2 Post Trade Operations advises the issuer and participants that CHESS approval of the issuer's securities is to be revoked after 5 business days, or as otherwise determined by ASXS.
- 12.7.3 After 5 business days, Post Trade Operations may convert all CHESS holdings in the issuer's securities to an issuer controlled subregister and close the CHESS subregister.
- 12.7.4 Any subpositions held against these holdings are reduced to zero.
- 12.7.5 Any outstanding settlement instructions are suspended once the subregister is closed.
- 12.7.6 If the suspended settlement instructions are not changed within 10 business days, CHESS housekeeping cancels the transactions and notifies both participants.

ASX SETTLEMENT PROCEDURE GUIDELINES

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.7.3	416 CHES to Issuer Sponsored Conversion	CHES	Registry
12.7.3	008 Effected CHES to Registry Movement (F)	CHES	Participant
12.7.4	082 Adjusted Subposition (CSC)	CHES	Participant
12.7.5	162 Suspended Settlement Instruction	CHES	Participant
12.7.6	116 Cancelled Settlement Instruction	CHES	Participant

12.8 DISTRIBUTION IN SPECIE

Distribution in specie is a distribution of securities by an issuer, generally in lieu of a cash payment (i.e. Dividend). This may involve the distribution of securities in the distributing company or another company.

The majority of in-specie distributions are to unlisted entities.

CHESSTreats this corporate action as if it were a bonus issue and therefore the basis of movement is cum or ex bonus.

CHESST does not facilitate the distribution of non- approved securities, other than providing details of holdings in the entitled security to the registry.

PROCEDURE

12.8.1 At start of day one on the ex date for the distribution, CHESST establishes a notional cum entitlement balance for each holding in the parent securities on the CHESST subregister. When established this balance is equal to the holding balance.

12.8.2 During the ex period, CHESST maintains both the holding balance and the separate cum entitlement balance for each holding of the parent security. This facilitates the designation of transactions during the period between the ex date and the record date as being either cum or ex the entitlement. Default designations apply (refer to Section 11.1.2), but the participant can override these when they submit the transactions to CHESST.

CHESST does not accept cum designated transactions from participants if the settlement date is outside the ex period.

12.8.3 On or shortly after the record date, CHESST reports the cum entitlement balances of holdings in the parent security on the CHESST subregister to the issuer's registry.

At any time during the ex period and up until the end of the corporate action event, participants can request cum entitlement balance information from CHESST. This may be useful for the participant's reconciliations.

12.8.4 After the close of business on record date, CHESST adjusts outstanding cum settlement transactions. Accrual obligations are generated for the new securities. CHESST spreads the settlement amount of the original parent transaction according to the ASX standard formula across the parent and the accrual obligations.

The volume of these adjustments should be minimal. CHESST notifies the participants of the adjusted and accrued transactions.

12.8.5 On the basis of the cum entitlement balances provided by CHESST, the issuer determines the number of securities to be distributed to each holder.

12.8.6 On or before the issue date, the issuer enters the new securities into the CHESST subregister.

ASX SETTLEMENT PROCEDURE GUIDELINES

- 12.8.7 CHESSE updates or creates holdings based on the issue of securities and notifies participants. Holdings in the issued securities are established on CHESSE using the same HIN as the holder's parent holdings.
- 12.8.8 The participant reconciles securities issued against those expected and processes the issue to completion.
- 12.8.9 Prior to issue, the new securities may trade on a deferred settlement basis.
- Issuers have an obligation to enter bonus securities into the CHESSE subregister on or before the issue date announced to the ASX. Demand activity (e.g. transfers) in the securities takes place on the subregister from the time that they are allotted on CHESSE.
- 12.8.10 The ASX calculates the first allowable settlement date for the deferred settlement securities to be the issue date plus three business days. CHESSE rejects settlement instructions with an earlier settlement date.
- To arrange settlement (outside CHESSE) prior to the first allowable settlement date, participants should:
- (a) Cancel the settlement instruction by agreement between the parties (refer to Section 10);
 - (b) Deliver the securities with a demand transfer (refer to Section 8); and
 - (c) Pay any consideration outside CHESSE.
- 12.8.11 If a code change is necessary on issue date + 1, CHESSE changes the security code for transactions in the bonus securities and notifies participants of the amended outstanding transactions. Participants should check that all relevant transactions have been adjusted.
- 12.8.12 If the issue date is moved to a later date, CHESSE amends the settlement dates and notifies the participants.
- 12.8.13 The issuer forwards advice of any franking credit directly to the participant.
- 12.8.14 The participant checks the franking credit is as expected and internally allocates the credit to the relevant holders.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.8.3	503 Reporting Request	Participant	CHESSE
12.8.3	520 Cum Entitlement Balance	CHESSE	Participant
12.8.4	128 Adjusted Settlement Instruction	CHESSE	Participant
12.8.4	142 Accrued Settlement Instruction	CHESSE	Participant
12.8.7	022 Effected Holding Adjustment (DIS)	CHESSE	Participant

ASX SETTLEMENT PROCEDURE GUIDELINES

Section	Message Number and Description	Sender	Recipient
12.8.9	518 Rejected Transaction	CHESS	Participant
12.8.10	124 Rescheduled Settlement Instruction	CHESS	Participant
12.8.11	128 Adjusted Settlement Instruction	CHESS	Participant
12.8.12	124 Rescheduled Settlement Instruction	CHESS	Participant

12.9 DIVIDEND, INTEREST AND TRUST DISTRIBUTION PAYMENTS

Dividend, interest and trust distribution payments are made directly from issuers to the registered holders as at the record date for the payment. The role of CHESS is limited to reporting the cum balances for holdings on the CHESS subregister to the issuer.

CHESS does not facilitate the notification of the dividend elections from participants to issuers.

CHESS does not facilitate the lodgement of instructions to credit payments directly to a nominated bank account.

The tax file number (TFN) and Australian business number (ABN) notification facility is described in Section 5.6.

PROCEDURE

- 12.9.1 The issuer announces details of the corporate action to ASX.
- 12.9.2 At start of day on the ex date for the payment, CHESS establishes a notional cum entitlement balance for each holding in the parent securities on the CHESS subregister. When established, this balance is equal to the holding balance. The registry establishes similar positions for holdings on the issuer sponsored subregister. When established, these balances are equal to the holding balance.
- 12.9.3 During the ex period, CHESS maintains both the holding balance and the separate cum entitlement balance for each holding of the parent security. This facilitates the designation of transactions during the period between the ex date and the record date as being either cum or ex the entitlement. Default designations apply (refer to Section 11.1.2), but participants can override these when they submit the transactions to CHESS.
- CHESS rejects transactions with a designated override basis of movement and a settlement date outside the ex period.
- 12.9.4 On or shortly after the record date, CHESS reports the cum entitlement balances of holdings in the parent security on the CHESS subregister to the issuer's registry.
- At any time during the ex period and up until the end of the corporate action event, participants can request cum entitlement balance information from CHESS. This may be useful for the participant's reconciliations.
- 12.9.5 The registry calculates the dividend, interest or trust distribution payment.
- 12.9.6 Where a reinvestment or similar plan applies, the registry calculates the number of financial products to be issued. The registry issues the financial products on the same subregister as the parent holding. For CHESS holdings the issue of securities is transmitted to CHESS using the same holding as the parent holding. The registry must transmit the details to CHESS no more than 10 business days after (but not

including) the payment date, for a reinvestment plan, and no more than 10 business days after (but not including) the record date for a bonus financial product plan.

Once financial products are recorded in CHESS, they are available to the holders. Issuers should not disadvantage issuer sponsored holders by updating CHESS holders prior to issuing statements.

CHESS validates the registry messages, updates the CHESS holdings, notifies the controlling participants and confirms completion to the registry.

If a registry message is invalid or contains a HIN, which is not established in CHESS, it will be rejected to the registry.

12.9.7 If the update creates a new holding in the class of financial products, CHESS returns the holder's name and address to the registry. The registry checks the name and address details sent by CHESS to ensure the financial products have been issued to the correct holder. If the name and address differs, the registry must either amend the name and address details in their records or retrieve the financial products via a further CHESS message and update the correct CHESS holding.

12.9.8 After the close of business on record date, CHESS adjusts all outstanding cum settlement transactions for the value of the payment due from the issuer.

CHESS notifies participants of the adjusted and accrued transactions. Some trusts do not announce the amount payable or the date payable. In these cases CHESS does not adjust outstanding transactions.

Franked dividend certificates delivered outside CHESS (refer to Section 14.12).

12.9.9 The registry issues statements to issuer sponsored holders. ASXS issues statements to holders on the CHESS subregister at the end of month (refer to Sample D, D₁ and D₂).

The registry makes payments to all holders and issues a detailed summary of the payments to all holders.

ASX SETTLEMENT PROCEDURE GUIDELINES

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.9.4	503 Reporting Request	Participant / Registry	CHESS
12.9.4	520 Cum Entitlement Balance	CHESS	Participant / Registry
12.9.4	518 Rejected Transaction	CHESS	Participant / Registry
12.9.6	425 Holding Adjustment (DRP / BSP / CAN / IDA / OPT / SCD)	Registry	CHESS
12.9.6	422 Applied Registry Transaction	CHESS	Registry
12.9.6	518 Rejected Transaction	CHESS	Registry
12.9.7	512 Holding Registration Details	CHESS	Registry
12.9.7	425 Holding Adjustment (REV)	Registry	CHESS
12.9.8	128 Adjusted Settlement Instruction	CHESS	Participant

12.10 ENTITLEMENT (NON RENOUNCEABLE) ISSUE

A non-renounceable entitlement offer is an issue of a non-transferable entitlement to take up new securities upon payment of application money. It is made to existing holders of a security (termed the “parent security”). The issuer allocates the entitlements to holders of the parent security pro rata to registered holdings as at the specified record date.

