ASX Austraclear System

Module – Cash Trades

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This course is designed to provide you with the knowledge required to process cash trades through the ASX Austraclear system.

You will learn how to enter a trade, rectify or cancel a trade and finally how to authorise and settle a trade.

In addition this course will cover queue management, recalling and viewing cash trades and reporting.

Once you have reviewed this material you can then take the examination which is comprised of a number of multiple choice questions.

Entering Cash Trades

The cash trade facility allows participants to pay and receive cash on the ASX Austraclear System, either as a same day transaction or for a date in the future. A cash trade is a two sided transaction that requires both the payer and receiver to enter their respective instructions that are matched by the system to effect the settlement. Settlement can be automatic where, if the payer has sufficient funds available, the system affects the transfer of funds with no action required by either counterparty. It may also be a manual process where participants set their cash records to a deferred state and selectively process transactions on their settlement queue.

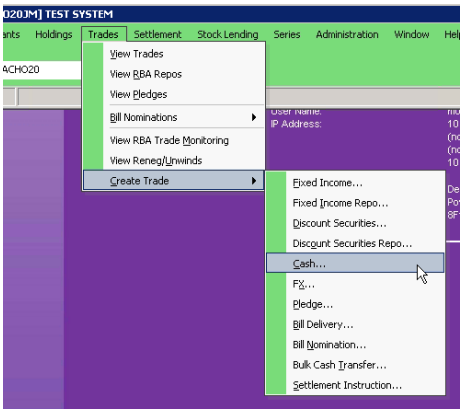
Creating Cash Trades

Most fields are required to match the counterparty in the cash entry screen, otherwise the trade will not match in Austraclear. There are a few exceptions where the cash fields do not match, and contain different data/information to the counterparty, yet still match in Austraclear. This includes:

- Trade Date
- Sub Participant
- Cash Type
- Information
- Participant Reference.

To create a cash trade:

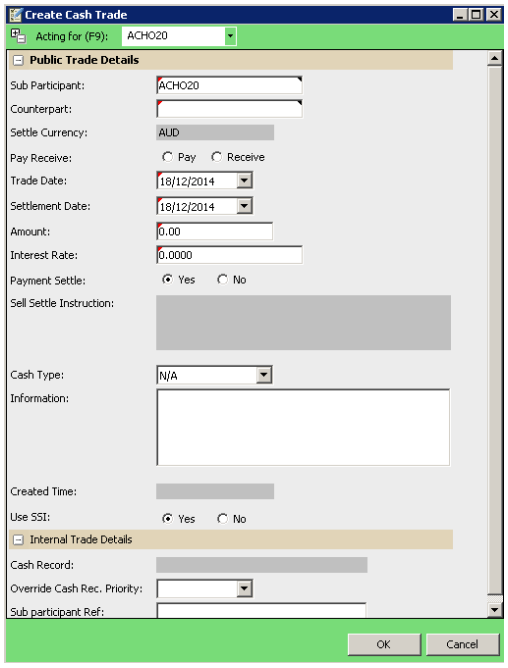
1. Select **Trades>Create Trade>Cash**. This opens the *Create Cash Trade* screen.



2. Enter the cash trade details.

   Enter the required information in the required fields.

   For field descriptions, see *Appendix 11 – Cash Field Descriptions* in the Austraclear System User Guide.



3. Click **OK**.

   Once all of the required information has been entered in the fields,

   click **OK**.

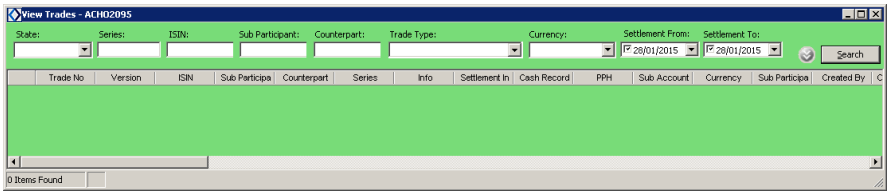
> **Note:**
> If *Use SSI* is set to ***Yes*** and there is no SSI set up, then the trade will not settle. Ensure that the Cash Record field is not blank.

Viewing Cash Trades

To view cash trades:

1. Select **Trades>View Trades**.

   This displays the *View Trades* screen.



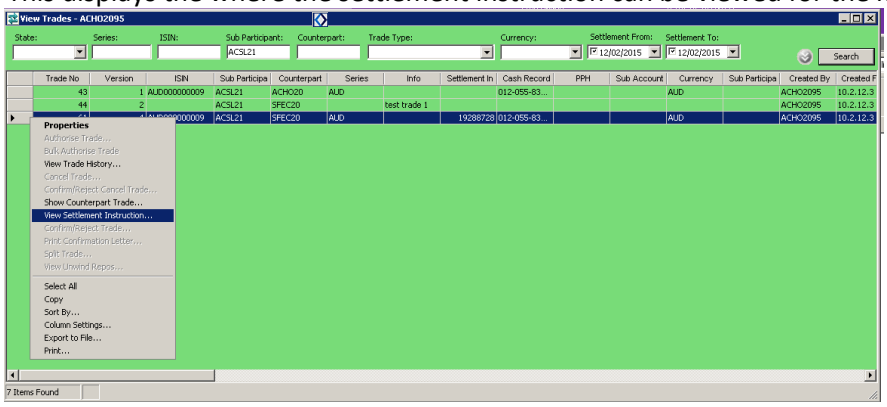
2. Enter the required search criteria and click **Search**.
3. Select the required trade.

   Once a trade has been matched, there is a direct link from the trade to the

settlement instruction.

4. Right-click and select **View Settlement Instruction**.

   This displays the where the settlement instruction can be viewed for the matched trade.



Cancelling Cash Trades

To cancel a cash trade:

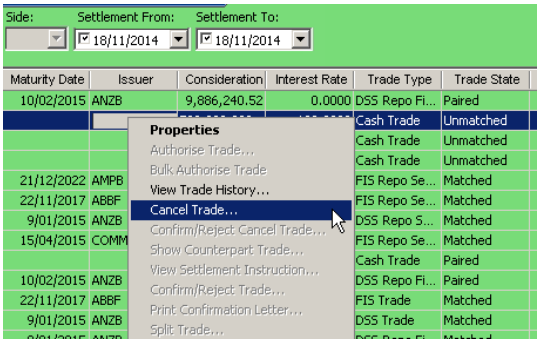
1. Select **Trades>View Trades.**

   This displays the *View Trades* screen.

2. Enter the required search criteria and click **Search**.

3. Select the required trade to be cancelled.

4. Right-click and select **Cancel Trade**.



5. Click Confirm.

Authorising Cash Trades

To authorise a cash trade:

1. Select **Trades>View Trades.**

   This displays the *View Trades* screen.

