ASX SETTLEMENT PROCEDURE GUIDELINES

Context of this Document

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

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

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

Change History

Version	Date	Description of changes
1.0	May 2005	Initial version of a merged guideline document incorporating details from both the PPG and IRPG
1.2	May 2007	Renumbering of this section as the original Section 20 ASX World Link has been removed
1.7	Dec 2010	Updates to include name changes within ASX Group and ASX Operating Rule books.
3.1	Jan 2016	ASXOnline document merge.
3.2	Mar 2016	T+2 implementation and change in references from C&S Operations to Post Trade Operations

SECTION 25. HOLDING LOCK FACILITIES

Registries, on behalf of issuers, may wish to prevent participant transactions being applied against specific holdings regardless of the subregister in which the holding is maintained.

25.1 LOCKING ISSUER SPONSORED HOLDINGS

As a result of a holder notifying the Issuer that a court order had been issued in relation to the holder, the Issuer may need to prevent participant transactions from being applied to the nominated holding, which resides on the issuer's subregister.

PROCEDURE

25.1.1 Issuers flag their internal records to highlight that transactions are not to be applied against a particular holding.

25.1.2 Upon receipt of a CHESS transaction for this holding, which requires authorisation by the Issuer, the issuer can elect to reject the transaction and append the appropriate reason code in the rejection message to CHESS.

25.1.3 CHESS advises the initiating participant controller upon receipt of the rejection.

Message Reference Table

Section	Message Number and Description		Sender
25.1.2	404	Issuer to CHESS Conversion Authorisation Request	CHESS
25.1.2	408	Issuer to CHESS Transfer Authorisation Request	CHESS
25.1.2	407	Registry to CHESS Transfer Rejection	Registry
25.1.2	403	Registry to CHESS Conversion Rejection	Registry

25.2 CHESS INITIATED LOCKS

25.2.1 Single Holding Locks

The issuer may need to prevent certain participant transactions from being applied to a nominated holding, which resides on the CHESS subregister. Such occurrences are the result of the Issuer being notified that either a court order had been received in relation to a holder, or the holding is classified as "restricted financial products" under the ASX Listing Rules. The holding lock concept allows for ASXS to lock all or a portion of a holding in response to an appropriately supported request from an issuer.

Further operations on the locked holding will need to be co-ordinated by Post Trade Operations between the participant controller, any third party involved and the respective Issuer.

PROCEDURE

25.2.1.1   Issuers lodge a written request, together with supporting documents, with Post Trade Operations specifying that a lock is required. This request must include the holder's HIN, registered name and address, the security code to identify the holding, the quantity of financial products to be locked plus details of the supporting documentation including the reason for the lock. Refer to Appendix D for a sample form suitable for submission to Post Trade Operations.

To expedite the application of a lock by the Post Trade Operations, Issuers are encouraged to submit the lock application and the supporting documentation by facsimile transfer. Post Trade Operations will take action on this request but will require the delivery of the original documents.

25.2.1.2   The document noting procedures ensure that registries also notify the holding controller. If only part of the holding is classified as restricted financial products, then a separate holding should be established for the locked portion.

25.2.1.3   Upon verifying the request, Post Trade Operations will lock the nominated holding on the CHESS subregister. CHESS electronically notifies the registry and the holding controller of the successful application of a single holding lock. ASXS notifies the holder in writing of the applied lock. (Refer to Appendix Sample S.)

If only part of the holding is required to be locked then a separate holding will be established for the locked portion.

25.2.1.4   Transactions subsequently initiated by participants involving the locked holding will be rejected by CHESS with advice to this effect sent to the participant. Note that registry sourced transactions will be processed normally.

25.2.1.5   Settlement instructions for a locked holding will fail. Resolution of failed instructions requires discussion between the participants involved, and possibly Post Trade Operations.

25.2.1.6   Holding locks are removed by Post Trade Operations upon written request from the Issuer. CHESS electronically notifies the registry and the holding controller of the successful unlock. ASXS notifies the holder in writing of the unlock. (Refer to Appendix Sample T.)

Message Reference Table

Section	Message Number and Description		Sender
25.2.1.3	512	Holding Registration Details	CHESS
25.2.1.6	512	Holding Registration Details	CHESS

25.2.2   Holder Record Locks

25.2.2.1   Participants or Post Trade Operations may need to prevent certain participant transactions from being applied to all holdings, which reside on the CHESS subregister for a nominated holder. Such occurrences are generally the result of:
- notification of the death of a holder;
- notification of the bankruptcy of a holder;
- notification that a holder is subject of a court order; or
- other circumstances deemed appropriate by Post Trade Operations.

25.2.2.2   In these cases, a holder record lock is applied. The lock:
- allows all registry or offeror/bidder initiated movements;
- allows participant transfers and conversions into holdings;
- prevents participant transfers or conversions from the nominated holdings;
- prevents acceptance of a buyback offer or an off-market takeover bid;
- prevents withdrawal of acceptance of a buyback offer or an off-market takeover bid; and
- prevents change of controlling participant.

25.2.2.3   CHESS electronically notifies the registry and the holding controller of the holder record lock and the reason for its application. ASXS notifies the holder in writing. (Refer to Appendix Sample U where the text for "New Holder Status" will reflect the change.)

25.2.2.4 Holder record locks are released:
- directly by Post Trade Operations; or
- upon authorisation by Post Trade Operations of a participant request.

CHESS electronically notifies the registry and the participant controller of the successful release of the lock. ASXS notifies the holder in writing. (Refer to Appendix Sample U where the text for "New Holder Status" will reflect the change.)

Message Reference Table

Section	Message Number and Description		Sender
25.2.2.3	512	Holding Registration Details	CHESS
25.2.2.4	512	Holding Registration Details	CHESS