Holders of a non-renounceable entitlement have the choice of:

- accepting the offer by payment of the application moneys; or
- allowing the entitlement to lapse.

The above actions may apply to part or all of an entitlement holding.

The new security may rank equally with the parent security, or may rank separately.

After calculating a non-renounceable entitlement based on record date holdings in the parent security, the issuer forwards Entitlement and Acceptance (E&A) forms to all eligible holders.

E&A forms together with application monies are lodged directly with the registry.

When a non-renounceable entitlement is accepted, the new security is issued on the same subregister (CHESS or issuer sponsored) as the parent holding.

As a non-renounceable entitlement is not transferable, CHESS does not maintain a nil-paid rights CHESS subregister.

There are four phases in the processing of a non-renounceable entitlement issue:

- (a) Allocation of entitlement;
- (b) Acceptance;
- (c) Issue of new securities; and/or
- (d) Lapsing of entitlement.

PROCEDURE

Issuer announces the terms of a non-renounceable issue.

Relevant details include:

- Ex date;
- Record date;
- Issue date;
- Terms of issue.

The new securities begin trading on a deferred settlement basis 20 business days after the ex date. The first settlement date for these transactions is the issue date plus the fixed settlement period.

(a) Allocation of Entitlement

12.10.1 At start of day on the ex date for the non-renounceable issue, CHESSE establishes a notional cum entitlement balance for each holding in the parent security on the CHESSE subregister. When established, this balance is equal to the holding balance.

12.10.2 During the ex period, CHESSE maintains both the holding balance and the separate cum entitlement balance for each holding of the parent security. This facilitates the designation of transactions during the period between the ex date and the record date as being either cum or ex the entitlement. Default designations apply (refer to Section 11.1.2), but participants can override these when they submit the transactions to CHESSE.

CHESSE rejects transactions with a designated override basis of movement and a settlement date after the record date.

12.10.3 On or shortly after the record date, CHESSE reports the cum entitlement balances of holdings in the parent security on the CHESSE subregister to the issuer's registry.

At any time during the ex period and up until the end of the corporate action event, participants can request cum entitlement balance information from CHESSE. This may be useful for the participant's reconciliations.

Participants should attempt to clear their entrepot accounts of cum balance holdings prior to the record date. This will minimise the need to reconcile a rights entitlement accruing to an entrepot holding with individual client accounts.

12.10.4 After the close of business on record date, CHESSE adjusts all outstanding cum settlement transactions. Accrual obligations are generated for the new securities. CHESSE spreads the settlement amount of the original parent transaction according to the ASX standard formula across the parent and the accrual obligations.

CHESSE notifies participants of the adjusted and accrued transactions.

12.10.5 The issuer sends the prospectus and E&A forms to entitled registered holders. On receipt of the prospectus and E&A forms, participants check their entitlements. E&A forms for CHESSE subregister holders are required to have the HIN printed on them as a reference.

(b) Acceptance

12.10.6 All holders lodge E&A forms and application moneys for their own holdings directly with the registry. Participants are not required to do this for their sponsored clients.

Holders may accept only part of the entitlement.

Three business days prior to the applications close date, CHESSE automatically adjusts any outstanding cum entitlement transactions for the applicable application money. The changed obligation reflects a settlement obligation in the new securities. CHESSE notifies participants of their adjusted transactions (refer to Section 14).

(c) Issue of New Securities

12.10.7 On receipt of valid E&A forms and application monies the registry issues the new securities. Securities are issued on the same subregister as the parent holding. For CHES subregister holdings the issue of securities is transmitted to CHES using the same holding (HIN) as the parent holding (HIN). These may be transmitted progressively or as one issue, on or before issue date.

Once securities are recorded in CHES, they are available to the holders. Issuers should not disadvantage issuer sponsored holders by updating CHES holders prior to issuing statements.

CHES validates the registry messages, updates the CHES subregister holdings, notifies the controlling participants and confirms completion to the registry.

If a registry message is invalid or contains a HIN, which is not established in CHES, it will be rejected to the registry.

12.10.8 CHES creates holding records for the new securities on its subregister and notifies participants of the issue. Holdings in the newly issued securities are established on CHES using the same HINs as for the holder's parent holdings. The participant reconciles the new securities issued against those accepted and internally processes the acceptances to completion.

If the update creates a new holding in the security, CHES returns the holder's name and address to the registry. The registry checks the name and address details sent by CHES to ensure the new securities have been issued to the correct holder. If a difference does occur, the registry must either amend the name and address details in their records or retrieve the securities via a further CHES message and either update the correct CHES holding or create an issuer sponsored holding.

12.10.9 Prior to issue, the new securities usually trade on a deferred settlement basis.

Issuers have an obligation to issue new securities to CHES on or before the issue date announced to the ASX. Demand activity (e.g. transfers) in the new securities may take place on the CHES subregister from the time that they are issued.

12.10.10 The ASX calculates the first allowable settlement date for the deferred settlement securities to be the issue date plus three business days. CHES rejects settlement instructions with an earlier settlement date.

To arrange settlement (outside CHES) prior to the first allowable settlement date, participants should:

- (a) Cancel the settlement instruction by agreement between the parties (refer to Section 10);
- (b) Deliver the securities with a demand transfer (refer to Section 8); and
- (c) Pay any consideration outside CHES.

12.10.11 If a code change is necessary on issue date + 1, CHES changes the security code for transactions in the new securities and notifies participants of the amended

outstanding transactions. Participants should check that all relevant transactions have been adjusted.

- 12.10.12 If the issue date for the new securities is moved to a later date, CHESS amends the settlement dates and notifies participants of the rescheduled transactions.
- 12.10.13 The registry issues statements to issuer sponsored holders. ASXS issues statements to holders on the CHESS subregister at the end of the month. (Refer to Appendix Sample D, D1 and D2.)
- 12.10.14 Final rights settlement takes place two business days prior to applications close date. At the end of application close date the rights subregister is frozen from further participant activity (i.e. demand transactions). The registries may continue applying transactions to the subregister as required.
- 12.10.15 An entitled holder may choose not to participate in a non-renounceable entitlement offer.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.10.3	503 Report Request	Participant	CHESS
12.10.3	520 Cum Entitlement Balance	CHESS	Participant
12.10.3	518 Rejected Transaction	CHESS	Participant
12.10.3	503 Report Request	Registry	CHESS
12.10.3	520 Cum Entitlement Balance	CHESS	Registry
12.10.3	518 Rejected Transaction	CHESS	Registry
12.10.4	128 Adjusted Settlement Instruction	CHESS	Participant
12.10.4	142 Accrued Settlement Instruction	CHESS	Participant
12.10.7	425 Holding Adjustment (NRE)	Registry	CHESS
12.10.7	422 Applied Registry Transaction	CHESS	Registry
12.10.7	518 Rejected Transaction	CHESS	Registry
12.10.8	512 Holding Registration Details	CHESS	Registry
12.10.8	425 Holding Adjustment (REV)	Registry	CHESS
12.10.8	022 Effected Holding Adjustment (NRE)	CHESS	Participant
12.10.9	518 Rejected Transaction	CHESS	Participant
12.10.10	124 Rescheduled Settlement Instruction	CHESS	Participant
12.10.11	128 Adjusted Settlement Instruction	CHESS	Participant
12.10.12	124 Rescheduled Settlement Instruction	CHESS	Participant

12.11 EQUAL ACCESS BUY BACK

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

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

The procedure for accepting a buy back may be either electronic or paper based, that is, the buy back may be effected through CHESS or outside CHESS (refer to Section 13.3).

PROCEDURE

12.11.1 At start of day on the ex date for the equal access buy back, CHESSE establishes a notional cum entitlement balance for each holding in the parent security on the CHESSE subregister. When established, this balance is equal to the holding balance.

12.11.2 During the ex period, CHESSE maintains both the holding balance and the separate cum entitlement balance for each holding of the target security. This facilitates the designation of transactions during the period between the ex date and the record date as being either cum or ex the entitlement. Default designations apply (refer to Section 11.1.2), but participants can override these when they submit the transactions to CHESSE.

CHESSE rejects transactions with a designated override basis of movement and a settlement date outside the ex period.

12.11.3 On or shortly after the record date, CHESSE reports the cum entitlement balances of holdings in the parent security on the CHESSE subregister to the issuer's registry.

At any time during the ex period and up until the end of the corporate action event, participants can request cum entitlement balance information from CHESSE. This may be useful for the participant's reconciliations.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.11.3	503 Reporting Request	Participant	CHESSE
12.11.3	520 Cum Entitlement Balance	CHESSE	Participant
12.11.3	031 Takeover Acceptance	Participant	CHESSE

12.12 MATURITY AND REDEMPTION

Some securities are issued for a finite period and either expire with no residual value or are redeemed by repayment of their initial value.

In some cases, the issuer may offer holders the opportunity to voluntarily redeem their securities prior to maturity. In such cases the holder lodges a redemption request directly with the issuer's registry.

The issuer repays funds directly to the holders. An issuer may also provide an option to rollover the maturing security.

CHESS does not facilitate the repayment, redemption request or election to rollover.

Rollovers may be processed in a similar manner to a conversion, or alternatively treated as a maturity followed by a float or priority issue of the new security.

CHESS triggers the processing events for a maturity or redemption upon receipt of the relevant signals from ASX Market Data.

12.12.1 Maturity

This procedure covers a maturity.