2. Enter the required search criteria and click **Search**.
3. Select the required trade to be 'AU'
4. Authorised
5. Right-click and select **Authorise Trade**.

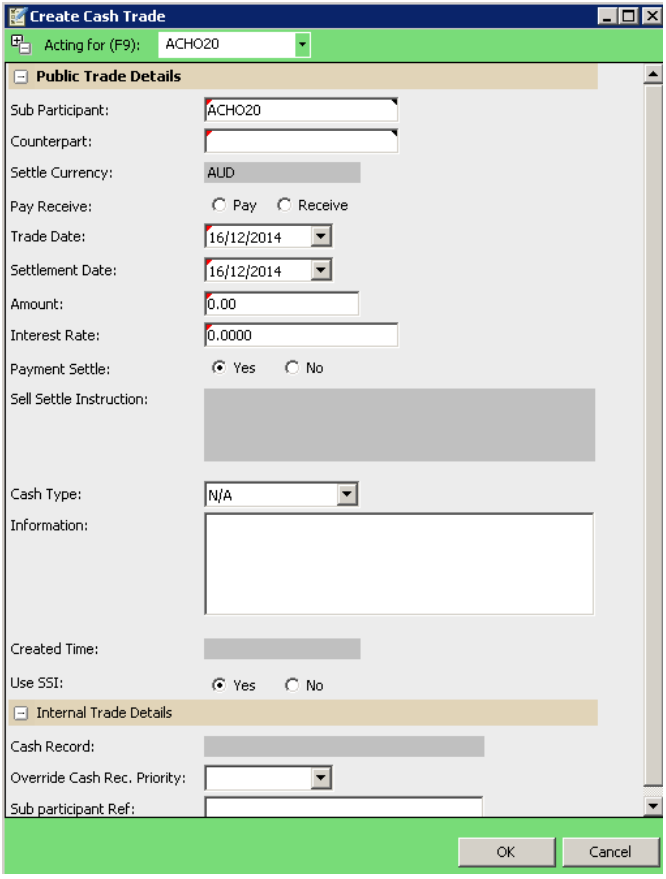
Creating Cash Trades at the Sub Participant Level

To create a cash trade at the sub participant level:

1. Select **Trades>Create Trade>Cash**.

   This displays the *Create Cash Trades* screen.

2. Enter details in the required fields.



3. Click **OK**.

Note:

Note the following critical points:

- All GUIs will remain a six character participant and counterparty entry.
- An unmatched trade will only be visible by the six character counterparty code (or six character proxy code) in the *View Trades* screen.
- Also note that the SWIFT settlement confirmation message received by the sub participant will show the original character mnemonic.

Rectifying or Cancelling Trades

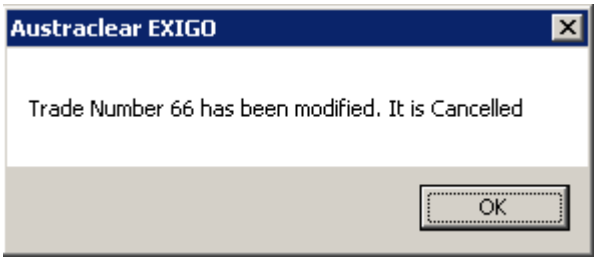
A Cash trade can be rectified or cancelled. The system rules below describe the specific rules for the different types of transactions.

To rectify or cancel a trade:

1. Select **Trades>View Trades**.
2. Enter the required search criteria and click **Search**. This displays all the users' trades.
3. Select the required transaction to be rectified or cancelled.
4. Right-click and select **Properties** to rectify a trade, or **Cancel Trade** to cancel the trade. When rectifying the trade click **Recalculate**.

To cancel the trade, click **Confirm**.

Once the trade is confirmed, a dialogue box appears with the trade number that has been modified.



System Rules – rectifying or cancelling Cash Trades

All transactions in an **Unmatched** state may be cancelled and any field may be rectified.

The system rules for Cash are:

- Transactions in a **Paired** state may be cancelled and the following fields may be rectified:
  - Sub Participant
  - Cash Record
  - Information
  - Participant Reference.
- Transactions in a **Matched** state may only be cancelled.
- A trade that is unmatched will remain unmatched until both sides of the trade agree on all the trade details.
- If transactions in a **Paired** state are rectified they must be confirmed/authorised by the counterparty.
- Cancellations of **Matched** or **Paired** transactions must be confirmed or authorised by the counterparty.
- If a transaction in a status of **Pending Cancellation** is not confirmed or rejected, then the transaction remains in a Pending status and will not proceed to settlement.
- To reject a transaction in a state of **Pending Cancellation**, right-click on the trade and select **Reject Pending Cancel Trade Report**. The trade state then reverts to **Matched**.

Authorising Trades

A Cash trade can be authorised with the following 'state' options:

- Authorised - the trade is authorised
- Needed - the trade requires authorisation
- Not needed - authorisation is not required.

A trade with Authorisation state equal to Needed must be authorised before it can be matched. The authorisation must be performed by a user other than the user who performed the transaction on the trade.

Trades are Paired when high level details of the transaction match but authorisation is pending on one or both sides of the transaction.

Authorisation of a task or transaction is permission based and dependent on the authorisation of the Participant and the roles allocated to a user.

In the View Trades screen there are three fields for creating trades. This includes:

- Auth Time
- Auth By
- Auth From.

If a created trade does not require authorisation, the three fields are filled in and the *Auth By* field is populated with the details from the user who created the trade. The *Authorised* field displays *Yes*. This indicates that the trade does not require separate authorisation.

If a created trade does require authorisation then the three fields are populated and the authorisation field remains blank. When the trade is authorised by a different user, all of the three Auth fields are populated indicating who authorised it, where it was authorised (machine IP) and when I was authorised (date and time).

Note:
If a trade required authorisation and a modification is performed on the trade, even though the modification user action does not require authorisation, then the trade still needs to be authorised. The original authorisation remains.

To authorise Cash trades:

1. Select **Trades>View Trades**.

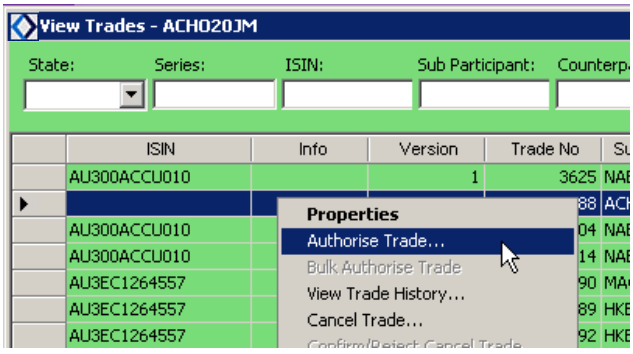
   This displays the *View Trades* screen.

