

SECTION 32.	CLIENT ACCOUNT SEGREGATION	32-3
32.1	Introduction	32-3
32.2	Client Account Segregation Overview	32-4
32.2.1	New Messages	32-4
32.2.2	Modified Messages	32-4
32.2.3	New Error Messages	32-4
32.2.4	Modified Error Messages (Change in description)	32-4
32.2.5	New Procedure and Process	32-4
32.3	New Single Entry Transfer Message	32-5
32.3.1	Transfers from Accumulation Account to Settlement Account	32-6
32.3.2	Transfers from Direct or Sponsored Account to Settlement Account	32-6
32.3.3	Transfers from Settlement Account to Direct or Sponsored Account	32-7
32.3.4	Validation Rules for Accumulation to Settlement Account Transfers	32-8
32.3.5	Validation Rules for Direct or Sponsored to Settlement Account Transfers	32-8
32.3.6	Validation Rules for Settlement Account to Direct or Sponsored HIN Transfers	32-8
32.4	Cancelling Transactions	32-9
32.5	Failure of Batch Instructions	32-9
32.6	Trustable Amounts	32-10
32.6.1	Calculation of Client Trust Account Settlement Obligations	32-10
32.6.2	Notification of Net Obligations for Client Trust Account	32-10
32.7	CHESS Payment Providers (Banks)	32-11
32.8	CHESS Diary Adjustment Processing	32-11
32.9	Transfer Restrictions	32-11
32.10	Business & Technical Overview	32-22

ASX SETTLEMENT PROCEDURE GUIDELINES



This document is available online in Adobe Portable Document Format (PDF) at:
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 financial products 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	March 2015	Initial version.
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 32. CLIENT ACCOUNT SEGREGATION

32.1 INTRODUCTION

In December 2012 the Reserve Bank of Australia (RBA) released new Financial Stability Standards (FSS) for Financial Market Infrastructures. The RBA FSS apply to licensed clearing and settlement facilities, including ASX Clear and ASX Settlement, and are in response to the new international standards for the regulation and conduct of Clearing and Settlement Facilities developed by the Committee on Payment and Settlement Systems (CPSS) and the Technical Committee of the International Organisation of Securities Commissions (IOSCO).

The RBA FSS standards, among other matters, cover Segregation and Portability and require that “*a central counterparty should have rules and procedures that enable the segregation of positions of a participant’s customers and the collateral provided to the central counterparty with respect to those positions*”.

Accordingly, ASX introduced rule and procedure amendments on 28 April 2014. The rule and procedure amendments provided for offsetting transaction arrangements, the protection of client assets, the removal of bank guarantees and other requirements pertaining to Accumulation Accounts and access to monies held in a participant trust account.

The second and final phase will occur with the implementation of system enhancements made to the Clearing House Electronic Sub-register System (CHES), including some additional clearing and settlement rule amendments. Both the rule amendments and system enhancements to support Client Account Segregation are scheduled to become effective on 25 May 2015.

The system enhancements focus on the treatment of client financial products and monies during the settlement process between Trade date (T) and Settlement date (T+3) in order to support the purpose of achieving a materially equivalent protection of client assets to that offered through a client omnibus account for the purposes of paragraph 13.2.10 of the *Financial Stability Standards for Central Counterparties*.

The following section details the introduction of new and modified CHES messaging, message process-flows and new procedures in connection with the aforementioned FSS standards and the identification of ‘trustable amounts’ on certain sell and buy transactions.

The new standards and processes outlined in this section will be referenced collectively as ‘Client Account Segregation’.

32.2 CLIENT ACCOUNT SEGREGATION OVERVIEW

Client Account Segregation functionality is the second and final phase of measures introduced by ASX for the purpose of achieving materially equivalent protection of client assets to that offered through a client omnibus account for the purposes of paragraph 13.2.10 of the *Financial Stability Standards for Central Counterparties*.

All Clearing and Settlement¹ Participants and Payment Providers are impacted by the new Client Account Segregation measures which include new and modified CHESSE messaging to identify the trustable amount on certain sell and buy transactions.

