

Austraclear

ASX

Connecting the local & global network
to Australia's Debt Capital Markets



March 2024

Connecting Issuers and Investors to Australia's Debt Capital Markets

Austraclear combines best practice settlement and technological excellence to deliver market-leading products and services. The breadth of cash and wholesale physical debt settlement capabilities offered makes Austraclear an integral part of Australia's financial markets and a major financial markets service provider to the Asia Pacific region.

Austraclear currently services over 1,000 Participants, holds over A\$3.0 trillion worth of securities, and via a real time link to the Reserve Bank of Australia's (RBA) RTGS system, settles approximately A\$100 billion worth of transactions per day.

Broad range of products and services:



Central Securities Depository (CSD) Services

Provides a wide range of depository services – with A\$20.4 trillion settled in FY2023.



Registry, Issuing and Paying Agency Service

Offers a single integrated service for the registration, issuance, lodgement, trade settlement, coupon and redemption distribution for all \$A debt products.



Debt Market Delivery vs Payment (DvP) Settlement

Using a DvP model of simultaneous exchange of irrevocable cash and clear title to securities Austraclear provides a seamless and efficient settlement process increasing client protection and achieving settlement risk mitigation.



Straight Through Processing (STP)

Provides a range of ISO15022 (ISO20022 from November 2023) and other SWIFT Messaging, plus an easy to implement proprietary file-based mechanism for its participants to achieve automated and robust STP for physical debt settlements and cash transfers.



Cash Transfers

Provides the ability to transfer A\$ cash on a RTGS basis across one of the few central bank approved financial networks in Australia, with A\$1.93 trillion processed in FY2023, and over RMB 4.0 billion settled through Bank of China (Sydney branch). Austraclear now also supports USD cash transfers in partnership with J.P Morgan Chase Bank N.A, Sydney Branch.



Euro Entitlements

Offers a single integrated service for the registration, issuance, lodgement, trade settlement, coupon and redemption distribution for all \$A debt products.



FX Confirmation and Settlement

Offers an independent, electronic and competitively priced confirmation for spot and forward foreign exchange deals which reduces operational risk, decreases processing costs and improves the speed and reliability of FX confirmations for financial institutions and their customers.



Third-party Proxy Services

Provides a range of ISO15022 (ISO20022 from November 2023) and other SWIFT Messaging, plus an easy to implement proprietary file-based mechanism for its participants to achieve automated and robust STP for physical debt settlements and cash transfers.

Registry, Issuing and Paying Agency Service

Austraclear offers Issuers a full range of registry services. These include all corporate actions over the life cycle of a security, from origination to maturity. Corporate actions include inscribing securities in the Austraclear Services Ltd (ACSL) wholesale register, making payments, transferring ownership of securities between seller and buyer, and effecting the maturity payments.

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Broad range of products and services:

Benefits

The Austraclear Registry provides:

- Efficient and expedient establishment of new issues
- Seamless fulfilment of all corporate actions relating to an issue
- Electronic notification to investors of new issues and lodgements into the Austraclear system
- The opportunity to use Austraclear as an Issuing and Paying Agent (IPA)
- Access to the Austraclear system, one of the most commonly used financial systems in Australia.

Acceptable securities

The Registry accepts a broad range of AUD denominated securities. For example, issues of commercial paper, certificated – such as Negotiable Certificates of Deposit (NCD), Promissory Notes (PN) and/or uncertificated commercial paper, such as Short-Term Notes (STN). The Registry also accepts registered securities, for example, Medium-Term Notes (MTN), both fixed coupon and floating rate, and CPI linked bonds.

Registry clients

An Issuer of the debt program is not required to be an Austraclear Participant, however lodgement in the system must be by an Austraclear Participant on behalf of the Issuer. Investors in the issue need to be Austraclear Participants. The Issuer approaches Austraclear to act as Registrar via their solicitor or dealer, and advises Austraclear of all relevant information relating to the Issue. This includes for example, the issue date, denominations, interest payment dates, subscribers, maturity date, and redemption amounts.

The capability to invest in AUD securities exists for onshore and offshore issuers. For non-ASX Austraclear Issuers, either local or international, the IPA service is available to facilitate all corporate actions associated with the issue.

The Issuing and Paying Agency service

Austraclear offers an additional service by acting as the Issuing and Paying Agent for the Issuer. The IPA facilitates the straight through flow of information between the Issuer, Registrar and Investor.

In allowing the Issuer to minimise their back office functions, it provides the following benefits:

- Timely and accurate control over each corporate action relating to the Issue
- RTGS irrevocable and immediate settlement of funds
- Straight Through Processing (STP) of corporate actions relating to the security with controlled input by the Issuer.



The Austraclear Registry and IPA service integrated

The table below illustrates the further capability that an IPA agent can provide to an Issuer, in addition to acting as the Registrar.

Issuer Action	Registry	IPA
Origination The issuing party issues the terms and conditions of the security.	The issue is inscribed into the Register by the Registrar. The issue is established into Austraclear.	Securities are lodged into Austraclear. Security is traded to investors. The cash is paid to the Issuer's selected account. Receive income stream from buyer for the Issuer.
Trade Settlement e.g. Trading of the security	The Registrar will record the change of security ownership and will update other details of the issue. This could include, for example, changing the principal value of the security.	The Registrar will perform the trade function on the Austraclear system: <ul style="list-style-type: none">• Confirm / match trade.• Arrange for transfer of securities and cash to the relevant counterparties using DVP Model 1.
Corporate Action e.g. Coupon payment	The Registry will do all things necessary for the corporate action to occur. For example, update of the coupon and facilitating the closed book period.	Austraclear as the IPA will: <ul style="list-style-type: none">• Check for outstanding redemptions and coupons.• Determine the coupon amount.• Perform the cash confirmation.• Effect the payment of the coupon on behalf of the Issuer.• Create the report to the Issuer.
Maturity	Upon maturity, the Registrar will supervise the due process of maturity, for example, terminating the issue on the Register.	Austraclear will verify matured security. The Registrar redeems the securities out of the Austraclear system. Debit Issuers account with the value of the maturing security. Distributes redemption proceeds to the holders of the security (investors).

Get in touch

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March 2024. BEM-3275