2. Enter the required search criteria, and click **Search**. This displays all the users' trades.

3. Select the required transaction.

4. Right-click and select **Authorise Trade**.

   To authorise multiple transactions, right-click and select **Bulk Authorise Trade Report**.



5. Check the details and click **Authorise**.

Settling a Trade

Settlement details such as the status and settlement instructions can be viewed for a Cash trade/transaction.

Viewing Trade Settlement Status

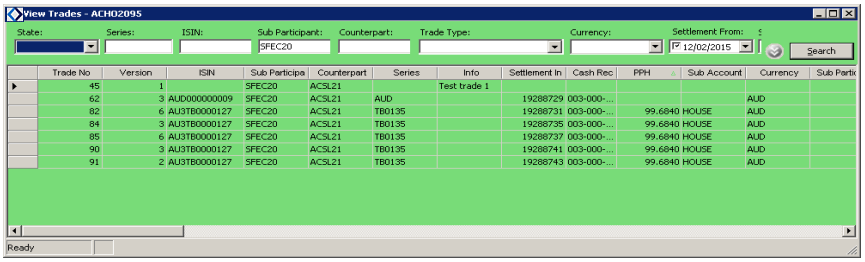
To view the settlement status of a trade:

1. Select **Trades>View Trades**.
2. Enter search criteria, and click **Search**.

   This displays all the trades relevant to the user.
3. Select the required transaction.
4. Right-click and select **Properties**.

   The trade Information screen is displayed. This includes:

   - Trade State
   - Trade Substate.

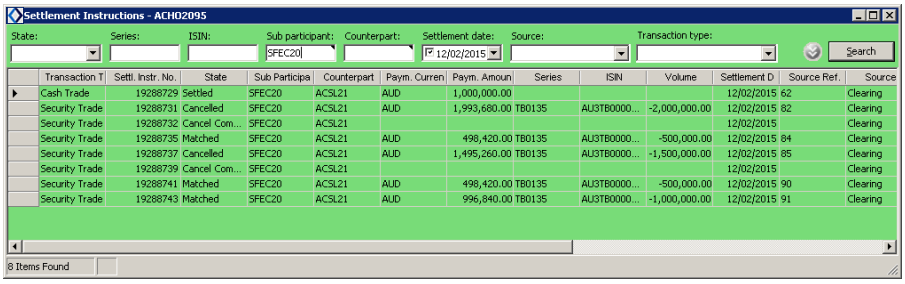


Viewing Trade Settlement Instructions

To view settlement instructions for a trade:

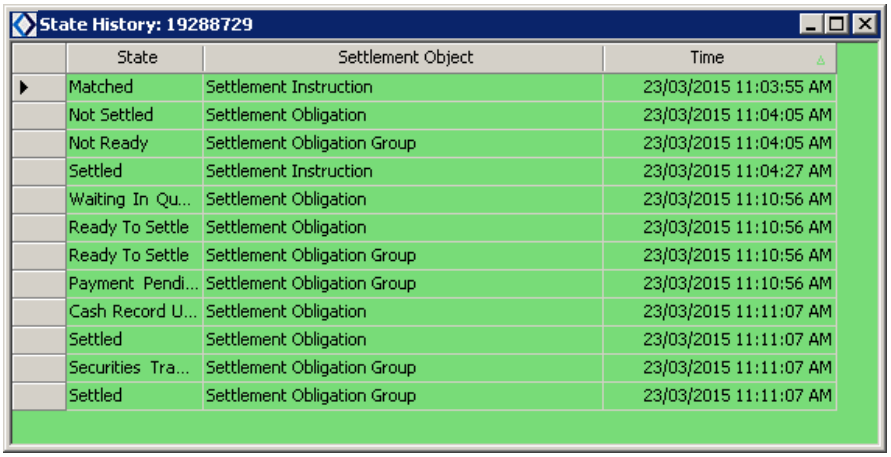
1. Select **Settlement>View Settlements>Settlement Instructions**. This displays the *Settlement Instructions* screen.
2. Enter search criteria, and click **Search**.

   The instructions to which the user is party or proxy to are displayed.



3. Select the required transaction.
4. Right-click and select **State History**.

   This displays the *State History* screen with the Security and/or cash that is locked in, and whether cash limits and RTGS processing have taken place.



System Rules for Cash Trade Settlement

The following system rules apply for cash trades:

- When trades are **Matched** the system automatically creates a settlement instruction and a settlement instruction with a state of **Matched** in preparation for settlement.
- On the settlement day, the settlement instruction undergoes cash limit testing and RTGS processing.
- On completion of cash limit testing and RTGS processing, the settlement instruction state changes to **Settled** and the holdings and/or cash records of both the buyer and seller are updated.
- When cash limit testing is not yet complete, a state of **Waiting in Queue** is displayed as the last state in the *State History* screen.
- When RTGS processing is not yet complete, a state of **Payment Pending** is displayed as the last state in the *State History* screen.
- To settle a trade manually, set the cash record priority to **Deferred** or the trade to **Deferred** in order to prevent the system from automatically processing the transaction.
- When a cash trade is **Matched**, the system automatically creates a settlement instruction with a state of **Matched** in preparation for settlement.

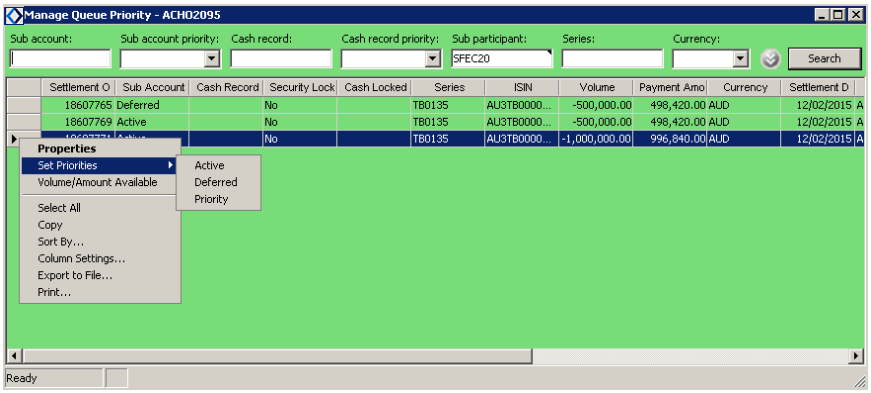
Managing Queues

All settlements pending settlement are displayed in a managed queue. It is possible to manipulate the processing order of the settlements in the queue by changing the sub account priority or the cash record priority of the settlements.