PROCEDURE

- 12.12.1.1 The registry requests balances of notes holdings from the CHESS subregister. These are transmitted to the registry to facilitate preparation of maturity notices for CHESS holders.
- 12.12.1.2 The issuer sends the notices to all existing holders at least 20 business days before but not more than 30 business days before the maturity date. The notices sent by the issuer advise the note holders of the last day of trading convertible notes, the maturity date and other necessary information. Notices to CHESS holders must include the HIN. Notices to issuer sponsored holders must include the Securityholder Reference Number (SRN).
- 12.12.1.3 The issuer periodically sends supplementary notices to new holders and holders whose convertible note holdings have increased between this date and the fifth business day before and inclusive of the maturity date. To facilitate this, the registry requests further holding balance transmissions from CHESS.
- 12.12.1.4 From the date of issue of the first notice (maturity date -20 days) participants purchasing notes must advise buying clients on the buy tax invoice or by an attachment to the tax invoice of the following information:-
- the last day of trading for the notes;
 - the maturity date.

- 12.12.1.5 Trading in the convertible notes ceases on the sixth business day before and inclusive of the maturity date.
- 12.12.1.6 The last day for settlement of the convertible notes is the third business day before and inclusive of the maturity date.
- 12.12.1.7 CHES processes settlement transactions and demand transactions until the final settlement date.
- CHES closes the subregister to participant transactions at the close of business on the second business day after the final settlement date for the maturing security or maturity (whichever is later), but remains open for participant reporting requests until archived.
- Final settlement date is also the date that CHES closes the subregister for the matured security (refer to Section 11.5).
- 12.12.1.8 Participants may apply demand transactions to the CHES subregister until and inclusive of maturity date when CHES closes the convertible note subregister to participant activity.
- 12.12.1.9 At maturity the registry requests the CHES convertible note holding balances and uses these to calculate the redemptions. The registry then transmits adjustment messages to CHES to reduce the matured note holdings to nil.
- 12.12.1.10 CHES validates the registry messages, updates the CHES holdings, notifies the controlling participants and confirms completion to the registry. If a registry message is invalid, or there are insufficient units in the holding, it will be rejected to the registry.
- 12.12.1.11 The registry forwards any payments to the participant.
- Alternatively, if the holder has elected to rollover, the registry converts the holding into the new security.
- The participant verifies the amount or the securities received and distributes them to the relevant holders internally.
- 12.12.1.12 The registry notifies CHES of the securities that have matured.
- 12.12.1.13 ASXS can suspend outstanding transactions at their discretion on a case-by-case basis.
- 12.12.1.14 Generally, CHES archives the convertible note subregister 20 business days after it has been closed and it ceases to be listed. If CHES archives the subregister, advice is provided.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.12.1.1	503 Report Request	Registry	CHESS
12.12.1.1	522 Holding Balance	CHESS	Registry
12.12.1.1	518 Rejected Transaction	CHESS	Registry
12.12.1.3	503 Report Request	Registry	CHESS
12.12.1.3	522 Holding Balance	CHESS	Registry
12.12.1.3	518 Rejected Transaction	CHESS	Registry
12.12.1.9	503 Report Request	Registry	CHESS
12.12.1.9	522 Holding Balance	CHESS	Registry
12.12.1.9	518 Rejected Transaction	CHESS	Registry
12.12.1.9	425 Holding Adjustment (CNR)	Registry	CHESS
12.12.1.11	018 Effected Holding Transformation (CNR)	CHESS	Participant
12.12.1.11	022 Effected Holding Adjustment (CNR)	CHESS	Participant
12.12.1.12	022 Effected Holding Adjustment (CNR)	CHESS	Participant
12.12.1.13	162 Suspended Settlement Instruction	CHESS	Participant
12.12.1.13	116 Cancelled Settlement Instruction	CHESS	Participant
12.12.1.14	528 Archived Subregister	CHESS	Registry/ Participant

12.12.2 Voluntary Redemption

This procedure covers voluntary redemption.

PROCEDURE

- 12.12.2.1 The issuer advises holders of the opportunity for an early redemption.
- 12.12.2.2 The participant internally records details of the securities to be redeemed based on the instructions from their clients.
- 12.12.2.3 The participant lodges the application for early redemption with the registry.
- 12.12.2.4 The registry processes the redemption and sends details of the redeemed securities to CHESS. CHESS reduces the holding and notifies the participant. The participant confirms the securities redeemed, processes the redemption internally, verifies the closing balance and monitors receipt of the funds.

ASX SETTLEMENT PROCEDURE GUIDELINES

- 12.12.2.5 The registry pays the funds directly to the participant. The participant verifies the amount received, distributes the funds internally and processes the redemption to completion.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.12.2.4	425 Holding Adjustment (CNR)	Registry	CHESS
12.12.2.4	422 Applied Registry Transaction	CHESS	Registry
12.12.2.4	518 Rejected Transaction	CHESS	Registry
12.12.2.4	022 Effected Holding Adjustment (CNR)	CHESS	Participant

12.13 NOTE CONVERSIONS AND OPTION EXERCISES

These procedures cover conversion of company-issued convertible securities (typically convertible notes and convertible preference securities) and the exercise of company issued options.

As a result of conversion of notes or exercise of options, different securities are issued to holders of such notes or options. The security issued may rank equally with an existing security, or may be a new security.

Some conversions or exercises may be initiated on an ad hoc basis at the request of the holder of the notes, while others may be initiated only at specific times in accordance with the terms of the original issue of the options or convertible securities. There is a specified final date for conversion or exercise.

The last day for trading in options and convertible notes is the 5th business day prior to and inclusive of the expiry date.

Depending on the circumstances of conversions or exercises of options at specific times, a deferred delivery market in the new security may be initiated by the ASX.

Holdes convert notes or exercise options by notifying the registry directly (and making a payment if appropriate). CHESS does not facilitate this.

New securities are issued on the same subregister as the existing holding (i.e. CHESS or issuer sponsored).

For note conversion and options exercise, the following revision has been made to the “ex right of exercise/conversion” processing regime. The normally accepted use of “ex” is that “ex” signifies trading without an attaching entitlement accrued (e.g. ex bonus, ex dividend). In the case of option expiry, convertible note conversion and convertible preference securities conversion, no attaching entitlement accrues. In these cases “ex right of exercise /conversion” signals that the securities are trading without the right to require the seller to exercise the options on behalf of the buyer

(i.e. without the protection afforded under ASX Operating Rules).

For consistency with the generally understood “ex” processing regime, the “ex” period for options and convertible notes has been removed. As an alternative, a flag has been implemented so that these securities can be traded in the knowledge that mandatory protection under ASX Operating Rules is unavailable. A “PU” (Protection Unavailable) flag at trading level achieves this.

The conversion or exercise is recorded for holdings on the CHESS subregister using transformation messages initiated by the registry. These messages reduce the holding in the convertible securities and increase the holding in the new security. Transformations cater for varying conversion ratios, that is, the number of new securities may not be the same as the number of convertible securities.

Transformations do not allow for the specification of an override basis of movement and if processed during an ex period for either security, they are processed ex entitlement. If the conversion or exercise is to be processed during an ex period and either side of the transaction is to be processed as cum entitlement, the registry must transmit two adjustment messages in place of the transformation.

12.13.1 Periodic Option Exercise or Note Conversions

This procedure covers periodic note conversions and the exercise of periodic options.

PROCEDURE

- 12.13.1.1 Before a periodic exercise/conversion date, the issuer sends a notice to note/option holders advising them of the opportunity to convert. The notice includes, or has attached to it, a form of exercise that must include the HIN. ASX Settlement Operating Rules provide that issuers must accept a standard exercise/conversion form as a valid notice of conversion from a CHESSE holder.
- 12.13.1.2 Participants execute the form of exercise/conversion and send payment and the exercise/conversion document to the issuer in accordance with directions on the notice. There is no provision to notify exercise or conversion through CHESSE. ASX Settlement Operating Rules provide that issuers must accept a standard exercise or conversion form as a valid notice from a CHESSE holder.
- 12.13.1.3 For holdings on the CHESSE subregister, the registry performs transformations to convert option/note holdings into the target security. This is done on the basis of exercise/conversion notices received.
- 12.13.1.4 CHESSE updates holding records, giving effect to transformations on the subregister. If the newly transformed security ranks equally with an existing security, the existing code is used. Otherwise, the security is moved to a new security code. If there are insufficient securities in a nominated option/note holding to cover the transformation notified by the registry, CHESSE rejects the transaction.
- 12.13.1.5 Once securities are recorded in CHESSE they are available to the holders. Issuers should not disadvantage issuer sponsored holders by updating CHESSE holders prior to issuing statements.
- CHESSE validates the registry messages, updates the CHESSE holdings, notifies the controlling participants and confirms completion to the registry. If a registry message is invalid, or there are insufficient units in the holding, it will be rejected to the registry.
- 12.13.1.6 If the update creates a new holding in the class of securities, CHESSE returns the holder's name and address to the registry. The registry checks the name and address details sent by CHESSE to ensure the securities have been issued to the correct holder. It is unlikely a difference will occur with a conversion or exercise. If it does occur, the registry must either amend the name and address details in their records or reverse the transaction via a further CHESSE message and update the correct CHESSE holding.

ASX SETTLEMENT PROCEDURE GUIDELINES

- 12.13.1.7 The registry issues statements to issuer sponsored holders. ASXS issues statements to holders on the CHESSE subregister at the end of the month (refer to Sample D, D₁ and D₂).

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.13.1.3	421 Holding Transformation (NCN) (OEX)	Registry	CHESSE
12.12.1.3	425 Holding Adjustment (NCN) (OEX)	Registry	CHESSE
12.13.1.5	422 Applied Registry Transaction	CHESSE	Registry
12.13.1.5	518 Rejected Transaction	CHESSE	Registry
12.13.1.5	018 Effected Holding Transformation (NCN, OEX)	CHESSE	Participant
12.13.1.6	512 Holding Registration Details	CHESSE	Registry
12.13.1.6	421 Holding Transformation (REV)	Registry	CHESSE

12.13.2 Option Exercise or Note Conversions Prior to Final Expiry

This procedure covers option exercise and note conversions prior to their final expiry.

