

Business Committee Report to the Boards of ASX Clear and ASX Settlement

17 September 2025

At its 17 September meeting, the Business Committee was updated on:

- ASX management's proposed approach to the finalisation of two key scope items for Release 2 of the CHES Project. ASX's proposed approach comprised:
 - Delivery vs payment settlements outside batch (**non-batch DvP**) be a mandatory feature for accreditation for all Participants and Payment Providers (to maximise the benefit of the non-batch DvP capability) but optional to use this service.
 - Straight-through CHES processing for corporate action elections (**corporate action election STP**) be a mandatory feature for accreditation across Share Registries and Payment Providers but optional for Participants to use this service or build the functionality.
 - There was broad Committee consensus for the proposal regarding non-batch DvP. Members noted that this was a useful supplement to batch settlement, but reiterated that batch settlement should remain the primary settlement mechanism for the Australian Industry.
 - Significant discussion was generated around ASX's proposal regarding corporate action election STP and there was broad consensus that corporate action STP offers important benefits to the cash equities market and its participants. Strong support was provided by Custodians and Institutional Investors. Share Registries expressed either qualified support or a desire to further understand the detailed design before supporting the proposal.
 - The Business Committee supported ASX's proposal regarding corporate action election STP on the basis that further stakeholder engagement is undertaken that allows stakeholders sufficient opportunity to contribute to the scope, phasing and timelines for corporate action election STP.
- The status of the CHES Project, including progress on CHES Release 1 industry testing and accreditation, and the build and delivery timelines for CHES Release 2 Drop 1 and Drop 2.

- ASX's proposed actions and decision framework arising from the KPMG post-incident review of the CHES batch settlement incident, including the introduction of a 3:30pm decision point for rescheduling batch settlement.
- The current CHES stability roadmap, including four workstreams: BAU technology upgrades, customer-driven changes, resilience enhancements and preparations for the combined legacy CHES and BaNCS system.
- FY25 rebates for clearing and settlement participants, and the transition to the new Pricing Policy.
- ASX Clear's roadmap for clearing risk capital and liquidity management, including:
 - A proposed \$50 million temporary increase to the default fund.
 - An additional \$250 million in bank liquidity facilities, bringing total pre-positioned liquidity to \$1.3 billion.
 - Prioritisation of changes to cash market margin and collateral management systems for FY26.
- Updates from the Statements Working Group and Share Sale Fraud Working Group, including:
 - Lodgement of proposed rule amendments to support bulk opt-in for electronic statements.
 - Engagement with the Office of the Australian Information Commissioner (OAIC) on privacy guidance to support fraud prevention and information sharing.
- Enhancements to CHES Depository Nominees services, including proposed rule amendments, new legal framework documents and the introduction of service fees.
- The international pricing benchmarking study being conducted by Oxera, with the Korea Exchange added to the scope and the final report scheduled for presentation in December.
- A global update on T+1 transition efforts, presented by Barnaby Nelson, covering post-implementation work in North America, preparations in Europe and developments across APAC markets.
- The Business Committee membership nomination process for the next two-year term commencing January 2026.

AGREED ACTIONS

Four new actions were raised during the meeting:

1. ASX to conduct further stakeholder engagement that allows stakeholders sufficient opportunity to contribute to the scope, phasing and timelines for corporate action election STP
2. ASX to report back to the Risk Consultative Committee on the business case for margin pass-through in third-party clearing scenarios.
3. ASX to provide the Technical Committee with feedback from Payment Providers regarding readiness for non-batch DVP settlement functionality.
4. ASX to invite Business Committee members to participate an industry-wide cyber-attack scenario test.

Draft minutes from the meeting are attached.

Agenda

Business Committee

Date	17 September 2025		Time	12:00pm-2:00pm	
Location	ASX offices, 20 Bridge Street, Sydney/MS Teams				
Agenda Item		Action	Presenter(s)	Est Time	Page
1. Meeting Opening				5 min	
a.	Welcome, Open, Acknowledgement of Country	Noting	Chair		
b.	Minutes of 18 June 2025 meeting	Approval	Chair		7
Items For Presentation				100 min	
2. Business Committee Member Items					
a.	International pricing comparison report update	Discussion	Stephen Hammon	5 mins	8
3. Clearing & Settlement Services, Issuer Services					
a.	T+1 Update	Discussion	Barnaby Nelson (The Value Exchange) Andrew Jones	15 mins	10
b.	CHESS incident communications and batch settlement decisions	Discussion	Andrew Jones Glenn Kennedy	15 mins	31
c.	Current CHESS update	Discussion	Andrew Jones	10 mins	35
d.	ASX Clearing Risk Roadmap	Discussion	Stephen Hammon Paul Lamb	15 mins	36
e.	CHESS Depository Nominee services service enhancements	Discussion	Karen Webb	5 mins	43
f.	Statements Working Group update	Discussion	Karen Webb	5 mins	46
g.	Share Sale Fraud Working Group update	Discussion	Con Korkofigas	5 mins	51
h.	Business Committee membership nominations	Discussion	Glenn Kennedy	5 mins	52
4. CHESS Project					
a.	CHESS Project update	Discussion	Triona Quinlan	10 mins	54
b.	CHESS Project: Finalisation of two key scope items for Release 2	Recommendation	Andrew Jones	10 mins	62
Question Session – Items Not For Presentation				10 min	
5. Clearing & Settlement Services, Issuer Services, CHESS Project					