Managing Queue Priority

To manage queue priority:

1. Select **Settlement>Manage Queue Priority**. This displays the *Manage Queue Priority* screen.
2. Specify search criteria and click **Search**.
3. Select the required transaction.
4. Right-click and select **Set Priorities>Active/Deferred/Priority**.



5. Change the cash record priority or the sub account priority.

For field descriptions, see *Appendix 18 – Queue Management Field Descriptions* in the Austraclear System User Guide.

System Rules for Cash Trade Queue Management

Sub accounts and cash records can be assigned one of the following priorities:

- Priority
- Active
- Deferred on cash record or security sub account

Priority is the highest level status given to sub accounts and cash records on the queue.

Active is the status given to sub accounts and cash records with medium priority. Transactions linked to sub accounts/cash records with a medium priority will be processed when there are no priority transactions on the queue.

Deferred on cash record or security is given to sub accounts and cash records when settlement is to be deferred. Transactions linked to sub accounts/cash records in a deferred status will not proceed to cash limit testing or the RTGS queue.

Before each transaction can be processed, the sub accounts and cash records require a **Priority** or **Active** status.

Recalling Trades

This functionality provides the ability to recall a trade from the RTGS queue.

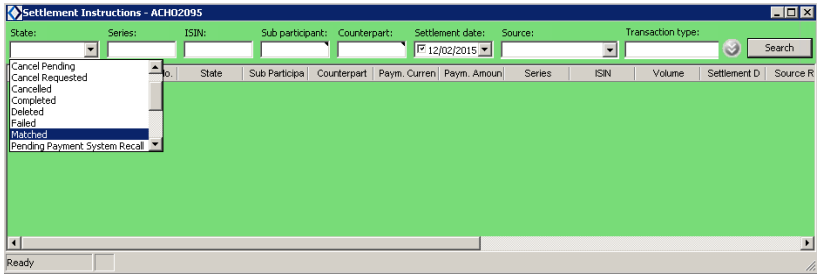
Only trades with settlement instructions in a state of **Payment Pending** can be recalled from the RTGS queue.

To recall a trade:

1. Select Settlement>View Settlements>Settlement Instructions.

   This displays the *Settlement Instructions* screen.

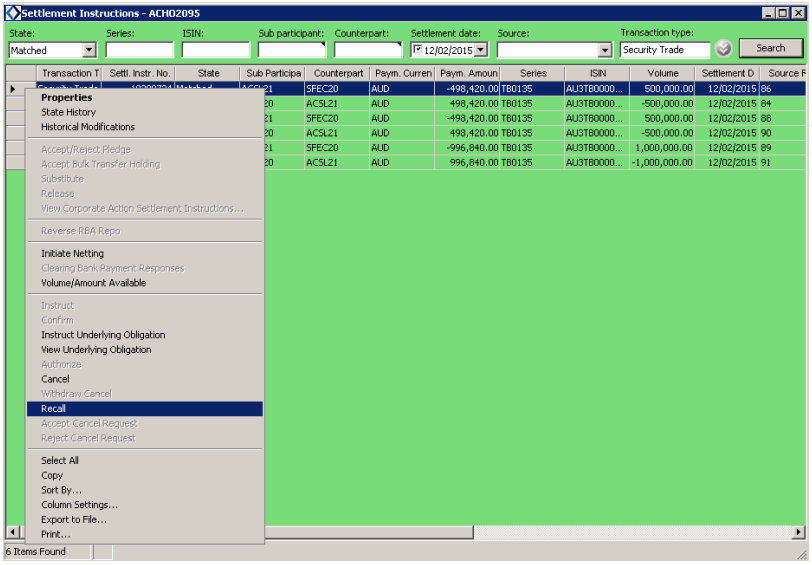
2. Select **Matched** from the *State* pull-down menu.



3. Specify search criteria and click **Search**.

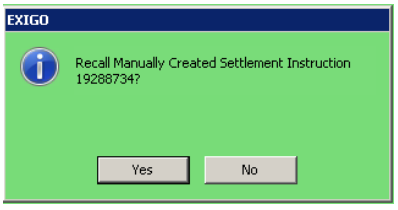
   This displays all the trades settling on the specified date.

4. Select the required transaction to be recalled.



5. Right-click and select **Recall**.

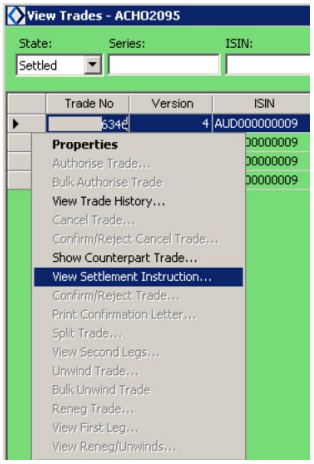
   Selecting **Recall** removes the transaction from the RITS queue.



Viewing Trade Settlement Details

This functionality enables trade details to be viewed.

Trades waiting to be settled appear in the *Settlement Instructions* screen in a state of **Matched** and in the *Settlement Obligations* screen in a state of **Not Settled**.



Once the settlement process has commenced transactions change to a state of **Payment Pending** indicating they are waiting for RTGS processing.

Upon completion of settlement, transactions assume a state of Settled and the Cash Records of both parties are updated.

All *View* screens e.g. *View Trades*, *View Settlement Instructions* are archived for a period of 90 days. When entering search criteria users may backdate the Settlement Date/s to view the details of historical transactions.

Viewing Details of a Single Trade

To view details of a single trade:

1. Select **Trades>View Trades**.
2. Specify search criteria and click **Search**. This displays all the users' relevant trades.
3. Select the required transaction.
4. Right-click and select **Show Counterpart Trade**, **View Settlement Instruction**, **View Trade History** or **Properties**.

   This displays the details of the trade.

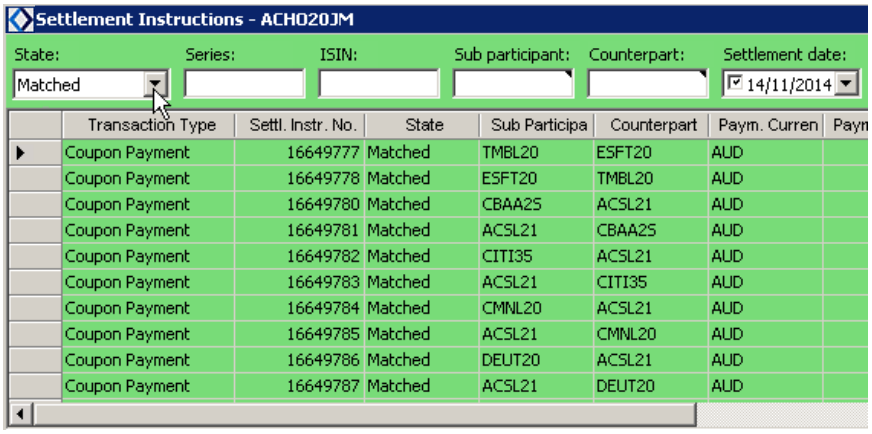
Generic Viewing of Settlement Details for Trades

Viewing Daily Settlement Instructions

To view settlement details for trades settling on a particular day:

1. Select **Settlement>View Settlements>Settlement Instructions**. This displays the *Settlement Instructions* screen.
2. Select **Matched** from the *State* pull-down menu.
3. Specify search criteria and click **Search**.