PROCEDURE

- 12.13.2.1 The issuer must send final expiry exercise notices to option holders on or before the twentieth business day prior to the expiry date. Exercise notices for CHESSE holders must include the HIN.
- 12.13.2.2 From no later than the twentieth business day before the expiry date, participants should advise buyers of convertible notes on the buy tax invoice or by an attachment to the tax invoice of the following information:
- last trading day;
 - expiry date; and
 - exercise price per note.
- 12.13.2.3 Trading in the convertible notes ceases on the 5th business day prior to, and inclusive of, the expiry date. CHESSE closes the subregister for the convertible notes to participant transactions at the close of business on the second business day after the last settlement day for convertible note transactions.
- 12.13.2.4 Participants execute the form of conversion and send conversion documents to the issuer in accordance with directions on the notice.

ASX SETTLEMENT PROCEDURE GUIDELINES

- 12.13.2.5 For holdings on the CHESSE subregister, the registry performs transformations to convert note holdings into the target security. This is done on the basis of conversion notices received.
- 12.13.2.6 CHESSE updates holding records, giving effect to transformations on the subregister. If the newly transformed security ranks equally with an existing security, the existing code is used. Otherwise, the security is moved to a new security code. If there are insufficient securities in a nominated note holding to cover the transformation notified by the registry, CHESSE rejects the transaction back to the registry.
- 12.13.2.7 CHESSE notifies participants of transformations applied to their CHESSE holdings.
- 12.13.2.8 Outstanding transactions are suspended by ASXS at their discretion on a case-by-case basis.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.13.2.5	421 Holding Transformation (NCN) (OEX)	Registry	CHESSE
12.12.2.5	425 Holding Adjustment (NCN) (OEX)	Registry	CHESSE
12.13.2.6	422 Applied Registry Transaction	CHESSE	Registry
12.13.2.6	518 Rejected Transaction	CHESSE	Registry
12.13.2.7	018 Effected Holding Transformation (NCN, OEX)	CHESSE	Participant
12.13.2.7	512 Holding Registration Details	CHESSE	Registry
12.13.2.8	162 Suspended Settlement Instruction	CHESSE	Participant
12.13.2.8	116 Cancelled Settlement Instruction	CHESSE	Participant

12.13.3 Options or Convertible Note Ad Hoc Exercise

This procedure covers the ad hoc exercise of an option or convertible note.

If the terms of an options issue/note conversion enable option holders to exercise at any time, the process is initiated by the holder without any prior notification from the issuer.

PROCEDURE

- 12.13.3.1 Participants execute the form of exercise and send payment and the exercise document to the issuer.

ASX SETTLEMENT PROCEDURE GUIDELINES

- 12.13.3.2 For holdings on the CHESSE subregister, the registry performs transformations to convert option holdings into the target security.
- 12.13.3.3 CHESSE applies the transformation and notifies participants of the transformations applied.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.13.3.3	421 Holding Transformation (NCN) (OEX)	Registry	CHESSE
12.13.3.3	425 Holding Adjustment (NCN) (OEX)	Registry	CHESSE
12.13.3.5	422 Applied Registry Transaction	CHESSE	Registry
12.13.3.5	518 Rejected Transaction	CHESSE	Registry
12.13.3.5	018 Effected Holding Transformation (NCN, OEX)	CHESSE	Participant
12.13.3.6	512 Holding Registration Details	CHESSE	Registry

12.13.4 Lapse on Expiry

This procedure covers the lapse of an option on expiry.

PROCEDURE

- 12.13.4.1 CHESSE closes the subregister to participant transactions on expiry date. The subregister remains open for participant reporting requests until it is archived
- 12.13.4.2 When options holdings in the CHESSE subregister lapse on expiry, the registry notifies CHESSE of details.
- 12.13.4.3 Outstanding transactions are suspended by ASXS at their discretion on a case-by-case basis.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.13.4.3	162 Suspended Settlement Instruction	CHESSE	Participant
12.13.4.3	116 Cancelled Settlement Instruction	CHESSE	Participant

12.14 PLACEMENT

A placement is an issue of securities, by mutual agreement between the issuer and one or more parties. Placements often occur as a form of consideration for a private company or to form an alliance between two companies.

Application moneys may or may not be payable. The application process is as determined by the parties to the transaction. The placed securities are issued on any subregister selected by the applicant (i.e. the CHESS subregister or the issuer sponsored, depending on which are supported by the issuer). There are no transferable entitlements.

Securities that are allocated through a placement usually rank equally with a security already quoted on ASX. Accordingly, participants need to rely solely on internal controls to ensure that they can meet delivery obligations arising from early trading in placed securities. If the placed securities are a new security, trading does not commence until after the issue date.

There are two phases to a placement:

- (a) Application
- (b) Issue of new securities.

12.14.1 Non-DvP Placement of Securities

PROCEDURE

(a) Application

12.14.1.1 The issuer announces details of the placement to the ASX.

12.14.1.2 The registry, or the issuer's corporate representative, distributes the application forms. Forms are to include provision for a CHESS HIN. The forms must provide for applicants to nominate the subregister in which the issue of securities is to be made, i.e., issuer sponsored or CHESS.

12.14.1.3 Applicants who wish to become **new** sponsored holders on the CHESS subregister will initially contact their controlling participant and enter into a formal sponsorship agreement.

The participant then transmits the new registration details to CHESS and obtains a HIN. Once the applicant receives advice of the HIN, the application form with the HIN details can be lodged with the registry.

12.14.1.4 If the applicant is a CHESS sponsored holder, applications and payment can be made through the controlling participant to the registry (by arrangement). All other applicants send their forms and payment directly to the registry.

ASX SETTLEMENT PROCEDURE GUIDELINES

12.14.1.5 The registry verifies the acceptance and payment.

(b) Issue of New Securities

12.14.1.6 The issuer issues the new securities and the registry enters the securities into the CHESSE subregister. This takes place on or before the despatch date as appropriate.

Issuers should not disadvantage issuer sponsored holders by updating CHESSE holders prior to issuing statements.

CHESSE validates the registry messages, updates the CHESSE holdings, notifies the controlling participants and confirms completion to the registry.

If a registry message is invalid or contains a HIN, which is not established in CHESSE, it will be rejected to the registry.

12.14.1.7 If the update creates a new holding in the security, CHESSE returns the holder's name and address to the registry. The registry checks the name and address details sent by CHESSE to ensure the securities have been issued to the correct holder. If the name and address differs, the registry must either amend the name and address details in their records or retrieve the securities via a further CHESSE message and either update the correct CHESSE holding or create an issuer sponsored holding.

12.14.1.8 The registry issues statements to issuer sponsored holders. ASXS issues statements to holders on the CHESSE subregister at the end of the month (refer to Sample D, D₁ and D₂).

12.14.1.9 The participant reconciles the securities issued against those expected and internally processes the issue to completion.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.14.1.6	425 Holding Adjustment (PLC)	Registry	CHESSE
12.14.1.6	422 Applied Registry Transaction	CHESSE	Registry
12.14.1.6	518 Rejected Transaction	CHESSE	Registry
12.14.1.6	022 Effected Holding Adjustment (PLC)	CHESSE	Participant
12.14.1.7	512 Holding Registration Details	CHESSE	Registry
12.14.1.7	425 Holding Adjustment (REV)	Registry	CHESSE

12.14.2 DvP Settlement of Placements

This CHESSE service is optional to the issuer. The procedures set out below apply only to those issuers who agree to administer their placement through CHESSE.

PROCEDURE

The issuer will appoint a settlement agent to undertake DvP settlement with participants on its behalf. The settlement agent may be an existing participant or one admitted specifically for the purpose of facilitating the placement. The settlement agent will also ensure that participant allocations do not exceed the total issued capital relevant to the event.

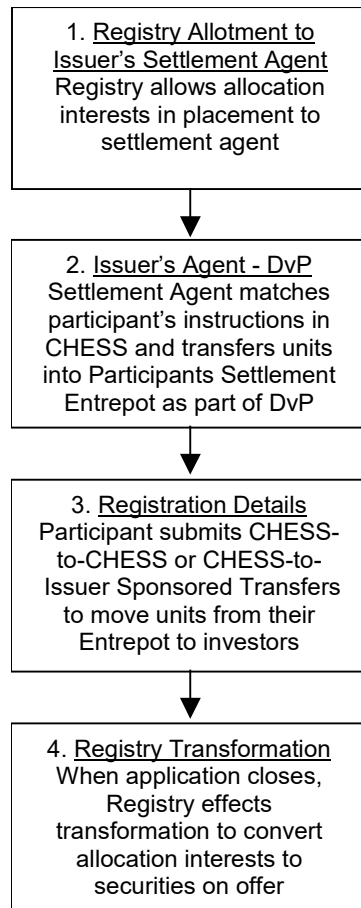
The registry will be responsible for issuing allocation interests relating to the placement to the settlement agent. These allocation interests will be identified by a unique security code established specifically for the placement. The registry will reconcile the allocation interests and convert them to the securities on offer by way of a transformation prior to the issue date. For example, in the case of a placement in ABC LTD, the allocation interests in “ABCZZ” will become ordinary securities in “ABC” after the registry transformation.

CHESSE will create and maintain a subregister for the allocation interests to allow the DvP settlement of allocations between participants and the issuer’s settlement agent as well as the transfer of allocation interests to participants’ clients.

CHESSE will suppress all participant sponsored holder statements and notifications for the allocation interests.

12.14.2.1 Process Overview

The following flow chart provides an overview of the process:



12.14.2.2 Registry Issue of Allocation Interests to Issuer's Agent

PROCEDURE

- 12.14.2.2.1 The registry transfers the entire quantity of allocation interests for the placement to the issuer's settlement agent.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.14.2.2.1	425 Holding Adjustment (FLT)	Registry	CHESS
12.14.2.2.1	022 Effected Holding Adjustment (FLT)	CHESS	Iss. Agent Participant

12.14.2.3 Placement

PROCEDURE

- 12.14.2.3.1 Prior to the nominated settlement date, the registry will allot the placement securities to the issuer's settlement agent.
- 12.14.2.3.2 Prior to the nominated settlement date but after the institutions know their placement allocations, the settlement agent will receive details of the unmatched settlement notification from CHESS.