a.	Assurance Plan update	Noting	Diona Rae	79
b.	Independent Assessment of the Assurance Plan for the CHESS Project for FY25	Noting	Roberto Fitzgerald (EY)	82
c.	Operational performance cash market clearing and settlement	Noting	Andrew Jones	83
d.	Customer Impact Plan	Noting	Glenn Kennedy	91
e.	Updated Business Committee and Membership Policy – CS Service Rules	Noting	Con Korkofigas	97
f.	Securities Lending Reporting update	Noting	Con Korkofigas	98
6. Meeting Closing				5 min
a.	Open actions	Approval	Chair	99
b.	Forward work program	Noting	Chair	102
c.	Any other business	Discussion	Chair	
d.	Next meeting – 4 December 2025	Noting	Chair	

Action Items

Item number #	Action	Due date	Status	Owner
25-06-01	ASX to determine its approach to finalise the optional or mandatory determination of non-batch DVP and corporate action elections functionality	Dec 2025	Open	ASX
25-06-02	ASX to provide an initial response to KPMG's external PIR recommendations, including a timeline for enhancements to its communication processes	Sep 2025	Closed	ASX
25-06-03	ASX to provide an overview of the CHESS Project support model to the Technical Committee and Business Committee	Sep 2025	Closed	ASX
25-06-04	The Business Committee Chair to report to the ASX C&S Board on the Business Committee's engagement with the draft Pricing Policy	Sep 2025	Closed	Chair
23-7-2	ASX to continue their analysis to articulate benefits of moving to T+1 settlement, including margin and capital savings analysis	Dec 2024	Closed	ASX
23-12-2	ASX to prepare a roadmap to provide stakeholder impact visibility across the major work streams running in tandem (such as current CHESS initiatives, CHESS replacement and T+1)	Dec 2024	Closed	ASX
24-12-1	ASX to hold an industry session prior to publication of ASX's response to the Pricing Policy consultation to demonstrate how feedback has been addressed, covering key items including the recovery of capital costs and efficiency dividends	Mar 2024	Closed	ASX

Business Committee Members (42)

Chair (1)

Company	Representative	Title	Delegate / Apology
	Paul Rayson	Independent Chair	

Clearing and Settlement Participants (25)

Company	Representative	Title	Delegate / Apology
ABN AMRO Clearing	Adrian Rubin	Chief Executive Officer, APAC	
Australian Investment Exchange Limited (AUSIEX)	Patrick Salis	Chief Executive Officer	
Bank of America Merrill Lynch	Stephen Hacker	Director, Head of Operations	
Barrenjoey	Louise Boreham	Head of Operations	
BNP Paribas	Mark Wootton	Head of Custody Product Aust & NZ	
Burrell & Co Holdings	Saskia Jo	Associate Director – Finance	Apology
CITI	Lyall Herron	Custody & Clearing Product Manager, Australia & New Zealand	
CMC	Andrew Rogers	Director of Broking Business	
CommSec	Sheridan Thompson	Executive Manager, Industry Engagement & Operational Resilience	
Euroz Hartleys	Anthony Brittain	Executive Director, Chief Operating & Financial Officer	
FinClear Services Pty Ltd	Leigh Conder	Chief Operating Officer	
FNZ Custodians (Australia)	Michael Hawke	Head of Sales and Trading, Customer Relationships	
Goldman Sachs	Yen Le	Executive Director	
Instinet Australia	Phil Penrose	Head of Australian Operations	
J.P. Morgan	Craig Twentyman	Custody Product Head Australia & New Zealand, Executive Director	
Macquarie Group	James Indge	Cash Equities Business Manager	
Morgans Financial	Daniel Spokes	Director, Client Support Services	
Morgan Stanley	Carrie Barrack	Country Business Manager	
Morrison Securities	William Slack	Chief Executive Officer	
Openmarkets Australia	Rob Forbes	Chief Operating Officer	Apology
Phillip Securities (Australia) Limited	Craig Semmens	Chief Executive Officer/Executive Director	Apology
RBC Securities Australia	Daniel Gray	Managing Director, Head of Business & Client Services, APAC	

Third Party Platform	Lee Muco	Chief Executive Officer
WealthHub Securities	Anita Mead	Head of High Networth, Investment Products
UBS	Conor Foley	Senior Business Manager

Settlement Only Participants (3)

Company	Representative	Title	Delegate / Apology
Certane CT Pty Ltd	Rose O'Rourke	Operations Manager	Apology
Chimaera Capital	Rochelle Pattison	Director	Apology
HSBC	Harpreet Ahuja	Director, Head of Securities Services, Australia & New Zealand Markets & Securities Service	