This displays the details for transactions being settled on the specified date.



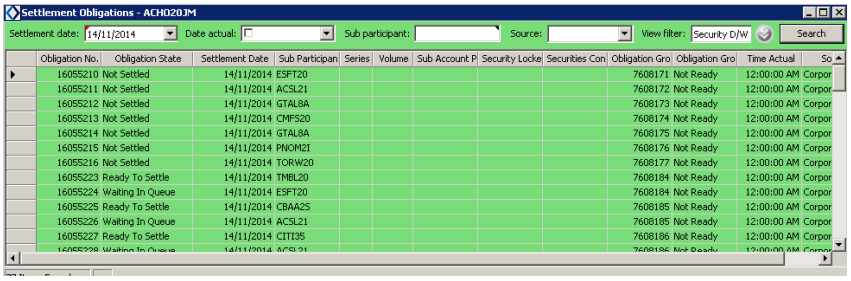
Transaction Type	Settl. Instr. No.	State	Sub Participa	Counterpart	Paym. Curren	Paym
Coupon Payment	16649777	Matched	TMBL20	ESFT20	AUD	
Coupon Payment	16649778	Matched	ESFT20	TMBL20	AUD	
Coupon Payment	16649780	Matched	CBAA2S	ACSL21	AUD	
Coupon Payment	16649781	Matched	ACSL21	CBAA2S	AUD	
Coupon Payment	16649782	Matched	CITI35	ACSL21	AUD	
Coupon Payment	16649783	Matched	ACSL21	CITI35	AUD	
Coupon Payment	16649784	Matched	CMNL20	ACSL21	AUD	
Coupon Payment	16649785	Matched	ACSL21	CMNL20	AUD	
Coupon Payment	16649786	Matched	DEUT20	ACSL21	AUD	
Coupon Payment	16649787	Matched	ACSL21	DEUT20	AUD	

Viewing Daily Settlement Obligations

To view settlement obligations created by the system for all trades settling on a particular day:

1. Select **Settlement>View Settlements>Settlement Obligations**. This displays the *Settlement Obligations* screen.
2. Specify search criteria and click **Search**.

   This displays the settlement obligations for the specified settlement date.



Obligation No.	Obligation State	Settlement Date	Sub Participan	Series	Volume	Sub Account P	Security Locke	Securities Con	Obligation Gro	Obligation Gro	Time Actual	So
16055210	Not Settled	14/11/2014	ESFT20						7608171	Not Ready	12:00:00 AM	Corpor
16055211	Not Settled	14/11/2014	ACSL21						7608172	Not Ready	12:00:00 AM	Corpor
16055212	Not Settled	14/11/2014	GTAL8A						7608173	Not Ready	12:00:00 AM	Corpor
16055213	Not Settled	14/11/2014	CMFS20						7608174	Not Ready	12:00:00 AM	Corpor
16055214	Not Settled	14/11/2014	GTAL8A						7608175	Not Ready	12:00:00 AM	Corpor
16055215	Not Settled	14/11/2014	PNOM2I						7608176	Not Ready	12:00:00 AM	Corpor
16055216	Not Settled	14/11/2014	TORW20						7608177	Not Ready	12:00:00 AM	Corpor
16055223	Ready To Settle	14/11/2014	TMBL20						7608184	Not Ready	12:00:00 AM	Corpor
16055224	Waiting In Queue	14/11/2014	ESFT20						7608184	Not Ready	12:00:00 AM	Corpor
16055225	Ready To Settle	14/11/2014	CBAA2S						7608185	Not Ready	12:00:00 AM	Corpor
16055226	Waiting In Queue	14/11/2014	ACSL21						7608185	Not Ready	12:00:00 AM	Corpor
16055227	Ready To Settle	14/11/2014	CITI35						7608186	Not Ready	12:00:00 AM	Corpor

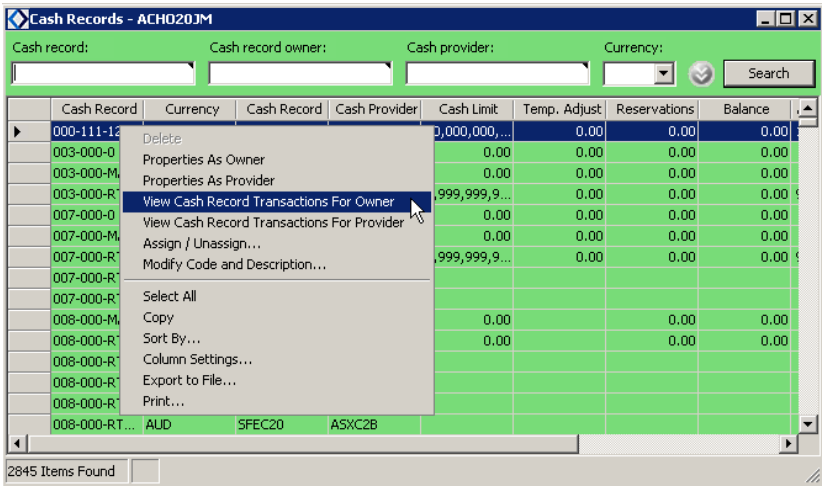
Viewing Cash Record Balance

To view the cash record balance after settlement has completed:

1. Select **Sub Participants>Cash Records>View**. This displays the *Cash Records* screen.
2. Specify search criteria and click **Search**.

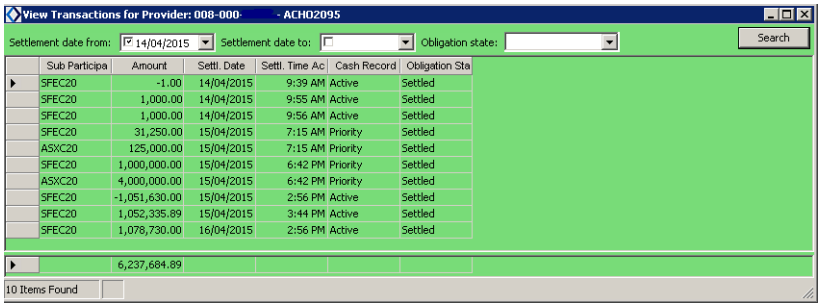
   The cash records are displayed.
3. Select the required cash record.

