

ASX Settlement Pty Limited

**Operational procedure for the provision of a settlement facilitation service
to Australian financial market licensees
in respect of approved financial products**

Information Handling Procedure

Preamble

ASX is the operator of a cash equity market in Australia.

ASX Clear Pty Limited (ASX Clear) is the central counterparty and clearing facility for ASX's cash equity market and provides all clearing and counterparty risk management services.

ASX Settlement Pty Limited (ASX Settlement) is the securities settlement facility for ASX's cash equity market and provides all settlement and asset registration services.

ASX Clear and ASX Settlement each hold an Australian CS facility licence under the Corporations Act. ASX Clear and ASX Settlement are regulated by the Australian Securities and Investments Commission and the Reserve Bank of Australia.

Each of ASX Clear and ASX Settlement has established arrangements with ASX Compliance Pty Limited (ASX Compliance) for supervising their respective clearing and settlement facilities.

ASX Limited is the ultimate holding company of ASX Clear, ASX Settlement and ASX Compliance.

The functions of the Boards of ASX Limited, ASX Clear, ASX Settlement and ASX Compliance are set out in the Board Charters, which are available on the ASX website.

Under the Operating Rules of ASX Settlement, an Australian financial market licence holder can apply to become an Approved Listing Market Operator (ALMO).

ASX Settlement provides settlement arrangements to ALMOs in respect of Approved Financial Products that are quoted or admitted to trading status on the markets operated by the ALMOs through the Settlement Facilitation Service. The Settlement Facilitation Service provides two options in respect of the settlement arrangements that are available:

1. a Transfer Facilitation Service, where financial products quoted on an ALMO can be transferred between counterparties, with payment effected outside of the settlement facility; or
2. a Delivery versus Payment (DvP) Facilitation Service, where financial products quoted on an ALMO are exchanged for payment simultaneously and irrevocably within the DvP batch settlement (where an ALMO elects a DvP Facilitation Service, it also obtains a Transfer Facilitation Service as the ability to transfer financial products is an integrated component of the DvP settlement function).

ASX Settlement also provides a service allowing issuers listed on ALMOs to use the ASX Primary Market Facility, which enables the use of DvP batch settlement for certain capital raisings.

This information handling procedure is promulgated by ASX Settlement as an operational procedure under the Settlement Facilitation Service Agreement for the protection of confidential information (including competitively sensitive information) of ALMOs which the ASX Group may acquire in connection with the provision of a Settlement Facilitation Service. This information handling procedure provides for, among other things, the distribution of confidential information within the ASX Group on a "needs to know" basis and for the protection of that information from disclosure to third parties. This information handling procedure forms part of [ASX's Conflict Handling Arrangements](#), a summary of which is available on the ASX website.

This Preamble is provided for the assistance of the reader and does not form part of the information handling procedure.

**Operational procedure for the provision of
a settlement facilitation service to
Australian financial market licensees
in respect of approved financial products**

Information Handling Standard

1. Interpretation

Capitalised terms used in this information handling standard have the meanings given to them in clause 7 (Glossary).

2. Purpose, scope and application

The ASX Group recognises that ALMOs may disclose ALMO Confidential Information to the ASX Group:

- for the purpose of determining whether to acquire a Settlement Facilitation Service from ASX Settlement;
- in the course of applying for approval as an ALMO under the Operating Rules of ASX Settlement;
- in the course of agreeing to be bound by the Settlement Facilitation Service Agreement;
- in the course of acquiring a Settlement Facilitation Service; or
- in seeking to reach an agreement with ASX Settlement to expand or enhance a Settlement Facilitation Service.

The ASX Group does not require an ALMO to disclose ALMO Confidential Information to the ASX Group for any of the purposes or in any of the instances listed above.

The purpose of this information handling standard is to establish a transparent framework for handling confidential information disclosed to the ASX Group by ALMOs in connection with the provision of a Settlement Facilitation Service.

The ASX Group recognises that certain ALMO Confidential Information may also be ALMO Conflict Sensitive Information.

In relation to ALMO Conflict Sensitive Information, this information handling standard seeks to balance:

- the need to ensure that the potential for conflicts on the part of ASX Group Directors or ASX Group Employees, resulting from the receipt of ALMO Conflict Sensitive Information, is appropriately managed; and
- the need to ensure that ASX Settlement continues to comply with its statutory obligations as CS facility licensee.

The statutory obligations referred to above include but are not limited to:

- the governance requirements applicable to ASX Clear under the Financial Stability Standards for Securities Settlement Facilities¹In particular, this information handling standard seeks to ensure that restrictions on the flow of information do not adversely affect:
 - the ability of the Board of ASX Settlement to continue to provide oversight of the operations of the settlement facility; or
 - the risk-control functions of ASX Settlement's settlement facility; and

¹ The Financial Stability Standards for Securities Settlement Facilities are available [here](#).