32.2.1 New Messages

- Scheduled Settlement CHESSE to CHESSE Transfer Request (EIS Type 107-01)
- Net Trustable Amount Movement (EIS Type 186-01)

32.2.2 Modified Messages

- Participant Funds Obligations (EIS Type 310-02)

32.2.3 New Error Messages

- 05913 Trust Amount must be Positive or a Zero Value
- 05914 Trust Amount must be Negative or a Zero Value
- 06586 Movement between these account types is restricted
- 06587 Cannot change to Accumulation Account – Movement Type Restricted

32.2.4 Modified Error Messages (Change in description)

- 01012 Insufficient Cum Entitlements to Transfer or for Settlement
- 01014 Insufficient Units to Transfer or available for Settlement
- 01060 Invalid PID – Not an Acceptable Participant Type

32.2.5 New Procedure and Process

A Participant must include a client's trustable amount on all transfers from an Accumulation Account to a Settlement Account and for all transfers from a Direct or Sponsored HIN to a Settlement Account (and vice versa²) by using the new single entry *MT107 Scheduled Settlement CHESSE to CHESSE Transfer Request* message for the purposes of meeting CHESSE batch settlement.

Each business day following Batch Settlement cut-off CHESSE will aggregate and net the trustable amounts entered by Participants on all MT107 messages where financial products are being delivered into the 'Settlement Account' against all MT107

¹ Settlement *only* participants (e.g. custodians, institutions and PISPs) are not affected.

² Settlement to Direct or Sponsored HIN must be zero or less than zero.

messages where financial products are being delivered out of the Settlement Account.

The resultant sum³ (*Net Trustable Amount*) is then provided by CHES to the Payment Provider by way of a *MT310 Participant Funds Obligations* message specifying the Net Trustable Amount to be either funded into or withdrawn from a Participant's trust account.

Following completion of settlement on each given business day CHES will then send each Participant a *MT186 Net Trustable Amount Movement* message to notify them of the Net Trustable Amount that their Payment Provider will transfer into or withdraw from trust.

32.3 NEW SINGLE ENTRY TRANSFER MESSAGE

Single entry transfers are used to transfer financial products between two CHES holdings controlled by the same participant.

Prior to the introduction of client account segregation these messages were typically used for the transfer of financial products between Clearing Accounts. For example, a participant might have used a single entry demand transfer (e.g. *MT001*) message to prepare for settlement by moving financial products from a client HIN to the Settlement Account or from a client HIN to the Accumulation Account⁴ where appropriate.

Similarly, single entry demand or settlement transfers were used by participants to transfer financial products from a Settlement Account to a client HIN for registration purposes.

The *MT107* message is modelled on the existing *MT105 Single Entry Settlement CHES to CHES Transfer Request* message, and in most circumstances will replace the use of the existing *MT105* message where the underlying purpose is to facilitate a client transaction involving a sale or purchase of financial products.

By comparison to the existing *MT105* message, the new *MT107* message includes an additional field attribute (*Trust Amount*) together with a number of changes to the way in which CHES validates certain source holdings including a range of new transfer restrictions, refer to Section 32.5 for a list of all impacted CHES messages.

³ Taking into account any failed settlement obligations.

⁴ Ordinarily followed by one or more single entry demand (or settlement) transfers from the Accumulation Account to the participant's Settlement Account.

ASX SETTLEMENT PROCEDURE GUIDELINES

32.3.1 Transfers from Accumulation Account to Settlement Account

The following procedure provides for transfers from an Accumulation Account to a Settlement Account.

PROCEDURE

32.3.1.1 The participant submits an MT107 message from the Accumulation Account to the Settlement Account ensuring that the relevant Trust Amount is included in the transfer and that sufficient units are available in the Accumulation Account.

32.3.1.2 The Trust Amount must be Positive or a Zero Value.

32.3.1.3 CHESSE validates the request and notifies the participant that the transfer has been either scheduled or rejected.

32.3.1.4 On settlement day⁵, CHESSE processes the transfer through the aggregation process and notifies the participant of the transfer's completion.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
32.3.1.1	107 Scheduled Settlement CHESSE to CHESSE Transfer Request	Participant	CHESSE
32.3.1.2	106 Scheduled Single Entry Settlement CHESSE to CHESSE Transfer	CHESSE	Participant
32.3.1.3	518 Rejected Transaction	CHESSE	Participant
32.3.1.4	156 Settled Settlement Instruction	CHESSE	Participant

32.3.2 Transfers from Direct or Sponsored Account to Settlement Account

The following procedure provides for transfers from a Direct or Sponsored Account to a Settlement Account.

PROCEDURE

32.3.2.1 The participant submits an MT107 message from a Direct or Sponsored HIN to the Settlement Account ensuring that the relevant Trust Amount is included in the transfer and that sufficient units are or will be available in the Direct or Sponsored HIN prior to settlement cut-off.

32.3.2.2 The Trust Amount must be Positive or a Zero Value.

⁵ Provided sufficient units are available.