If the number of units requested by the participant does not exceed the participant's placement allocation, the Issuer's settlement agent will submit a matching settlement notification message.

Transactions must comply with existing trade conventions for CHESS settlement cut-off.

The "Transaction Basis" must indicate "IPO" and the security code will be the entitlement code.

- 12.14.2.3.3 CHESS responds to the participant and the issuer's settlement agent with a message acknowledging the transaction is scheduled for settlement. During the nominated DvP settlement cycle, CHESS will effect the transfer of units and payment if possible.
- 12.14.2.3.4 For participant sponsored clients, the participant initiates CHESS to CHESS transfers to move units from the settlement entrepot.

ASX SETTLEMENT PROCEDURE GUIDELINES

Where a placement allocation is for a client sponsored by another participant (e.g., margin lender), participants may effect a dual entry transfer to on-deliver units to the sponsoring participant.

The “Supplementary Reference” may require the Application Reference Number, (to be determined by the issuer).

Registry receives investors’ registration details and balances required to establish the holdings.

- 12.14.2.3.5 For issuer Sponsored clients, the Participant initiates CHES to Issuer Sponsored transfers to move units from the Settlement Entrepot.

The “Transaction Basis” and “Movement Reason” must indicate “IPO” and the “Securityholder Reference Number” may require the “Application Reference Number”, (to be determined by the Issuer).

Registry receives investors’ registration details and balances required to establish the holdings from CHES.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.14.2.3.1	425 Holding Adjustment (FLT)	Registry	CHES
12.14.2.3.2	101 Dual Entry Settlement Notification (I)	Participant	CHES
12.14.2.3.2	102 Unmatched Dual Entry Settlement Notification	CHES	Iss. Agent Participant
12.14.2.3.2	101 Dual Entry Settlement Notification (I)	Iss. Agent Participant	CHES
12.14.2.3.3	166 Scheduled Dual Entry Settlement Instruction	CHES	Iss. Agent Participant
12.14.2.3.3	156 Settled Settlement Instruction	CHES	Iss. Agent Participant
12.14.2.3.4	001 Demand Single Entry CHES to CHES Transfer Request	Participant	CHES
12.14.2.3.4	003 Transferor Submitted Demand Transfer	Participant	CHES
12.14.2.3.4	005 Demand Dual Entry CHES to CHES Transfer Request	Participant	CHES
12.14.2.3.4	512 Holding Registration Details	CHES	Registry
12.14.2.3.4	510 Holding Net Movement	CHES	Registry
12.14.2.3.5	007 Demand CHES to Issuer Sponsored Transfer Request	Participant	CHES
12.14.2.3.5	418 CHES to Issuer Sponsored Transfer	CHES	Registry

12.14.2.4 Conversion of Allocation Interests

ASX SETTLEMENT PROCEDURE GUIDELINES

PROCEDURE

12.14.2.4.1 When the placement closes, the registry effects a transformation to convert the allocation interests to the securities on offer.

For example, in the case of ABC Ltd, the “ABCZZ” allocation interests will be transformed to “ABC” ordinary securities.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.14.2.4.1	421 Holding Transformation (FLT)	Registry	CHESS
12.14.2.4.1	018 Effected Holding Transformation (FLT)	CHESS	Participant

12.15 PRIORITY ISSUE

As of CHES release 6.1, non-pro rata balance processing will include priority issues. Refer to section 12.23.

12.16 PROXY VOTING

CHESS provides no processing specific to proxy voting.

The issuer advises holders of forthcoming meetings directly and holders must lodge proxies directly with the issuer or its registry.

The issuer's registry obtains details of CHESS holdings to determine voting entitlements. In a CHESS environment, registration of transfers on the electronic subregister is a continuous process. In effect, persons could become registered up to the time of a general meeting of holders and could conceivably seek the right to be present and to vote at that meeting. The *Corporations Act* requires companies to establish a record date and time to determine the holders entitled to vote at a general meeting being no more than 48 hours prior to the time of that meeting.

NOTE: CHESS only caters for the provision of holding balances at two points during the day. These are upon completion of the settlement cycle and at end of day. It is anticipated most companies will set the cutoff time as end of day.

PROCEDURE

- 12.16.1 The registry transmits a reporting request to CHESS seeking holding balances at the cutoff.
- 12.16.2 CHESS validates the reporting request and if valid schedules it for processing. If invalid CHESS rejects the request.
- 12.16.3 On the appropriate day CHESS processes the reporting request and transmits the holding balances to the registry.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.16.1	503 Report Request	Registry	CHESS
12.16.2	518 Rejected Transaction	CHESS	Registry
12.16.3	522 Holding Balance	CHESS	Registry

12.17 RE-INVESTMENT AND SHARE ELECTION SCHEMES

Re-investment and share election schemes involve the payment of a dividend, interest or trust distribution in the form of new shares by an issuer to registered holders. These are sometimes known as a dividend reinvestment plan (DRP).

CHESSE does not facilitate notification of plan elections from participants to issuers.

The tax file number (TFN) and Australian business number (ABN) notification facility is described in Section 5.6.

There are two phases to processing re-investment and share election schemes:

- (a) Election; and
- (b) Allotment.

PROCEDURE

(a) Election

12.17.1 The participant internally records participation elections, according to instructions from its clients.

12.17.2 The participant notifies participation elections directly to the registry. Where a plan requires notification prior to announcement of the payment, a participant may choose to maintain a separate registered holding (i.e. on a separate HIN) for each option with each holding electing full participation. The participant transfers securities between these CHESSE holdings on record date, to match the participation requirements.

Participants should be aware that in situations where the parent holding is less than the cum balance, participants will not be able to transfer the cum entitlement on its own.

(b) Allotment

12.17.3 At start of day on the ex date for the entitlement, CHESSE establishes a notional cum entitlement balance for each holding in the parent security on the CHESSE subregister. When established, this balance is equal to the holding balance.

12.17.4 During the ex period, CHESSE maintains both the holding balance and the separate cum entitlement balance for each holding of the parent security. This facilitates the designation of transactions during the period between the ex date and the record date as being either cum or ex the entitlement. Default designations apply (refer to Section 11.1.2), but participants can override these when they submit the transactions to CHESSE.

CHESSE rejects transactions with a designated override basis of movement and a settlement date outside the ex period.

ASX SETTLEMENT PROCEDURE GUIDELINES

- 12.17.5 On or shortly after the record date, CHESS reports the cum entitlement balances of holdings in the parent security on the CHESS subregister to the issuer's registry.
- At any time during the ex period and up until the end of the corporate action event, participants can request cum entitlement balance information from CHESS. This may be useful for the participant's reconciliations.
- 12.17.6 After the close of business on record date, CHESS adjusts all outstanding cum settlement transactions.
- Franked dividend certificates are delivered outside CHESS (refer to Section 14.12.).
- CHESS notifies participants of the adjusted and accrued transactions (refer to Section 14).
- 12.17.7 The issuer's registry calculates security entitlements based on the terms of the scheme, allots the new securities, and sends the details to CHESS. The registry is required to send the details to CHESS no more than 10 business days after (but not including) the payment date for a DRP, and no more than 10 business days after (but not including) the record date for a Bonus Security Plan.
- 12.17.8 CHESS updates holdings based on the allotments and notifies participants of their allotments.
- 12.17.9 The participant reconciles the securities allotted against those expected and internally processes the allotment to completion.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.17.5	503 Reporting Request	Participant	CHESS
12.17.5	520 Cum Entitlement Balance	CHESS	Participant
12.17.6	128 Adjusted Settlement Instruction	CHESS	Participant
12.17.8	022 Effected Holding Adjustment (DRP / BSP / CNA / IDA / OPT / SCD)	CHESS	Participant

12.18 RIGHTS (RENOUNCEABLE) ISSUE

A rights issue is a renounceable offer made to holders of an existing security (termed the “parent security”) of a transferable entitlement to take up new securities upon payment of application moneys. Rights are allocated to holders of the parent security pro rata to registered holdings as at the specified record date.

Holders of renounceable rights may:

- accept the offer and take up the new securities by payment of application moneys; or
- sell (renounce) the rights; or
- allow the rights to lapse.

Any of the above actions may apply to part or all of a rights holding.

In most cases, a rights issue is underwritten and rights that are allowed to lapse pass to the underwriter. In rare situations the issuer may sell lapsed rights and distribute proceeds to the holders. In the exceptional circumstances of a substantial fall in market value of the parent security, an issuer may abandon a rights issue and return any already paid application moneys to acceptors.

The new securities may rank equally with the parent security, or may rank separately.

After calculating rights entitlements based on record date holdings in the parent security, the issuer forwards Entitlement and Acceptance (E&A) forms to all eligible holders.

Issuers maintain a rights register to facilitate the recording of acceptance and transfer of rights. For parent holdings on the CHESS subregister, the corresponding rights holdings are initially created on that subregister. For parent holdings on the issuer-sponsored subregister, the corresponding rights holdings are initially created on the issuer’s registry.

During the rights period, rights may be freely traded and transferred without payment of application moneys by buyers.

As for any security, rights may be moved between subregisters by the standard CHESS transfer and conversion processes.

Once rights have been accepted, they cannot be sold or transferred to another subregister. The new securities are issued on the same subregister (CHESS or issuer sponsored) as the rights holding (not necessarily the parent holding).

The new securities may be issued under an existing security code if they rank equally, or otherwise to a new code. Transfers in the new security can be effected after being issued by the issuer.