- the obligation of a CS facility licensee under section 821A(c) of the Act to have adequate arrangements for supervising its clearing and settlement facility.

This information handling standard applies to the provision by ALMOs of ALMO Confidential Information (including ALMO Conflict Sensitive Information) to the ASX Group in connection with the provision of a Settlement Facilitation Service and the protection and use of that information by the ASX Group.

3. Commencement

This information handling standard takes effect on the date specified by ASX Settlement.

4. Protection of ALMO Confidential Information

The ASX Group will use the same degree of care (but no less than a reasonable degree of care) to prevent ALMO Confidential Information being disclosed to third parties as the ASX Group uses to protect its own confidential information of a similar nature.

The ASX Group will not store, process, use or disclose ALMO Confidential Information except:

- to provide a Settlement Facilitation Service to the ALMO, to provide settlement services to participants of the settlement facility and to comply with the CS Entity's license;
- if required by law or by any order or notice of a court, tribunal, authority or regulatory body including in relation to the supervision of a financial market or settlement facility (as defined under the Act), provided that the ASX Group shall use reasonable endeavours to notify the ALMO of the information to be disclosed (and of the circumstances in which the disclosure is alleged to be required) before such disclosure must be made; or
- with the written approval of the ALMO.

5. Submission and screening of ALMO Conflict Sensitive Information

An ALMO which seeks to share ALMO Conflict Sensitive Information with any member of the ASX Group in connection with the provision of a Settlement Facilitation Service should provide the information in writing to the General Manager, Enterprise Compliance by emailing anatoly.kirievsky@asx.com.au. ALMO Conflict Sensitive Information should not be provided to any ASX Group Director or any ASX Group Employee or be provided by any other means. This applies irrespective of:

- whether the document containing the ALMO Conflict Sensitive Information also contains other information;
- whether an ASX Group Employee (other than the General Manager, Enterprise Compliance) has asked for the information, or the ALMO considers that the ASX Group requires the information, in connection with the provision of a Settlement Facilitation Service;
- the specific purpose for which the ALMO seeks to share the information with the ASX Group.

Any ALMO Conflict Sensitive Information which an ALMO provides to the General Manager, Enterprise Compliance should be clearly marked as "ALMO Conflict Sensitive Information" and accompanied by a statement of:

- the purpose for which the information is being provided to the ASX Group; and
- the ASX Group Employees to whom the ALMO wishes the information to be provided.

The ASX Group takes no responsibility for the unauthorised use or distribution of ALMO Conflict Sensitive Information which is submitted to the ASX Group otherwise than in accordance with this information handling standard.

The General Manager, Enterprise Compliance will screen all information submitted to him or her in accordance with this clause 5 to confirm that the information is ALMO Conflict Sensitive Information. If the General Manager, Enterprise Compliance determines that the information is not ALMO Conflict Sensitive Information, he or she will:

- treat the information as confidential;
- advise the ALMO that it has been determined that the information is not ALMO Conflict Sensitive Information; and
- take no further action in relation to the information other than to return the information to the ALMO in accordance with the instructions from the ALMO.

If the General Manager, Enterprise Compliance determines that the information is ALMO Conflict Sensitive Information, he or she will distribute it in accordance with clause 6 (Distribution and use of ALMO Conflict Sensitive Information).

6. Distribution and use of ALMO Conflict Sensitive Information

If the General Manager, Enterprise Compliance determines that information submitted to him or her in accordance with clause 5 (Submission and screening of ALMO Conflict Sensitive Information) is ALMO Conflict Sensitive Information, he or she will distribute it as follows:

ASX Group Employees

ALMO Conflict Sensitive Information will be distributed only to those ASX Group Employees:

- to whom the ALMO has requested or approved the General Manager, Enterprise Compliance to provide the information;
- who require the information in connection with the provision or potential provision of a Settlement Facilitation Service to the ALMO, as determined by the General Manager, Enterprise Compliance in consultation with the ASX Office of General Counsel; or
- who require the information in the ordinary course of performing their role in connection with the discharge of regulatory obligations of the ASX Group (including, without limitation, ASX Group Employees who need access to ALMO Conflict Sensitive Information for the purpose of preparing reports required to be given to the Australian Securities and Investments Commission or the Reserve Bank of Australia).

ASX Group Directors

Subject to two exceptions, ALMO Conflict Sensitive Information shall not be distributed to ASX Group Directors.

Exception 1 — ALMO Conflict Sensitive Information may be distributed to the directors of ASX Settlement where:

- the information is reasonably required by the directors in order for them to discharge their duties as directors and perform their responsibilities as directors of ASX Settlement in respect of its obligations as licensed CS facility; or
- the information is relevant to the risk-control function of the settlement facility.