ASX SETTLEMENT PROCEDURE GUIDELINES

- 32.3.2.3 CHESSE validates the request and notifies the participant that the transfer has been either scheduled or rejected.
- 32.3.2.4 If sufficient units are available in the Direct or Sponsored HIN prior to settlement cut-off on settlement day, CHESSE processes the transfer through the aggregation process and notifies the participant of the transfer's completion.
- 32.3.2.5 If there are insufficient units in the Direct or Sponsored HIN prior to settlement cut-off on settlement day, CHESSE will reschedule the transfer to the next settlement day.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
32.3.2.1	107 Scheduled Settlement CHESSE to CHESSE Transfer Request	Participant	CHESSE
32.3.2.2	106 Scheduled Single Entry Settlement CHESSE to CHESSE Transfer	CHESSE	Participant
32.3.2.3	518 Rejected Transaction	CHESSE	Participant
32.3.2.4	156 Settled Settlement Instruction	CHESSE	Participant
32.3.2.5	124 Rescheduled Settlement Instruction	CHESSE	Participant

32.3.3 Transfers from Settlement Account to Direct or Sponsored Account

The following procedure provides for transfers from a Settlement Account to a Direct or Sponsored Account.

PROCEDURE

- 32.3.3.1 The participant submits an MT107 message from the Settlement Account to a Direct or Sponsored HIN ensuring that the relevant Trust Amount is included in the transfer and that sufficient units are available in the Settlement Account following completion of settlement.
- 32.3.3.2 The Trust Amount must be Negative⁶ or a Zero Value.
- 32.3.3.3 CHESSE validates the request and notifies the participant that the transfer has been either scheduled or rejected.

⁶ Negative sign is only required when using a MT107 message to allocate financial products to a client where the Participant wishes to instruct ASX to notify their payment provider to transfer funds from the Trust Account to the General Account.

ASX SETTLEMENT PROCEDURE GUIDELINES

- 32.3.3.4 If sufficient units are available in the Settlement Account, CHES processes the transfer through the aggregation process and notifies the participant of the transfer's completion.
- 32.3.3.5 If there are insufficient units in the Settlement Account, CHES will reschedule the transfer to the next settlement day.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
32.3.3.1	107 Scheduled Settlement CHES to CHES Transfer Request	Participant	CHES
32.3.3.2	106 Scheduled Single Entry Settlement CHES to CHES Transfer	CHES	Participant
32.3.3.4	518 Rejected Transaction		
32.3.3.5	156 Settled Settlement Instruction	CHES	Participant
32.3.3.6	124 Rescheduled Settlement Instruction	CHES	Participant

32.3.4 Validation Rules for Accumulation to Settlement Account Transfers

- The Delivering HIN must be Accumulation Account
- The Receiving HIN must be Settlement Account
- Trust Amount must be zero or greater than zero
- Units must be available in the Accumulation Account to be accepted
- Units must be available to cover all previously accepted MT107 messages

32.3.5 Validation Rules for Direct or Sponsored to Settlement Account Transfers

- The Delivering HIN must be a Direct or Sponsored HIN
- The Receiving HIN must be Settlement Account
- Trust Amount must be zero or greater than zero
- Unit Quantity must be available in the Direct or Sponsored HIN at the time of settlement commencing.

32.3.6 Validation Rules for Settlement Account to Direct or Sponsored HIN Transfers

- The Delivering HIN must be Settlement Account

ASX SETTLEMENT PROCEDURE GUIDELINES

- The Receiving HIN must be a Sponsored or Direct HIN
- Unit Quantity must be available in Settlement Account following CHES batch processing.
- Trust Amount must be zero or less than zero

Note: *MT146 'Effected Net Settlement Movement' messages to the receiving HIN (where the HIN is sponsored by an Account Participant) is now sent to the Clearing Participant and replaces the MT010 'Applied Transferor Submitted Transfer' message that would have been previously sent to the Account Participant if allocated post CHES batch.*

32.4 CANCELLING TRANSACTIONS

A participant may cancel an MT107 message at any time prior to settlement cut-off by submitting an *MT119 Single Entry Settlement CHES to CHES Transfer Cancellation Request* message.

For further information involving the cancellation of transactions, refer to Section 10.2.

PROCEDURE

- 32.4.1 The participant records the cancellation and submits a Single Entry Settlement CHES to CHES Transfer Cancellation Request message prior to settlement cut-off.
- 32.4.2 CHES responds either with a message acknowledging that the cancellation has been effected or with a rejection message.