Rights acceptances are lodged directly with the registry. The registry forwards E&A forms to all eligible holders as at record date. Participant’s forward standard acceptance forms to buyers of rights, with the tax invoice. - Participants should contact the relevant registry regarding the E&A form.

Rights begin trading from the ex date for the parent security. The new securities begin trading the day after rights trading ceases. Both will trade on a deferred settlement basis for a short period.

The new securities may be issued under an existing security code if they rank equally, or otherwise to a new code.

ASXS does not issue routine statements for holdings of renounceable rights. However, statements are provided, upon request, from the holder's sponsor or the company's registry.

There are four phases in the processing of a renounceable entitlement issue:

- (a) Allocation of rights;
- (b) Acceptance;
- (c) Issue of new securities; and/or
- (d) Lapsing of rights.

PROCEDURE

The issuer announces the terms of the rights issue. Relevant details include:

- Ex date and record date for the parent security
- Last day to send initial circular to holders
- Rights Prospectus issue date
- Nil paid rights issue date
- Nil paid rights Record Date (final application close)
- Security issue date
- First settlement date for the security
- Terms of issue for rights
- Terms of issue for the security

On receipt of the announcement ASX calculates the first settlement date for the rights and the new securities. (These being the fixed settlement period plus settlement offset after the respective issue dates)

(a) Allocation of Rights

- 12.18.1 At start of day on the ex date for a rights issue, CHESSE establishes a notional cum entitlement balance for each holding in the parent security on the CHESSE subregister. The registry establishes similar positions for holdings on the issuer sponsored subregister. When established this balance is equal to the holding balance.
- 12.18.2 During the ex period, CHESSE maintains both the holding balance and the separate cum entitlement balance for each holding of the parent security. This facilitates the designation of transactions during the period between the ex date and the record date as being either cum or ex the entitlement. Default designations apply (refer to Section 11.1.2), but participants can override these when they submit the transactions to CHESSE.

CHESSE rejects transactions with a designated override basis of movement and a settlement date after the record date.

- 12.18.3 On or shortly after the record date, CHESSE reports the cum entitlement balances of holdings in the parent security on the CHESSE subregister in response to a request from the issuer's registry.

At any time during the ex period and up until the end of the corporate action event, participants can request cum entitlement balance information from CHESSE. This may be useful for the participant's reconciliations.

Participants should attempt to clear their entrepot accounts of cum balance holdings on the record date. This will minimise the need to reconcile a rights entitlement accruing to an entrepot holding with individual client accounts.

- 12.18.4 The registry determines nil paid rights entitlements for holdings on all subregisters and issues them on the same subregister as the parent holding, e.g., if the underlying securities are issuer sponsored then the rights will be issuer sponsored. Both ASXS and the registry are required to maintain a nil paid subregister of rights.

- 12.18.5 Where parent holdings are on the CHESSE subregister, the issue of securities are electronically transmitted to CHESSE by the registry. The nil paid rights holdings are established under the same holding as the parent holdings.

CHESSE validates the registry messages, updates the CHESSE holdings, notifies the controlling participants and confirms completion to the registry.

If a registry message is invalid or contains a HIN, which is not established in CHESSE, it will be rejected to the registry.

- 12.18.6 If the update creates a new holding in the security, CHESSE returns the holders name and address to the registry. The registry checks the name and address details sent by CHESSE to ensure the securities have been issued to the correct holder. It is unlikely a difference will occur with an issue of rights. If it does occur, the registry must either amend the name and address details in their records or reverse the issue of securities with a further CHESSE message.

- 12.18.7 The registry forwards entitlement and acceptance forms (E&A) direct to holders on all subregisters. E&A forms for CHESSE subregister holders must have the HIN printed on them as a reference.

For rights established on the issuer sponsored subregister, the E&A forms must contain the Securityholder Reference Number (SRN). All E&A forms must clearly indicate the subregister mode for the rights holding plus a unique E&A number.

If the full entitlement is not being used for a sale, purchase, conversion or transfer of rights, the participant sets the Balance Instruction on the E&A form to "I". This indicates to the registry that the balance of the rights is to be retained for future use by the holder.

- 12.18.8 After the close of business on record date, CHESSE adjusts all outstanding cum settlement transactions. Accrual obligations are generated for the new securities. CHESSE spreads the settlement amount of the original parent transaction according to the ASX standard formula across the parent and the accrual obligations.

CHESS notifies participants of the adjusted and accrued transactions (refer to Section 14).

12.18.9 The participant internally records details of rights to be bought, sold and accepted, based on instructions from their clients.

12.18.10 The participant processes the sales, purchases, conversions, and transfers as for any other security.

When a holder sells rights, the holder must quote the E&A number and either their SRN or their HIN (depending on which subregister the rights are held). These details are found on the E&A form.

E&A forms need not be lodged with the registry on transfer/conversion of holdings to the CHESS subregister.

When a participant wishes to transfer rights, an issuer-sponsored-to-CHESS transfer is used. The following must be provided:

- the total quantity of rights stated in the E&A form must be specified as the quantity; and
- the number of rights being transferred must be specified as the security quantity.

If the full entitlement has not been transferred, the Balance Instruction should be set for re-issue (I). This indicates that the registry should hold the balance of the rights for the client. Any further processing of the rights holding targets the same E&A number with the reduced security quantity.

12.18.11 On or before the issue date for the rights, the issuer determines the rights entitlements and sends the details of entitlements accruing to parent holdings on the CHESS subregister to CHESS. The registry records rights entitlements for all holders for all modes of holding.

12.18.12 CHESS creates the rights holding records for CHESS holders and notifies participants of the entitlements. CHESS establishes the issued rights holdings using the same HINs as for the holders' parent holdings.

12.18.13 Participants may internally allocate rights on ex date or the night of record date. After receiving the notification, the participant reconciles the entitlement quantity received against the quantity expected.

12.18.14 The issuer's registry forwards E&A forms to all registered holders of the parent security as at the record date.

E&A forms contain sufficient information for the holder to identify the rights holding. As a minimum, this is the unique E&A number and either a SRN or a HIN (depending on which subregister the rights are held).

12.18.15 Prior to E&A forms being sent, the rights usually trade on a deferred settlement basis.

Issuers have an obligation to send rights to CHESSE on or before the issue date announced to the ASX.

- 12.18.16 The ASX calculates the first allowable settlement date for the deferred settlement securities to be the issue date plus three business days. CHESSE rejects settlement transactions with an earlier settlement date.

To arrange settlement (outside CHESSE) prior to the first allowable settlement date, participants should:

- (a) Cancel the settlement instruction by agreement between the parties (refer to Section 10);
- (b) Deliver the securities with a demand transfer (refer to Section 8); and
- (c) Pay any consideration outside CHESSE.

- 12.18.17 If the issue date for the rights is moved to a later date, CHESSE amends settlement dates and notifies participants of their rescheduled transactions. Participants should check the amended settlement transactions. Unlike securities that trade on a deferred settlement basis, there is no change to the security code when fixed period settlement begins. Accordingly outstanding transactions are not diary adjusted on issue date + 1.

(b) Acceptance

- 12.18.18 Holders who elect to take up their entitlement lodge the E&A form and acceptance money directly with the registry. CHESSE holders can send the form and payment by arrangement to their controlling participant who then forwards them on to the registry. ASXS does not provide any facility for processing these acceptances and payments.
- 12.18.19 Holders buying rights may be sent a Standard Acceptance Form by the participant with the tax invoice. This form requires the HIN to be quoted for CHESSE holders. Should the buyer have instructed the participant to register rights bought on the issuer sponsored subregister, the Standard Acceptance Form must include details of the CHESSE transaction ID which created the holding, to enable identification by the registry. The holder can either lodge the Standard Acceptance Form with the registry directly or send the form to the participant (by arrangement) who forwards it on to the registry. In many cases the participant will include the acceptance money in the purchase price and lodge the acceptance directly, without first sending it to the holder. The participant can request a Standard Acceptance Form by contacting the relevant registry.
- 12.18.20 At the end of final settlement date for rights (last trading day plus N business days), CHESSE adjusts any outstanding rights transactions for the applicable application money. The changed obligation reflects a settlement obligation in the new securities. CHESSE notifies participants of their adjusted transactions (refer to Section 14).
- 12.18.21 Clients that purchase rights securities have the option of paying application money as part of the purchase. Clients that do not accept this option must receive a standard rights acceptance form along with their tax invoice.

If rights are transferred to the issuer sponsored subregister, details of the transferee holding must be included on the acceptance form to assist reconciliation by the issuer's registry.

- 12.18.22 Upon receipt of an acceptance, the registry transforms the nil paid rights directly into the underlying security (refer to Section 12.18.3), reserves them by submitting an adjustment to CHES or waits until issue date. The adjustment reduces the nil paid rights holding by the accepted quantity and the registry maintains its own records of the successful acceptances. Alternatively, if no reservation is required all processing can be undertaken after applications close date.

If there are insufficient securities in the nil paid rights holding, the registry normally processes the lesser number of securities. However the whole acceptance may be rejected and application money refunded to the holder. Some registries elect to wait until holder cheques have been cleared before transforming or reserving rights.

CHES notifies the controller of the nil paid rights holding that the transaction has been processed.

(c) Issue of New Securities

There are two methods via which registries may record acceptances and issue new securities in CHES. The first involves the use of one transformation message, which reduces the rights holding and increases the holding in the new securities at the same time. The second involves the use of two separate holding adjustment messages. One to reduce the rights holding upon acceptance, another to increase the holding in the new securities upon issue.

Registries may also choose to issue new securities progressively throughout the issue or make one issue once the issue has closed. Either of the above methods can be used in conjunction with progressive or single issues.