Directors of ASX Settlement may sit on other ASX Group Boards. Directors of ASX Settlement who also sit on the ASX Limited Board will not participate in consideration of ALMO Conflict Sensitive Information without the consent of the ALMO. Directors of ASX Settlement may not use the ALMO Conflict Sensitive Information of an ALMO for the purpose of operating ASX's cash equity market without the consent of that ALMO.

No ASX Group Employee who is a member of ASX's Business Development function shall be present during any Board consideration of ALMO Conflict Sensitive Information pursuant to this exception.

Exception 2 — ALMO Conflict Sensitive Information may be distributed to the directors of ASX Compliance (including those directors who also sit on other ASX Group Boards) where the information is relevant to the supervision of the settlement facility, for the purpose of discharging their duties as directors and performing their responsibilities as directors of ASX Compliance. Directors of ASX Compliance who also sit on the ASX Limited Board will not be provided with ALMO Conflict Sensitive Information or participate in consideration of ALMO Conflict Sensitive Information without the consent of the ALMO.

Board Papers which are to be presented to the Board of ASX Settlement, ASXSC or ASX Compliance in reliance on either of the foregoing exceptions shall:

- be submitted to the General Manager, Enterprise Compliance in draft for review prior to distribution to directors; and
- clearly state on the first page that they contain ALMO Conflict Sensitive Information.

7. Glossary

The following definitions apply in this standard:

Act means the Corporations Act 2001 (Cth).

Approved Listing Market Operator (ALMO) means, in respect of a class of financial products or the issuer of a class of financial products, the Approved Market Operator:

- (a) to whose official list the issuer is admitted or has applied or admission in connection with the quotation of the class of financial products on the financial market operated by the Approved Market Operator; or
- (b) under whose operating rules the issuer has applied for admission of the class of financial products to trading status on the financial market operated by the Approved Market Operator.

Approved Market Operator (AMO) means the holder of, or an applicant for, an Australian market licence (as defined in s. 761A of the Act) which has been approved, or which has submitted an application to be approved, as an “Approved Market Operator” for the purposes of the Operating Rules of ASX Clear and ASX Settlement.

ALMO Confidential Information means information in any form (whether it is stored electronically or in hard copy) which is received by the ASX Group from an ALMO and is confidential to the ALMO, but does not include information which:

- (a) was in the possession of the ASX Group before receipt from the ALMO;
- (b) is or becomes a matter of public knowledge through no fault of the ASX Group;
- (c) is received by the ASX Group from a third party without a duty of confidentiality; or
- (d) is independently developed by the ASX Group without the use of confidential information received from the ALMO.

ALMO Conflict Sensitive Information means ALMO Confidential Information which:

- (a) relates to the current or future business plans or potential initiatives, in respect of market services in Australia, of an ALMO; and
- (b) is marked by the ALMO as “ALMO Conflict Sensitive Information”.

Information concerning a proposed change in the market operating hours of an ALMO is ALMO Conflict Sensitive Information.

ASX Clear means ASX Clear Pty Limited (ACN 001 314 503).

ASX Compliance means ASX Compliance Pty Limited (ACN 087 780 489).

ASX Group means ASX and all of its subsidiaries (as defined in the Act) from time to time.

ASX Group Director means any director of one or more of ASXL, ASX Compliance, ASX Clear, ASXCC, ASX Settlement and ASXSC.

ASX Group Employee means an employee of the ASX Group.

ASX Settlement means ASX Settlement Pty Limited (ACN 008 504 532).

ASXCC means ASX Clearing Corporation Limited (ACN 087 801 554), a wholly owned subsidiary of ASXL and the intermediate holding company of ASX Clear.

ASX Limited means ASX Limited (ACN 008 624 691).

ASXSC means ASX Settlement Corporation Limited (ACN 008 617 187), a wholly owned subsidiary of ASXL and the intermediate holding company of ASX Settlement.

CHES stands for Clearing House Electronic Subregister System and has the meaning given to that term in ASX Settlement Operating Rule 2.13.1

CS Entities means ASX Clear and ASX Settlement.

General Manager, Enterprise Compliance means the ASX Group employee who from time to time holds the position of General Manager, Enterprise Compliance or any similarly designated position.

Settlement Facilitation Service Agreement means the legal terms for the provision of a settlement facilitation service to Australian financial market licensees in respect of Approved Financial Products that are quoted or admitted to trading status on the market operated by the market licensees, as amended from time to time.

Operating Rules has the meaning given to that term in s. 761A of the Act.

Settlement Facilitation Service means the settlement facilitation service as defined in the Settlement Facilitation Service Agreement.