Message Reference Table

Section	Message Number and Description	Sender	Recipient
32.4.1	119 Single Entry Settlement CHES to CHES Transfer Cancellation Request	Participant	CHES
32.4.2	116 Cancelled Settlement Instruction	CHES	Participant
32.4.2	518 Rejected Transaction	CHES	Participant

32.5 FAILURE OF BATCH INSTRUCTIONS

If by the scheduled time on a Business Day, a Source Holding, or during an Ex Period, a Cum Entitlement Balance for a Source Holding specified in a *107-01 Scheduled Settlement CHES to CHES Transfer Request* message has insufficient units to meet a Participants obligation, ASX Settlement will fail and reschedule the relevant *107-01 Scheduled Settlement CHES to CHES Transfer Request* message to the next Business Day.

ASX SETTLEMENT PROCEDURE GUIDELINES

Note: The new 107-01 Scheduled Settlement CHES to CHES Transfer Request message is not subject to part settlement.

32.6 TRUSTABLE AMOUNTS

32.6.1 Calculation of Client Trust Account Settlement Obligations

On each Business Day, CHES will calculate for each Participant's PID for that Business Day a net obligation (*Net Trustable Amount*) to make payment to or net entitlement to receive payment from the Client Trust Account in respect of 107-01 Scheduled Settlement CHES to CHES Transfer Request messages scheduled for settlement on that Business Day that is equal to the difference between:

- (a) the total of all amounts **payable** to the Client Trust Account on that Business Day as specified in each MT107-01 message scheduled for settlement on that Business Day for that PID; and
- (b) the total of all amounts **receivable** from the Client Trust Account on that Business Day as specified in each MT107-01 message scheduled for settlement on that Business Day for that PID

Note: A Client Trust Receivable Amount included in a MT107-01 message may be set-off amount against a Client Trust Deductible Amount included in a MT107-01 message which is scheduled for settlement on the same day.

32.6.2 Notification of Net Obligations for Client Trust Account

Following completion of Batch Settlement on each Business Day, CHES will notify each Participant, in respect of each PID, of its net obligation to make payment to or net entitlement to receive payment from the Client Trust Account in respect of Client Trust Account Amount Messages scheduled for settlement on that Business Day.

Although the net amount to be paid to or received from the Client Trust Account is not a Settlement Amount to be paid or received in Batch Settlement, the Participant:

- (a) **must**, where a net amount is required to be paid to the Client Trust Account, pay that amount through its Payment Provider to the Client Trust Account concurrent with Batch Settlement on that Business Day;
- (b) may, where a net amount is entitled to be received from the Client Trust Account, receive that amount through its Payment Provider from the Client Trust Account concurrent with Batch Settlement on that Business Day.

Note: The net amount notified by ASX Settlement does not represent "Customer Net Funds" to be paid into or received from Payment Facilities made available by a Payment Provider to the Settlement Participant and is not an amount payable or receivable in relation to the Payment Facility established in respect of that PID under the Standard Payments Provider Deed. Payment to, or receipt from, the Client Trust Account of that net amount occurs separately to Batch Settlement and the Standard Payments Provider Deed.

ASX SETTLEMENT PROCEDURE GUIDELINES

32.7 CHESS PAYMENT PROVIDERS (BANKS)

During CHESS Batch Settlement, CHESS sends an *MT310 Participants Funds Obligation* message to each participant's Payment Provider detailing the net 'pay' or 'receive' funds position per payment facility.

The MT310 message has also been modified to support client account segregation procedures and includes the new *Trust Amount* field attribute which provides a mechanism whereby the Payment Provider can readily identify the total trustable amount that must be credited to or withdrawn from the participants trust bank account.

32.8 CHESS DIARY ADJUSTMENT PROCESSING

As currently applies to the MT105 message, automatic diary adjustments for corporate actions that affect security holdings (e.g. reconstructions, entitlement offers, bonus issues) will be applied to eligible unsettled *MT107* messages scheduled at the close of business on the relevant record date, however, no cash adjustment components (e.g. application money) will be applied.

Additionally, no value adjustments (e.g. dividend and interest payments, capital returns) will be applied to unsettled *MT107* messages.

32.9 TRANSFER RESTRICTIONS

The following table details transfer restrictions that apply to certain CHESS messages. The affected messages are highlighted in **bold** with unaffected messages also included.