4. Right-click and select **View Cash Record Transactions For Owner/Provider**.



5. Select the date range and click **Search.**

   This displays the transactions for the cash record.



Viewing of Settlement Details for Cash Trades

To view settlement details of a single trade:

1. Select **Settlement>View Settlements>Settlement Instructions**. This

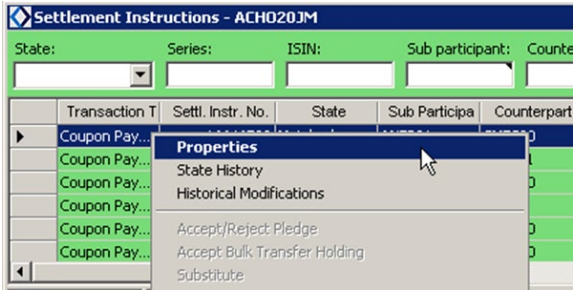
   opens the *Settlement Instructions* screen.

2. Specify search criteria, and click **Search**.

   This displays the settlement instructions for all cash transfers settling for the current day.

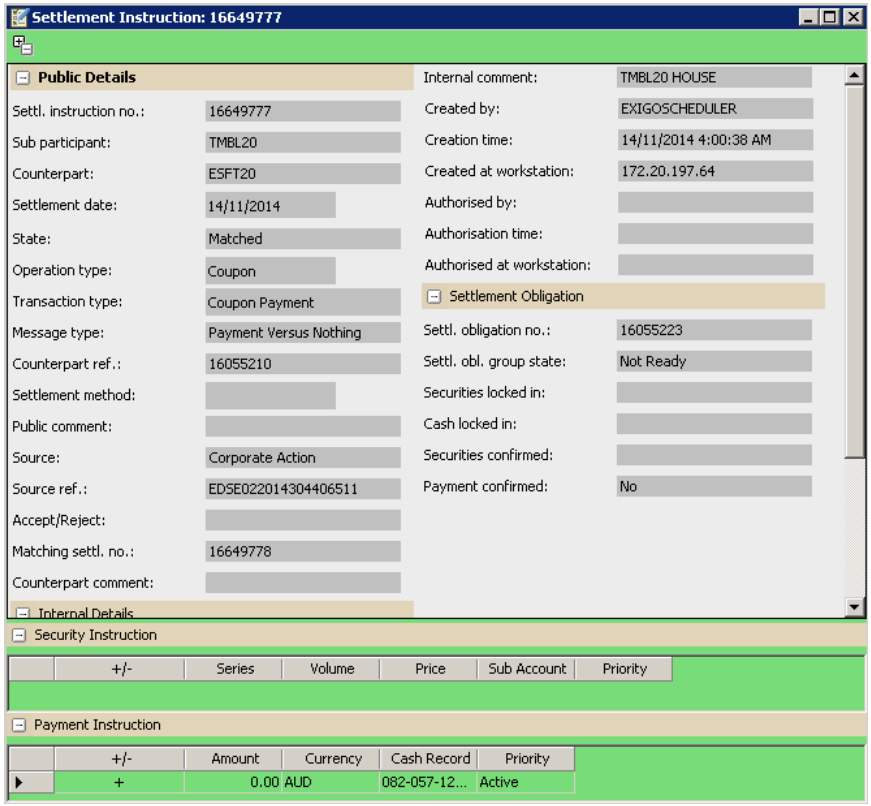
3. Select the required transaction.

4. Right-click and select **Properties**, **State History** or **Historical Modifications**.

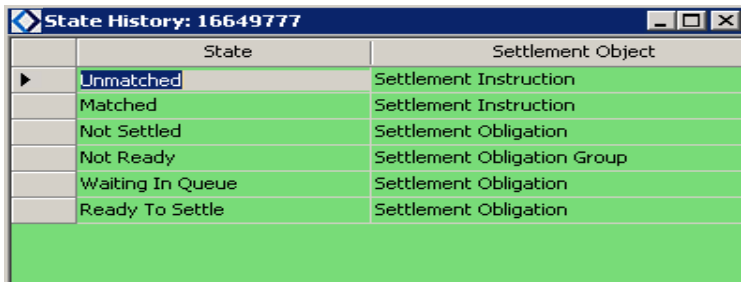


This displays the details for the selected transaction.

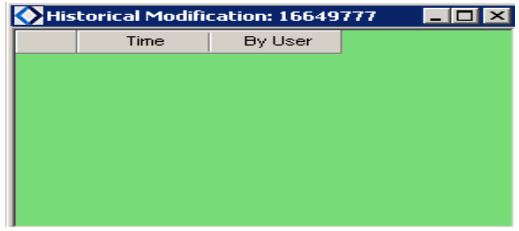
Selecting *Properties* displays the *Settlement Instruction* screen with the settlement instruction details for the selected transactions



Selecting *State History* displays the state of the settlement object.



Selecting *Historical Modifications* displays the instruction that was modified and by which user.



Generating Reports

Reports enable users to:

- Set global and individual preferences for printing reports from the *View* menu on the toolbar
- View, print and export reports from the *Sub-Participants, Holdings, Trades* and *Settlement* menu on the toolbar.

Reports for Individual and Global Preferences

Report preferences (both global and individual) set by a user also apply to all the **proxies** assigned to the **user** where the proxy user has the Reports role.

Global and Individual Preferences

Reports are generated during the day at the following times:

- Before Business - 5.30 am
- 2nd Payment Run - 1.00 pm
- Day End - 4.28 pm
- Interim Cash List - 5.17 pm
- Final Cash List - 7.02 pm (Winter) and 9.02 pm (Summer)
- After Business - 7.30 pm (Winter) and 9.30 pm (Summer).

From a participant's perspective, after business reports and before business reports will be available the following morning.

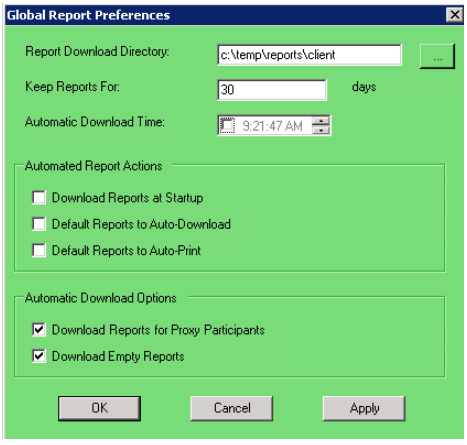
A list of all available reports, descriptions and formats can be found at the end of this section in *Report Types and Descriptions*.

Setting the Global Report Preferences

For global report preferences:

1. Select **View>Reports>Properties**.

   This opens the *Global Report Preferences* screen.



