



## **HOLDING SHARES ON THE CHESS SUBREGISTER OR THE ISSUER SPONSORED SUBREGISTER**

*In this fact sheet we have referred to “shares” and “companies”, however it applies to other issuers and other types of financial products that can be registered in CHESS – for instance, warrants, company issued options, and units in trusts that are traded on ASX or Chi-X.*

### **What choices do holders of shares have for registering title to their shares?**

If you hold shares you can choose to register your legal title to those shares in one of two ways:

- on the CHESS subregister maintained by ASX Settlement; or
- on the issuer sponsored subregister maintained by the company that issued the shares (most companies use a share registry to administer the issuer sponsored subregister on their behalf).

If you hold shares on the CHESS subregister you are allocated a Holder Identification Number (or HIN). A HIN is similar to an account number. You can use the same HIN for all your holdings.

For each issuer sponsored holding, you are allocated a unique Securityholder Reference Number (or SRN) by the company that issued the shares. Unlike a HIN, you will have a different SRN for each holding.

Whether your legal title to shares is registered on the CHESS subregister or the issuer sponsored subregister, you will need to go through a stockbroker if you want to trade them.

### **How do holders register their shares?**

To register your shares on the CHESS subregister, you need a sponsoring broker. This is usually your stockbroker or their settlement agent. You will need to sign a sponsorship agreement with your sponsoring broker, setting out the terms and conditions on which they can operate your holdings on the CHESS subregister on your behalf.

If you do not have a CHESS sponsorship agreement in place or you have not provided the stockbroker purchasing shares for you with a HIN, your shares will be registered on the issuer sponsored subregister by default.

### **Who controls the transfer or movement of your shares?**

Your sponsoring broker controls the transfer of securities to and from your CHESS holdings. However, it may only do so on your instructions and under the terms of your sponsorship agreement with them.

Securities that you hold in CHESS are your property, and not the property of your sponsoring broker. However, your sponsoring broker may have contractual or other rights that it may exercise in relation to your property, for instance, to secure any outstanding amounts that you owe. You should refer to your sponsorship agreement and any other client documentation to confirm this.



If you hold your shares on the issuer sponsored subregister and want to sell them, your stockbroker must convert them to the CHESS subregister in order to settle the trade. To arrange this, you will need to provide your stockbroker with your SRN.

In addition to movements initiated by a stockbroker on your instructions, the share registry may, from time to time, adjust your holding on either subregister. These adjustments are usually to effect corporate actions such as a company issuing bonus shares.

You will be notified of any changes to your shareholdings by a holding statement mailed to your registered address. For shares on the CHESS subregister this is done by ASX Settlement. For shares on the issuer sponsored subregister this is done by the share registry of the relevant company.

### **What are the main differences between the CHESS subregister and the issuer sponsored subregister?**

On the CHESS subregister you have only one HIN (for each sponsoring broker) that identifies all of your holdings in all of the companies you have invested in. As most shareholders have only one sponsoring broker, one HIN identifies their entire portfolio. On the issuer sponsored subregister, you have one SRN for each holding. If you have a portfolio of shares you will have a number of SRNs, one for each company you have invested in.

To hold shares on the CHESS subregister you must have a formal sponsorship agreement with a sponsoring broker. No formal agreement is required for you to hold shares on the issuer sponsored subregister.

To change your registration name, address, or notification of Tax File Number for your shares on the CHESS subregister, you need to contact only your sponsoring broker. For shares on the issuer sponsored subregister, you need to notify the share registry of each company in which you hold shares.

### **If you wish to be able to easily buy and sell shares, on which subregister should you hold them?**

If you hold your shares on the issuer sponsored subregister and wish to sell them, you must advise your stockbroker of the share registration details, including the SRN, so your stockbroker can convert the shares from the issuer sponsored subregister to the CHESS subregister in order to settle the trade. This conversion must be completed in time for settlement or else the stockbroker will fail to comply with the rules and incur a fee, which they may pass on to you. Currently the time to settle a trade is 'T+2' or 'trade date plus two business days'.

If you hold your shares on the CHESS subregister and you wish to sell them, your sponsoring broker can move your shares for settlement without the need of a conversion, making the sale process easier and more efficient.