The use of a transformation message to both reduce the rights holding and increase the holding in the new securities provides a self balancing system. If the registry chooses to make only one issue of securities at the end of the issue the controlling participant is given no timely indication the acceptance has been received by the registry. It also enables all sales to be processed in preference to the acceptance, and the acceptance (transformation) may be rejected by CHES because there is an insufficient rights holding. Registries can ensure these transformations are not rejected by validating transactions against a copy of the CHES subregister, prior to transmission to CHES.

The use of the adjustment message to reduce the rights holding in CHES has the effect of reserving the rights pending the issue of new securities. Any subsequent attempt by the controlling participant to use those rights to satisfy a sale will be rejected. This approach also provides timely notification of acceptance to the controlling participant. These adjustments will continually reduce the units on the rights register and there is no counter posting within CHES to maintain a balanced register. Registries must maintain their own records and ensure the register remains in balance. The adjustment message to issue the new securities is also a one sided transaction and CHES carries out no comparison between the acceptance and the issue of new securities.

12.18.23 The issuer allots the new securities on the basis of acceptances received. The registry sends allotment details to CHESS on or before the issue date.

If the registry uses a transformation to effect the issue, CHESS:

- confirms that there are sufficient securities in each nominated rights holding to cover the acceptance; and
- reduces the rights holding by the quantity accepted and creates or increments the corresponding holding in the new securities.

CHESS validates the registry messages, updates the CHESS subregister holdings, notifies the controlling participants and confirms completion to the registry.

If a registry message is invalid, contains a HIN which is not established in CHESS or there are insufficient units in the rights holding, it will be rejected to the registry.

The new holdings are established under the same subregister as the rights holding.

If the registry uses holding adjustments to deliver these new securities (normally if an adjustment was used earlier to reserve them based on a receipt of the acceptance), the underlying holdings are created or incremented.

12.18.24 If the update creates a new holding in the security, CHESS returns the holder's name and address to the registry. The registry checks the name and address details sent by CHESS to ensure the new securities have been issued to the correct holder. If a difference does occur, the registry must either amend the name and address details in their records or retrieve the securities via a further CHESS message and either update the correct CHESS holding or create an issuer sponsored holding.

12.18.25 The registry issues statements to issuer sponsored holders. ASXS issues statements to holders on the CHESS subregister at the end of the month (refer to Sample D, D₁ and D₂).

12.18.26 CHESS notifies the participant of the issue details. The participant reconciles the securities issued against those accepted and internally processes the acceptances to completion. The participant may internally move rights to deferred settlement securities when the acceptance is recorded and move them to a general position when the issue of securities is confirmed.

12.18.27 Issuers have an obligation to issue new securities to CHESS on or before the issue date announced to the ASX.

12.18.28 The ASX calculates the first allowable settlement date for the deferred settlement securities to be the issue date plus three business days. CHESS rejects settlement instructions with an earlier settlement date.

To arrange settlement (outside CHESS) prior to the first allowable settlement date, participants should:

- (a) Cancel the settlement instruction by agreement between the parties (refer to Section 10);
- (b) Deliver the securities with a demand transfer (refer to Section 8); and
- (c) Pay any consideration outside CHESS.

ASX SETTLEMENT PROCEDURE GUIDELINES

- 12.18.29 On the issue date + 1, if a code change is necessary, CHESSE changes the security code for transactions in the new securities and notifies participants of the amended transactions. Participants should check that all relevant transactions and holdings have been adjusted.
- 12.18.31 Final rights settlement takes place two business days prior to applications close date. At the end of application close date the rights subregister is frozen from further participant activity (i.e. demand transactions). The registries may continue applying transactions to the subregister as required.

(d) Lapsing of Rights

When the registries have completed their issue of securities, they retrieve closing rights balances from CHESSE. Generally, CHESSE archives the nil paid rights subregister 20 business days after it has been closed and the security ceases to be listed. If CHESSE archives the subregister, advice is provided.

If a distribution is to be made for lapsed rights the registry makes the distribution directly to the holders. There is no processing within CHESSE

- 12.18.32 Any residual balances of rights holdings remain intact and are available to participants for reporting purposes until the subregister is archived by CHESSE.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.18.3	520 Cum Entitlement Balance	CHESSE	Participant
12.18.3	503 Report Request	Registry	CHESSE
12.18.3	520 Cum Entitlement Balance	CHESSE	Registry
12.18.3	518 Rejected Transaction	CHESSE	Registry
12.18.5	425 Holding Adjustment (RHE)	Registry	CHESSE
12.18.5	422 Applied Registry Transaction	CHESSE	Registry
12.18.5	518 Rejected Transaction	CHESSE	Registry
12.18.6	512 Holding Registration Details	CHESSE	Registry
12.18.6	425 Holding Adjustment (REV)	Registry	CHESSE
12.18.8	128 Adjusted Settlement Instruction	CHESSE	Participant
12.18.8	142 Accrued Settlement Instruction	CHESSE	Participant
12.18.10	007 Demand CHESSE to Issuer Sponsored Transfer Request	Participant	CHESSE
12.18.10	011 CHESSE to Issuer Sponsored Conversion Request	Participant	CHESSE
12.18.10	017 Issuer Sponsored to CHESSE Conversion Request	Participant	CHESSE

ASX SETTLEMENT PROCEDURE GUIDELINES

Section	Message Number and Description	Sender	Recipient
12.18.10	015 Issuer Sponsored to CHESSTransfer Request	Participant	CHESST
12.18.12	022 Effected Holding Adjustment (RHE)	CHESST	Participant
12.18.16	124 Rescheduled Settlement Instruction	CHESST	Participant
12.18.17	124 Rescheduled Settlement Instruction	CHESST	Participant
12.18.22	022 Effected Holding Adjustment (RHA)	CHESST	Participant
12.18.23	425 Holding Adjustment (RHA)	Registry	CHESST
12.18.23	421 Securities Transformation (RHT)	Registry	CHESST
12.18.23	425 Holding Adjustment (RHT)	Registry	CHESST
12.18.23	422 Applied Registry Transaction	CHESST	Registry
12.18.23	518 Rejected Transaction	CHESST	Registry
12.18.24	512 Holding Registration Details	CHESST	Registry
12.18.24	425 Holding Adjustment (REV)	Registry	CHESST
12.18.24	421 Securities Transformation (REV)	Registry	CHESST
12.18.26	018 Effected Holding Transformation (RHT)	CHESST	Participant
12.18.26	022 Effected Holding Adjustment (RHT)	CHESST	Participant
12.18.28	124 Rescheduled Settlement Instruction	CHESST	Participant
12.18.29	128 Adjusted Settlement Instruction	CHESST	Participant
12.18.31	503 Report Request	Registry	CHESST
12.18.31	522 Holding Balance	CHESST	Registry
12.18.31	518 Rejected Transaction	CHESST	Registry
12.18.32	528 Archived Subregister	CHESST	Registry / Participant

12.19 SCHEME OF ARRANGEMENT

A scheme of arrangement may take many forms, according to orders made by a court.

CHESS has no processing specific to a scheme of arrangement.

A scheme of arrangement may require processing similar to a capital reconstruction, capital repayment, off-market take-over or a combination of such events.

In most instances, the process is between the participant and the registry, with the registry then sending adjustment transactions to CHESS in respect of holdings on the CHESS subregister. CHESS notifies participants of the adjustments using the reason code "SOA - Scheme of Arrangement".

Generally, ASXS closes the subregister on the record date.

PROCEDURE

- 12.19.1 CHESS notifies participants of adjustments made as a result of the scheme of arrangement.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.19.1	425 Holding Adjustment (SOA)	Registry	CHESS
12.19.1	422 Applied Registry Transaction	CHESS	Registry
12.19.1	022 Effected Holding Adjustment (SOA)	CHESS	Participant

12.20 SECURITY CODE CHANGE

A Security code is the unique code used by CHESSE to identify the financial product.

It is called “security code” rather than the more generic “financial product code” for historical reasons.

CHESSE does not provide a company name or financial product description information service to participants.

In cases where a company name change gives rise to a change in ASX codes for securities issued by that company, CHESSE reallocates holdings on its subregister to the new code and notifies participants. A code change also affects any unauthorised registry/CHESSE movement requests associated with the old security code. CHESSE adjusts these outstanding transactions to reflect the code change and notifies the initiating participant of the change.

Where a company name change or financial product description change does not lead to a change in security code, there is no action by CHESSE, other than that the revised name will subsequently appear on printed documents generated by CHESSE (e.g. statements for participant sponsored holders).

12.20.1 Preliminary Steps

12.20.1.1 ASX Companies or ASX Securities Administration advise the code change to Post Trade Operations at least five business days prior to the night of the code change.

12.20.1.2 Post Trade Operations establish a new issuer in CHESSE with the UIC of the registry administering the old security code.

12.20.1.3 Post Trade Operations advises the code change and scheduled implementation to the registry or registry service provider.

12.20.1.4 Post Trade Operations requests, before the actual code change, a new company logo for holding statements from the issuer (if required).

12.20.1.5 If required the issuer delivers a new company logo to Post Trade Operations before the actual code change.

12.20.2 The Night Of The Code Change

12.20.2.1 The registry should not send any further messages referencing the old security code after CHESSE End of Day. Any messages received after End of Day will be rejected by CHESSE.