2. Select the required directory for the reports to be stored.

   If the storage location is not the C: drive, specify the required location.

3. Specify the number of days reports are to be kept in the *Keep Reports For* field.

4. Select the required time for automatic download of reports in the *Automatic Download Time* field.

5. Select the required automated report actions.

Select the required check boxes for automated report actions if required.

Download Reports at Start Up must have Default Reports to Auto- Download for Global Preferences or Auto Load selected for Individual Reports. If Automatic Download Time has not been selected, reports will be downloaded 5 minutes after the user has logged on.

Default Reports to Auto-Download works only if Download Reports at Start Up is selected, or Automatic Download Time is set.

Default Reports to Auto-Print must be selected to enable reports to be automatically printed when reports are downloaded (whether auto or manual).Select the required automatic download options.

6. Select the required *Automatic Download Options* if required.

7. Click **Apply** and then **OK**.

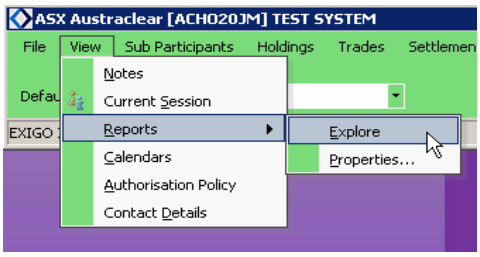
Setting Individual Report Preferences

Setting the Report Print Preference to Automatic

For an automatic download to occur, *Download Reports at Start Up* must be selected, or the *Automatic Download Time* must be set in the *Global Reports Preferences* screen. To set the report print preference automatically for an individual report:

1. Select **View>Reports>Explore**.

   This displays the *Reports* screen.



2. Select the required report date from the *Report Date* pull-down menu.

3. Click **Search**.

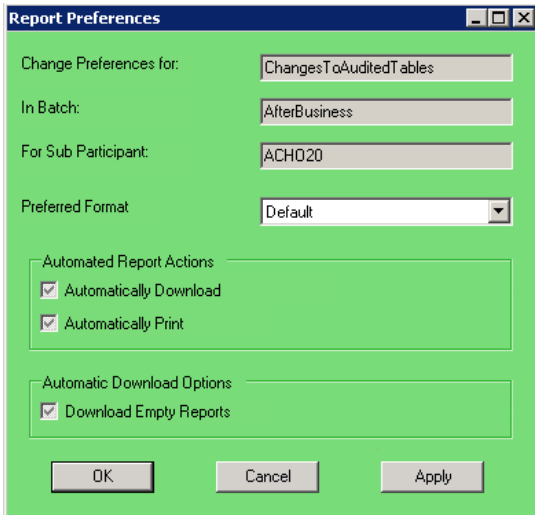
4. Select the required report.

5. Right-click and select **Properties**.

   The *Report Preferences* dialogue box is displayed. For report preferences:

   - When the boxes are greyed out with a tick, this indicates that it will default to Global Preferences
   - When unchecked, auto download is turned off

- If *Automatically Print* has been selected, the report automatically prints
- When checked, without grey, this is set to automatic download regardless of what the global setting is.



Setting the Report Print Preference to Manual

To set the print preference manually:

1. Select **View>Reports>Explore**. This displays the *Reports* screen.
2. Select the required report date from *Report* date pull-down menu.
3. Click **Search**.
4. Select the required report.
5. Right-click and select **Preview**.

   Selecting **Preview** displays the report. If **Preview** is greyed out, there is no report available. Select **Download** to load onto a specified directory. Choose **Print** to print the report to the default printer.

   Note that the report needs to be downloaded before it can be previewed and printed.

Reports from the Sub Participants, Holdings, Trades and Settlement Functions

Viewing Reports for Reported/Open Trades

To view reports for reported/open trades:

1. Select **Trades>View Trades**.

   This displays the *View Trades* screen.
2. Specify search criteria and click **Search**.

   This displays all trades that a user is party or proxy to.
3. Right-click on the top row and select **Export to File**.

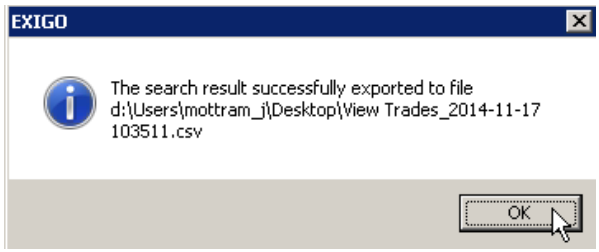
   This enables a Reported Trade Report to be saved in CSV format.

4. Specify the required file name and location, and click **Save**.

   This saves the report to the specified location.

5. Click **OK**.

   A dialogue box is displayed stating that the file was exported successfully or not successfully. The drive that the file is exported to can be set in the user's preferences.



Viewing the Settlement Instructions Report

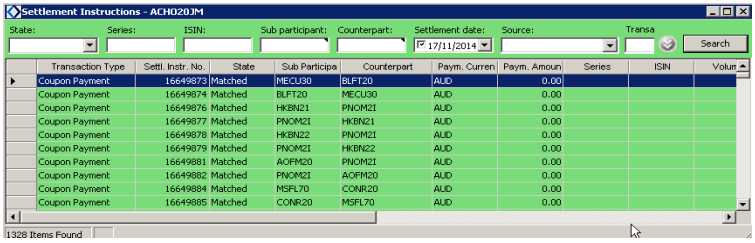
To view the settlement instructions report:

1. Select **Settlement>View Settlements>Settlement Instructions**. This displays the *Settlement Instructions* screen.

2. Specify the search criteria and click **Search**.

   This displays the settlement instructions for all transaction types settling on the specified settlement day.

3. Select the required transaction type.



4. Right-click and select **Export to File**.

   This enables a *Settlements Instructions* report to be produced in CSV format.

5. Specify the required file name and location, and click **Save**. This saves the report to the specified location.

6. Click **OK**.

   A dialogue box is displayed stating that the file was exported successfully (or not successfully).