Mess Type	CHESS Batch	Description	Source Participant A	Destination Participant A	Destination Participant B	Changes	Process Change
001	No	Demand Single Entry CHESS to CHESS Transfer Request	Accumulation	Accumulation		No change	No
001	No	Demand Single Entry CHESS to CHESS Transfer Request	Accumulation	Settlement		Replaced by new MT107 CHESS message (including trustable amount).	Yes
001	No	Demand Single Entry CHESS to CHESS Transfer Request	Accumulation	Sponsored HIN		No change – However there has to be sufficient units in the Accumulation Account to cover all previously accepted MT107 CHESS messages.	No
001	No	Demand Single Entry CHESS to	Accumulation	Direct HIN		No change – However there	No

ASX SETTLEMENT PROCEDURE GUIDELINES

Mess Type	CHES Batch	Description	Source Participant A	Destination Participant A	Destination Participant B	Changes	Process Change
		CHES Transfer Request				has to be sufficient units in the Accumulation Account to cover all previously accepted MT107 CHES messages.	
001	No	Demand Single Entry CHES to CHES Transfer Request	Settlement	Accumulation		No change	No
001	No	Demand Single Entry CHES to CHES Transfer Request	Settlement	Settlement		No change	No
001	No	Demand Single Entry CHES to CHES Transfer Request	Settlement	Sponsored HIN		No change	No
001	No	Demand Single Entry CHES to CHES Transfer Request	Settlement	Direct HIN		No change	No
001	No	Demand Single Entry CHES to CHES Transfer Request	Sponsored HIN	Accumulation		No change	No
001	No	Demand Single Entry CHES to CHES Transfer Request	Sponsored HIN	Settlement		No longer allowed. Must transfer into the Accumulation Account and use the new MT107 CHES message.	Yes
001	No	Demand Single Entry CHES to CHES Transfer Request	Sponsored HIN	Sponsored HIN		No change	No
001	No	Demand Single Entry CHES to CHES Transfer Request	Sponsored HIN	Direct HIN		No change	No
001	No	Demand Single Entry CHES to CHES Transfer Request	Direct HIN	Accumulation		No change	No
001	No	Demand Single Entry CHES to CHES Transfer Request	Direct HIN	Settlement		No longer allowed. Must transfer into the Accumulation Account and use the new MT107 CHES message.	Yes
001	No	Demand Single Entry CHES to CHES Transfer Request	Direct HIN	Sponsored HIN		No change	No
001	No	Demand Single Entry CHES to	Direct HIN	Direct HIN		No change	No

ASX SETTLEMENT PROCEDURE GUIDELINES

Mess Type	CHESS Batch	Description	Source Participant A	Destination Participant A	Destination Participant B	Changes	Process Change
		CHESS Transfer Request					
003	No	Transferor Submitted Demand Transfer	Accumulation		Accumulation	No longer allowed. Currently not used.	No
003	No	Transferor Submitted Demand Transfer	Accumulation		Settlement	Replaced by new MT107 CHESS message (including trustable amount).	Yes
003	No	Transferor Submitted Demand Transfer	Accumulation		Sponsored HIN	No change – However there has to be sufficient units in the Accumulation Account to cover all previously accepted MT107 CHESS messages.	No
003	No	Transferor Submitted Demand Transfer	Accumulation		Direct HIN	No change – However there has to be sufficient units in the Accumulation Account to cover all previously accepted MT107 CHESS messages.	No
003	No	Transferor Submitted Demand Transfer	Settlement		Accumulation	No longer allowed. Currently not used.	No
003	No	Transferor Submitted Demand Transfer	Settlement		Settlement	No longer allowed. Currently not used.	No
003	No	Transferor Submitted Demand Transfer	Settlement		Sponsored HIN	No change	No
003	No	Transferor Submitted Demand Transfer	Settlement		Direct HIN	No change	No
003	No	Transferor Submitted Demand Transfer	Sponsored HIN		Accumulation	No change	No
003	No	Transferor Submitted Demand Transfer	Sponsored HIN		Settlement	No longer allowed. Must transfer into the Accumulation Account and use the new MT107 CHESS message.	Yes
003	No	Transferor Submitted Demand Transfer	Sponsored HIN		Sponsored HIN	No change	No
003	No	Transferor Submitted Demand Transfer	Sponsored HIN		Direct HIN	No change	No