12.20.2.2 CHESSE produces the overnight reports for the registry as usual based on the old security code.

- 12.20.2.3 CHESSE moves the holding balances in the original financial product to the target security code, or adds the balances of the holdings in the original financial products to existing holdings in the target security code for the same holder (HIN).
CHESSE notifies participants of any movements to holdings under their control.
CHESSE also notifies participants and ASX Clear of movements to subpositions that were created for the purpose of Cash Market Margining under their control.
- 12.20.2.4 The participants check the holdings, internally process the change and verify balances under the new code.
- 12.20.2.5 CHESSE adjusts any registry/CHESSE movement requests awaiting authorisation by the registry. Generally, code changes on financial products subject to outstanding corporate actions are not permitted until at least 6 business days after the ex date (i.e. record date + 1). Code changes after this time and before CHESSE terminates cum processing will freeze the source cum entitlement balances. The registry must manually adjust any further cum transactions affecting the source.
CHESSE notifies participants and registries of the amendments.
- 12.20.2.6 The participants verify the adjustments, internally update the unsettled transactions and check that all relevant transactions have been adjusted.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.20.2.3	050 Effected Security Code Change	CHESSE	Participant
12.20.2.5	128 Adjusted Settlement Instruction (A)	CHESSE	Participant
12.20.2.5	430 Applied Code Change	CHESSE	Registry

12.20.3 The Morning after the Code Change

- 12.20.3.1 Post Trade Operations change the issuer registry's name to reflect the new issuer's name. The majority of code changes will not involve a name change.
- 12.20.3.2 Post Trade Operations advises the mailing house to delete the existing logo if this logo is no longer required on holding statements.
- 12.20.3.3 Post Trade Operations advise new accounting details to ASX Finance.
- 12.20.3.4 The registry can establish standing reporting requests for the new security code if existing standing reporting requests specifically identify the old security code.
- 12.20.3.5 The registry can cancel standing reporting requests for the old security code if existing requests specifically identify the old security code.

ASX SETTLEMENT PROCEDURE GUIDELINES

12.20.4 Merger of Financial Product Classes

This procedure covers the merger of financial product classes.

PROCEDURE

12.20.4.1 When a class code change arises out of the merger of financial product classes, the code change is effected before start of business on the business day immediately after the record date.

12.20.4.2 When the code change is applied CHESS notifies the registry and any participant with holdings under its control that are affected by the code change.

CHESS also notifies participants and ASX Clear of movements to subpositions that were created for the purpose of Cash Market Margining under their control.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.20.4.2	050 Effected Security Code Change	CHESS	Participant
12.20.4.2	430 Applied Code Change	CHESS	Registry

12.20.5 Change in Company ISIN Code

The ISIN code for a security may change without a corresponding change occurring to the ASX code. Although rare, this may occur due to a company changing its country of domicile. Notification is via ASX Market Notice.

PROCEDURE

12.20.5.1 Where a participant or a registry elects to use ISIN Code to identify securities in CHESS, procedures for a change in ISIN Code are identical to those for change in company name (refer to Section 12.20.1).

12.20.5.2 Where a participant or a registry elects to use ASX Code to identify securities in CHESS, any change in Company ISIN Code is transparent to the participant.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.20.5.1	050 Effected Security Code Change	CHESS	Participant
12.20.5.1	128 Adjusted Settlement Instruction (A)	CHESS	Participant
12.20.5.1	430 Applied Code Change	CHESS	Registry

12.21 SECURITY SPLIT

A split is the alteration of the capital of a company where existing securities are split into smaller denominations.

New securities are issued in accordance with the registered holdings as at the specified record date.

New securities are issued on the same subregister (CHESS or Issuer Sponsored) as the existing holding.

The process is handled as a capital reconstruction (refer to Section 12.3).

12.22 TOP UP OFFER

Many companies contain within their Articles of Association a provision that allows for the sale or other disposition of holdings that are less than a marketable parcel of securities. An offer to dispose of holdings of less than a marketable parcel is sometimes accompanied by an offer to “top up” the holdings in order to reach a marketable parcel.

PROCEDURE

12.22.1 Issuer announces the terms of the top up offer. Notices sent to CHESSE holders include a HIN for the issue of securities. Notices sent to issuer sponsored holders include a SRN.

12.22.2 CHESSE holders return the notice together with the payment for the additional securities direct to the registry.

12.22.3 Registries verify acceptance and payment.

12.22.4 Registries issue the securities and send details for CHESSE holders using holding adjustments. CHESSE notifies participants of the holding adjustment.

Once financial products are recorded in CHESSE they are available to the holders. Issuers should not disadvantage issuer sponsored holders by updating CHESSE holders prior to issuing statements.

CHESSE validates the registry messages, updates the CHESSE holdings, notifies the controlling participants and confirms completion to the registry.

If a registry message is invalid or contains a HIN, which is not established in CHESSE, it will be rejected to the registry.

12.22.5 If the update creates a new holding in the class of financial products, CHESSE returns the holder’s name and address to the registry. This should not occur with a top up event. If it does occur, the registry must retrieve the financial products via a further CHESSE message and update the correct CHESSE HIN.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.22.4	425 Holding Adjustment (STP / SPP)	Registry	CHESS
12.22.4	022 Effected Holding Adjustment (STP / SPP)	CHESS	Participant
12.22.4	422 Applied Registry Transaction	CHESS	Registry
12.22.4	518 Rejected Transaction	CHESS	Registry
12.22.5	512 Holding Registration Details	CHESS	Registry
12.22.5	425 Holding Adjustment (REV)	Registry	CHESS

12.23 NON PRO RATA BALANCE

A non-pro rata balance is a corporate action suitable for priority issues, or any other corporate action requiring only an ex-date and record date.

An ex-period is established allowing participants to view non-pro rata balance transaction details via CHES reporting and enables registries and participants to obtain cum balance reporting via CHES. Whilst no entitlement accrues via CHES, this corporate action allows reporting of notional cum entitlement balances.

CHES establishes notional cum balances throughout the ex-period to assist participants in tracking transactions and establishing claims where transactions have not settled. Application for and the issue of non-pro rata entitlements occurs via the issuer's registry. Once completed, the issuer's registry sends details of any issue of securities for CHES holders to CHES. Following this CHES establishes new holdings in the securities and informs participants.

A non-pro rata balance occurs when an offer is made to holders of an existing security (termed the "parent security") to take up new securities in a float or an issue of new securities on an application basis, not a pro-rata basis. Holders of the parent security are given entitlements for a limited number of the new securities as determined by the issuer.

The following limitations apply to non-pro rata balance corporate actions in CHES:

- They are not intended for corporate actions with an ex-date announced after the ex-period has commenced.
- No new CHES security code will be created as a result of a non-pro rata balance corporate action. CHES will not complete any diary adjustment processing. Where an application process for new securities occurs other than on a pro-rata basis CHES cannot complete diary adjustments.
- Non-pro rata balance entitlements cannot be sold or transferred to another party.

Holders of a non-pro rata balance entitlement may:

- Accept the offer and take up the new securities by lodgement of an application form and payment of application moneys to the issuer's registry;
or
- Allow the entitlement to lapse.

Applications can also be lodged for additional securities over and above the non-pro rata entitlement applied for. If the issue is oversubscribed, the issuer selectively reduces or rejects applications and refunds application moneys accordingly.

After determining non-pro rata entitlements based on holders of the parent security on the notional record date, the issuer forwards entitlement application forms to all eligible holders. Applications are lodged directly with the registry.

The new securities are issued on the subregister selected by the applicant (i.e. CHES or issuer sponsored sub-register, depending on which subregisters are supported by the issuer). Trading in the new securities does not commence until after the issue date unless a pre-quotation market has been established.

There are three phases in processing a non-pro rata entitlement:

- (a) Allocation of entitlement;
- (b) Application; and
- (c) Issue of new securities.

PROCEDURE

(a) Allocation of Entitlement

12.23.1 At start of the day on the ex-date for the non-pro rata balance corporate action, CHES establishes a notional cum entitlement balance for each holding in the parent security on the CHES subregister. When established, this balance is equal to the holding balance.

During the ex-period, CHES maintains both the holding balance and the separate cum non pro-rata balance for each holding of the parent security. This facilitates the designation of transactions during the period between the ex date and record date as being either cum or ex the non-pro-rata balance. Default designations apply (refer to section 11.1.2) but participants can override these when they submit the transactions to CHES.

At any time during the ex period and up until the end of the day of the corporate action event, participants can request cum entitlement balance information from CHES. This may be useful for the participant's reconciliation.

Participants should attempt to clear their entrepot accounts on record date as this minimises the need to allocate an entitlement attributable to an entrepot holding to individual client accounts.

12.23.2 Following record date, the registry takes a snapshot of the subregister to establish the entitlement.

12.23.3 The issuer's registry forwards allocation forms to all registered holders as at record date.

12.23.4 The participant internally records entitlement details, checks the securities issued with those expected and internally processes the allocation of the non pro-rata to completion.

ASX SETTLEMENT PROCEDURE GUIDELINES

(b) Application

- 12.23.5 Holders lodge their application forms and application moneys directly with the registry. These should include registration details and a HIN if they are CHESSE holders.

(c) Issue of New Securities

- 12.23.6 The issuer issues the new securities and the registry enters the securities into the CHESSE subregister. This takes place on or before the issue date.

- 12.23.7 CHESSE creates holdings in the new securities and notifies participants of the allotments. Holdings in the new securities are established on CHESSE using the same HINs as the holder's parent holdings.

- 12.23.8 Unless arrangements have been made for a pre-quotations market, trading in the new securities does not begin before issue date.

Issuers are required to issue securities on or before the issue date announced to ASX. Demand participant activity (e.g. transfers) happen from the time the allotments are recorded on CHESSE.

- 12.23.10 If a pre-quotations market has been established, ASX calculates the first allowable settlement date for the deferred settlement securities to be the issue date plus four business days. CHESSE rejects settlement instructions with an earlier settlement date.

To arrange settlement (outside CHESSE) prior to the first allowable settlement date, participants should:

- (a) Cancel the settlement instruction by agreement between the parties (refer to Section 10 of the PPG);
- (b) Deliver the securities with a demand transfer (refer to section 8 of the APG); and
- (c) Pay any consideration outside CHESSE.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
12.23.1	520 Cum Entitlement Balance	CHESSE	Participant
12.23.7	022 Effected Holding Adjustment (PRI)	CHESSE	Participant
12.23.8	128 Adjusted Settlement Instruction	CHESSE	Participant
12.23.10	518 Rejected Transaction	CHESSE	Participant

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