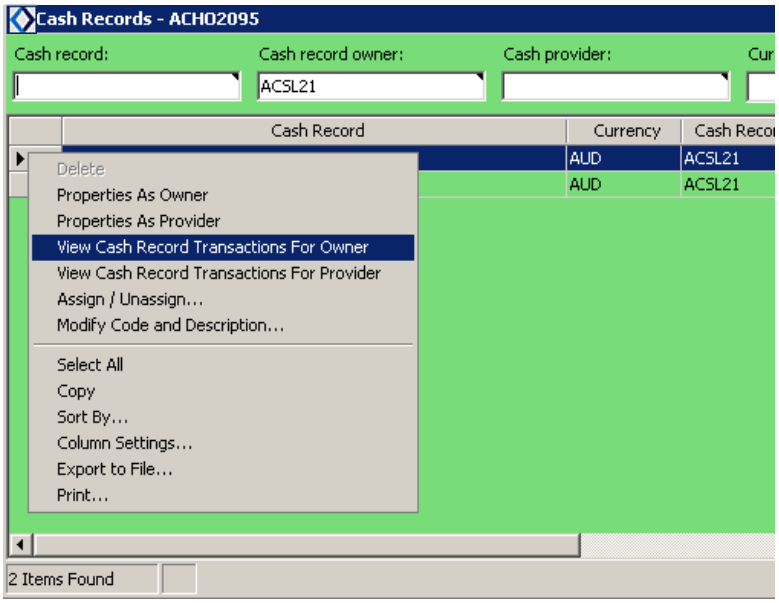
Viewing the Cash Records Report

For more information on cash records refer to *Maintaining Cash Records as a Cash Record Owner*. To view a cash record report:

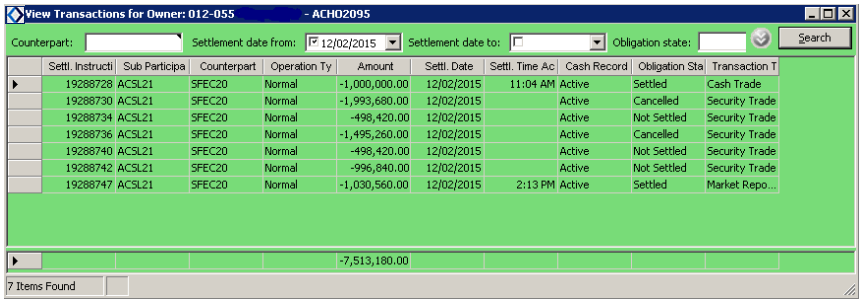
1. Select Sub **Participants>Cash Records>View**.

   This displays the *Cash Records* screen.

2. Specify search criteria and click **Search**. This displays the user's cash records.
3. Select the required cash record.
4. Right-click and select **View Cash Record Transactions For Owner/Provider**.



5. Specify the required search criteria and click **Search**.



6. Select the required transaction for the owner/provider.
7. Right-click and select **Export to File**.
8. Save the file to the required drive.
9. Click **OK**.

Report Types and Descriptions

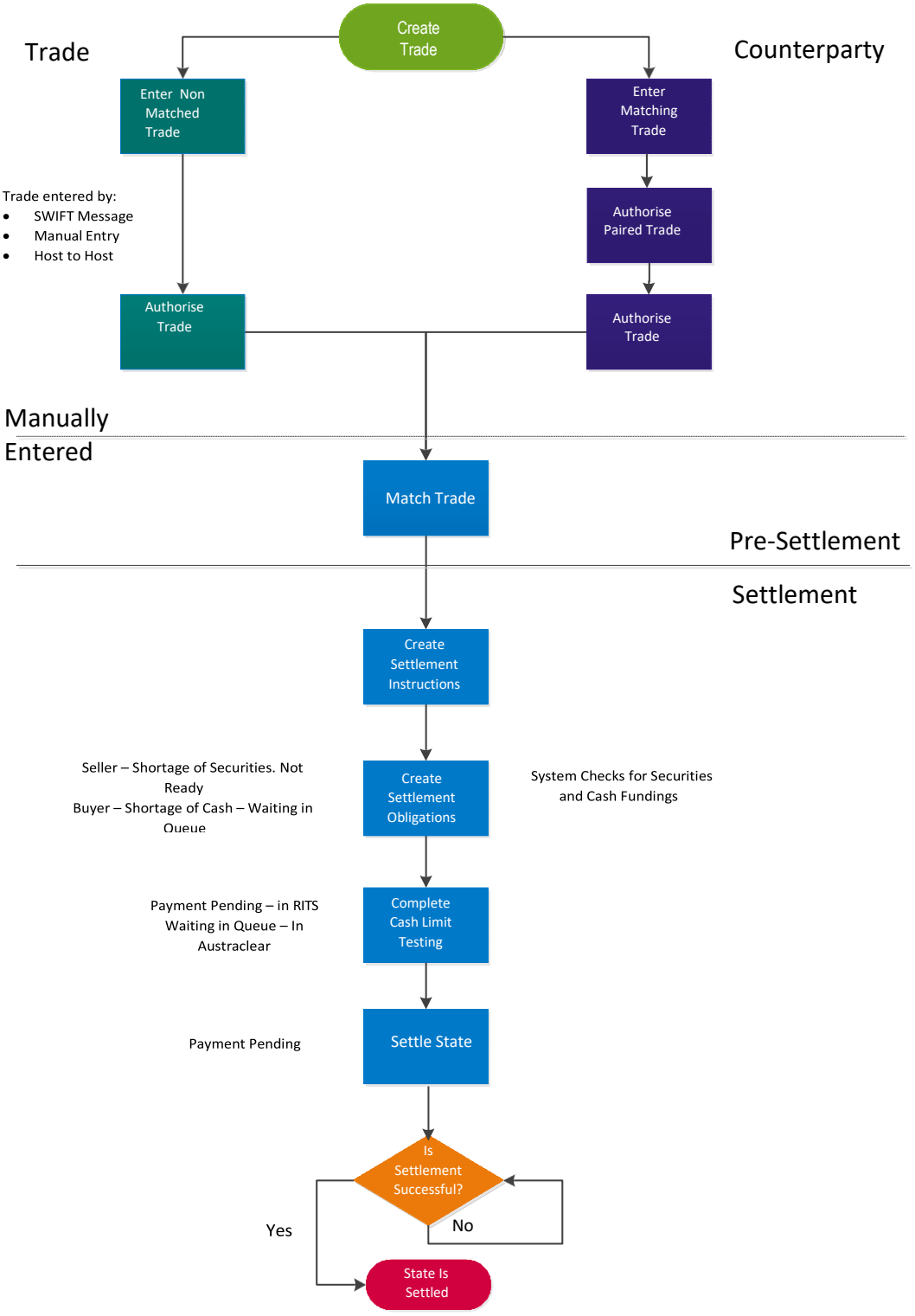
The ASX Austraclear System supports only **PDF** and **CSV** formats.

Report Name	Report Description	Format
Cash Open Trade Report	Displays all cash trades that are yet to settle, including unmatched trades.	PDF
Settlement Instructions Report	Displays the settlement instructions for transactions that were settled on the previous business day.	PDF and CSV
Cash Report	Displays the cash movements of all transactions that were settled for all sub participants' cash records at the close of business on the previous day.	PDF and CSV

Trade Process Flow

Creating and settling a trade requires the trader to enter a trade and the counterparty to match the trade. Once the trade has been settled, the trading process is complete.

The following flowchart displays the trade process flow.



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