ASX SETTLEMENT PROCEDURE GUIDELINES

Mess Type	CHES Batch	Description	Source Participant A	Destination Participant A	Destination Participant B	Changes	Process Change
003	No	Transferor Submitted Demand Transfer	Direct HIN		Accumulation	No change	No
003	No	Transferor Submitted Demand Transfer	Direct HIN		Settlement	No longer allowed. Must transfer into the Accumulation Account and use the new MT107 CHES message.	Yes
003	No	Transferor Submitted Demand Transfer	Direct HIN		Sponsored HIN	No change	No
003	No	Transferor Submitted Demand Transfer	Direct HIN		Direct HIN	No change	No
005	No	Demand Dual Entry CHES to CHES Transfer Request	Accumulation		Accumulation	No change – However there has to be sufficient units in the Accumulation Account to cover all previously accepted MT107 CHES messages.	No
005	No	Demand Dual Entry CHES to CHES Transfer Request	Accumulation		Settlement	No change – However there has to be sufficient units in the Accumulation Account to cover all previously accepted MT107 CHES messages.	No
005	No	Demand Dual Entry CHES to CHES Transfer Request	Accumulation		Sponsored HIN	No change – However there has to be sufficient units in the Accumulation Account to cover all previously accepted MT107 CHES messages.	No
005	No	Demand Dual Entry CHES to CHES Transfer Request	Accumulation		Direct HIN	No change – However there has to be sufficient units in the Accumulation Account to cover all previously accepted MT107 CHES messages.	No
005	No	Demand Dual Entry CHES to CHES Transfer Request	Settlement		Accumulation	No change	No
005	No	Demand Dual Entry CHES to CHES Transfer Request	Settlement		Settlement	No change	No
005	No	Demand Dual Entry CHES to CHES Transfer Request	Settlement		Sponsored HIN	No change	No

ASX SETTLEMENT PROCEDURE GUIDELINES

Mess Type	CHES Batch	Description	Source Participant A	Destination Participant A	Destination Participant B	Changes	Process Change
005	No	Demand Dual Entry CHES to CHES Transfer Request	Settlement		Direct HIN	No change	No
005	No	Demand Dual Entry CHES to CHES Transfer Request	Sponsored HIN		Accumulation	No change - assumption is that this is not related to a client sell transaction for Participant A.	No
005	No	Demand Dual Entry CHES to CHES Transfer Request	Sponsored HIN		Settlement	No change - assumption is that this is not related to a client sell transaction for Participant A.	No
005	No	Demand Dual Entry CHES to CHES Transfer Request	Sponsored HIN		Sponsored HIN	No change - assumption is that this is not related to a client sell transaction for Participant A	No
005	No	Demand Dual Entry CHES to CHES Transfer Request	Sponsored HIN		Direct HIN	No change - assumption is that this is not related to a client sell transaction for Participant A.	No
005	No	Demand Dual Entry CHES to CHES Transfer Request	Direct HIN		Accumulation	No change - assumption is that this is not related to a client sell transaction for Participant A.	No
005	No	Demand Dual Entry CHES to CHES Transfer Request	Direct HIN		Settlement	No change - assumption is that this is not related to a client sell transaction for Participant A.	No
005	No	Demand Dual Entry CHES to CHES Transfer Request	Direct HIN		Sponsored HIN	No change - assumption is that this is not related to a client sell transaction for Participant A.	No
005	No	Demand Dual Entry CHES to CHES Transfer Request	Direct HIN		Direct HIN	No change - assumption is that this is not related to a client sell transaction for Participant A.	No
007	No	Demand CHES to Issuer Sponsored Transfer Request	Accumulation			No change - However there has to be sufficient units in the Accumulation Account to cover all previously accepted MT107 CHES messages.	No

ASX SETTLEMENT PROCEDURE GUIDELINES

Mess Type	CHES Batch	Description	Source Participant A	Destination Participant A	Destination Participant B	Changes	Process Change
007	No	Demand CHES to Issuer Sponsored Transfer Request	Settlement			No change	No
007	No	Demand CHES to Issuer Sponsored Transfer Request	Sponsored HIN			No change	No
007	No	Demand CHES to Issuer Sponsored Transfer Request	Direct HIN			No change	No
011	No	CHES to Issuer Sponsored Conversion Request	Accumulation			No change – However there has to be sufficient units in the Accumulation Account to cover all previously accepted MT107 CHES messages.	No
011	No	CHES to Issuer Sponsored Conversion Request	Settlement			No change	No
011	No	CHES to Issuer Sponsored Conversion Request	Sponsored HIN			No change	No
011	No	CHES to Issuer Sponsored Conversion Request	Direct HIN			No change	No
015	No	Issuer Sponsored to CHES Transfer Request		Accumulation		No change	No
015	No	Issuer Sponsored to CHES Transfer Request		Settlement		No longer allowed, must transfer into the Accumulation Account.	Yes
015	No	Issuer Sponsored to CHES Transfer Request		Sponsored HIN		No change	No
015	No	Issuer Sponsored to CHES Transfer Request		Direct HIN		No change	No
017	No	Issuer Sponsored to CHES Conversion Request		Accumulation		No change	No
017	No	Issuer Sponsored to CHES Conversion Request		Settlement		No longer allowed, must transfer into the Accumulation Account.	Yes
017	No	Issuer Sponsored to CHES Conversion Request		Sponsored HIN		No change	No
017	No	Issuer Sponsored to CHES Conversion Request		Direct HIN		No change	No
101	Yes	Dual Entry Settlement Notification	Accumulation		Accumulation	No longer allowed. As this transfer may contain client	Yes

ASX SETTLEMENT PROCEDURE GUIDELINES

Mess Type	CHES Batch	Description	Source Participant A	Destination Participant A	Destination Participant B	Changes	Process Change
						stock, Participant A must use the new MT107 CHES message (including the trustable amount) and then send the 101 from the Settlement Account.	
101	Yes	Dual Entry Settlement Notification	Accumulation		Settlement	No longer allowed. As this transfer may contain client stock, Participant A must use the new MT107 CHES message (including the trustable amount) and then send the 101 from the Settlement Account.	Yes
101	Yes	Dual Entry Settlement Notification	Accumulation		Sponsored HIN	No longer allowed. As this transfer may contain client stock, Participant A must use the new MT107 CHES message (including the trustable amount) and then send the 101 from the Settlement Account.	Yes
101	Yes	Dual Entry Settlement Notification	Accumulation		Direct HIN	No longer allowed. As this transfer may contain client stock, Participant A must use the new MT107 CHES message (including the trustable amount) and then send the 101 from the Settlement Account.	Yes
101	Yes	Dual Entry Settlement Notification	Settlement		Accumulation	No change	No

ASX SETTLEMENT PROCEDURE GUIDELINES

Mess Type	CHES Batch	Description	Source Participant A	Destination Participant A	Destination Participant B	Changes	Process Change
101	Yes	Dual Entry Settlement Notification	Settlement		Settlement	No change	No
101	Yes	Dual Entry Settlement Notification	Settlement		Sponsored HIN	No change	No
101	Yes	Dual Entry Settlement Notification	Settlement		Direct HIN	No change	No
101	Yes	Dual Entry Settlement Notification	Sponsored HIN		Accumulation	No change - assumption is that this is not related to a client sell transaction for Participant A.	No
101	Yes	Dual Entry Settlement Notification	Sponsored HIN		Settlement	No change - assumption is that this is not related to a client sell transaction for Participant A.	No
101	Yes	Dual Entry Settlement Notification	Sponsored HIN		Sponsored HIN	No change - assumption is that this is not related to a client sell transaction for Participant A.	No
101	Yes	Dual Entry Settlement Notification	Sponsored HIN		Direct HIN	No change - assumption is that this is not related to a client sell transaction for Participant A.	No
101	Yes	Dual Entry Settlement Notification	Direct HIN		Accumulation	No change - assumption is that this is not related to a client sell transaction for Participant A.	No
101	Yes	Dual Entry Settlement Notification	Direct HIN		Settlement	No change - assumption is that this is not related to a client sell transaction for Participant A.	No
101	Yes	Dual Entry Settlement Notification	Direct HIN		Sponsored HIN	No change - assumption is that this is not related to a client sell transaction for Participant A.	No
101	Yes	Dual Entry Settlement Notification	Direct HIN		Direct HIN	No change - assumption is that this is not related to a client sell transaction for Participant A.	No
105	Yes	Single Entry Settlement CHES	Accumulation	Accumulation		No Change	No

ASX SETTLEMENT PROCEDURE GUIDELINES

Mess Type	CHES Batch	Description	Source Participant A	Destination Participant A	Destination Participant B	Changes	Process Change
		to CHES Transfer Request					
105	Yes	Single Entry Settlement CHES to CHES Transfer Request	Accumulation	Settlement		Replaced by new MT107 CHES message (including trustable amount).	Yes
105	Yes	Single Entry Settlement CHES to CHES Transfer Request	Accumulation	Sponsored HIN		No longer allowed. As this transfer may contain client stock, Participant A must use the new MT107 CHES message (including the trustable amount) and then send the 105 from the Settlement Account.	Yes
105	Yes	Single Entry Settlement CHES to CHES Transfer Request	Accumulation	Direct HIN		No longer allowed. As this transfer may contain client stock, Participant A must use the new MT107 CHES message (including the trustable amount) and then send the 105 from the Settlement Account.	Yes
105	Yes	Single Entry Settlement CHES to CHES Transfer Request	Settlement	Accumulation		No change	No
105	Yes	Single Entry Settlement CHES to CHES Transfer Request	Settlement	Settlement		No change	No
105	Yes	Single Entry Settlement CHES to CHES Transfer Request	Settlement	Sponsored HIN		No change	No
105	Yes	Single Entry Settlement CHES to CHES Transfer Request	Settlement	Direct HIN		No change	No
105	Yes	Single Entry Settlement CHES to CHES Transfer Request	Sponsored HIN	Accumulation		No change	No
105	Yes	Single Entry Settlement CHES	Sponsored HIN	Settlement		No longer allowed. Must	Yes

ASX SETTLEMENT PROCEDURE GUIDELINES

Mess Type	CHES Batch	Description	Source Participant A	Destination Participant A	Destination Participant B	Changes	Process Change
		to CHES Transfer Request				transfer into the Accumulation Account & use the new MT107 CHES message.	
105	Yes	Single Entry Settlement CHES to CHES Transfer Request	Sponsored HIN	Sponsored HIN		No change - assumption is that this is not related to a client sell transaction for Participant A.	No
105	Yes	Single Entry Settlement CHES to CHES Transfer Request	Sponsored HIN	Direct HIN		No change - assumption is that this is not related to a client sell transaction for Participant A.	No
105	Yes	Single Entry Settlement CHES to CHES Transfer Request	Direct HIN	Accumulation		No change	No
105	Yes	Single Entry Settlement CHES to CHES Transfer Request	Direct HIN	Settlement		No longer allowed. Must transfer into the Accumulation Account and use the new MT107 CHES message.	Yes
105	Yes	Single Entry Settlement CHES to CHES Transfer Request	Direct HIN	Sponsored HIN		No change - assumption is that this is not related to a client sell transaction for Participant A.	No
105	Yes	Single Entry Settlement CHES to CHES Transfer Request	Direct HIN	Direct HIN		No change - assumption is that this is not related to a client sell transaction for Participant A.	No
107	Yes	Scheduled Settlement CHES to CHES Transfer Request	Accumulation	Settlement		New Message. For scheduling a movement of units from Accumulation Account to Settlement Account. Must include the trustable amount where relevant. There has to be sufficient units in the Accumulation Account to cover all previously accepted MT107 CHES messages at the time of sending the message..	Yes

ASX SETTLEMENT PROCEDURE GUIDELINES

Mess Type	CHES Batch	Description	Source Participant A	Destination Participant A	Destination Participant B	Changes	Process Change
107	Yes	Scheduled Settlement CHES to CHES Transfer Request	Sponsored HIN	Settlement		New Message. Allows the scheduling of units from a Sponsored HIN to the participants Settlement Account. Must include the trustable amount where relevant. There has to be sufficient units for the delivering Sponsored HIN during Batch Settlement otherwise unsettled messages will be failed and rescheduled to the next settlement day.	No
107	Yes	Scheduled Settlement CHES to CHES Transfer Request	Direct HIN	Settlement		New Message. Allows the scheduling of units from a Direct HIN to the participants Settlement Account. Must include the trustable amount where relevant. There has to be sufficient units for the delivering Direct HIN during Batch Settlement otherwise unsettled messages will be failed and rescheduled to the next settlement day.	No
107	Yes	Scheduled Settlement CHES to CHES Transfer Request	Settlement	Sponsored HIN		New Message. Allows the scheduling of units from Settlement Account to a Sponsored HIN. Amount to be withdrawn from the trust account should be included where relevant. Any unsettled messages will be failed and rescheduled to	Yes

ASX SETTLEMENT PROCEDURE GUIDELINES

Mess Type	CHES Batch	Description	Source Participant A	Destination Participant A	Destination Participant B	Changes	Process Change
						the next settlement day.	
107	Yes	Scheduled Settlement CHES to CHES Transfer Request	Settlement	Direct HIN		New Message. Allows the scheduling of units from Settlement Account to a Direct HIN. Amount to be withdrawn from the trust account should be included where relevant. Any unsettled messages will be failed and rescheduled to the next settlement day.	Yes

32.10 BUSINESS AND TECHNICAL OVERVIEW

It is strongly recommended that Participants refer to the [Business and Technical Overview – Client Segregation Enhancements to CHES](#) for additional detailed information involving mandatory changes for participants.

ASX SETTLEMENT PROCEDURE GUIDELINES

This page is intentionally blank.