Approved Market Operators (4)

Company	Representative	Title	Delegate / Apology
Australian Securities Exchange (ASX)	Ben Jackson	General Manager, Market Operations	
Cboe Australia Pty Ltd	John Williams	Director Australian Equity Operations	
National Stock Exchange (NSX)	Chan Arambewela	Chief Operating Officer	
Sydney Stock Exchange (SSX)	Geroge Wang	Executive Director	

Industry Associations (6)

Company	Representative	Title	Delegate / Apology
Australian Custodial Services Association (ACSA)	Robert Poulter	Chair of the ACSA Operations Working Group	
Australasian Investor Relations Association (AIRA)	Ian Matheson	Chief Executive Officer	
Australian Shareholders' Association (ASA)	Rachael Waterhouse	Chief Executive Officer	
Governance Institute of Australia (GIA)	Catherine Maxwell	General Manager, Policy & Advocacy	
Stockbrokers and Investment Advisers Association (SIAA)	Judith Fox	Chief Executive Officer	Apology
The Australian Financial Markets Association (AFMA)	Damian Jeffree	Senior Director of Policy	

Registries (3)

Company	Representative	Title	Delegate / Apology
BoardRoom	Michael Mullins	Chief Information Officer	Apology
Computershare	Josh Collard	Senior Manager, Regulatory & Market Initiatives	
MUFG Pension & Market Services	David Farr	Managing Director, Corporate Markets ANZ	

ASX Representatives (14)

Company	Representative	Title	Delegate / Apology
Australian Securities Exchange (ASX)	Andrew Jones	General Manager, Equities, Securities & Payments	
Australian Securities Exchange (ASX)	Clive Triance	Group Executive, Securities & Payments	
Australian Securities Exchange (ASX)	Glenn Kennedy	Head of Equities Engagement, Securities and Payments	
Australian Securities Exchange (ASX)	Con Korkofigas	Senior Legal Counsel and Senior Manager	
Australian Securities Exchange (ASX)	Diona Rae	Chief Operating Officer	
Australian Securities Exchange (ASX)	Karen Webb	Head of Issuer Services, Securities & Payments	
Australian Securities Exchange (ASX)	Nikki Swinson	General Manager, Participants Compliance	
Australian Securities Exchange (ASX)	Stephen Hammon	General Manager, Business Management & Planning, Securities & Payments	
Australian Securities Exchange (ASX)	Paul Lamb	Consultant, Business Management & Planning, Securities and Payments	
Australian Securities Exchange (ASX)	Steven Hannan	Senior Manager, Stakeholder Engagement, Securities & Payments	
Australian Securities Exchange (ASX)	Tim Whiteley	Chief Information Officer	
Australian Securities Exchange (ASX)	Triona Quinlan	General Manager, Technology Delivery	

Invited Guests (2)

Company	Representative	Title	Delegate / Apology
The Value Exchange	Barnaby Nelson	Chief Executive Officer	

Observers (7)

Company	Representative	Title	Delegate / Apology
Australian Securities and Investments Commission (ASIC)	Dodie Green	Senior Manager, Market Infrastructure	
Australian Securities and Investments Commission (ASIC)	Hema Raman	Senior Specialist, Market Infrastructure	
Australian Securities and Investments Commission (ASIC)	Liang Chen	Analyst, Market Infrastructure	
Australian Securities and Investments Commission (ASIC)	Nick Hughes	Senior Specialist - Technology, Market Infrastructure Markets Group	
Reserve Bank of Australia (RBA)	Nick Rowbotham	Acting Manager, Domestic Supervision and Resolution Payments Policy Department	
Reserve Bank of Australia (RBA)	Simon Truong	Lead Analyst, Domestic Supervision and Resolution, Payments Policy Department	

Auditors (2)

Company	Representative	Title	Delegate / Apology
Ernst & Young (EY)	Roberto Fitzgerald	Partner	
Ernst & Young (EY)	Laura West	Senior Manager	

AGENDA ITEM 1: MEETING OPENING

a) Welcome, apologies and Acknowledgement of Country

The Chair welcomed Members, delegates, ASX management, and observers to the September 2025 Business Committee meeting.

Apologies and changes to representation were noted as per the agenda. The Chair acknowledged the Traditional Custodians of country throughout Australia and paid respects to Elders past and present.

The Chair outlined the agenda, noting a full program including updates on T+1, batch settlement PIR actions, CHESs stability, clearing risk capital and liquidity, CHESs scope items, project progress, working group updates, and noting papers.

b) Minutes of 18 June 2025 meeting

The Chair confirmed that the minutes of the June 2025 meeting and the report to the Boards of ASX Clear and ASX Settlement had been circulated in July, with an amendment relating to CHESs Depository Nominees services. The minutes and amendment were approved without further comment.

ITEMS FOR PRESENTATION

AGENDA ITEM 3: Business Committee Member Items

a) T+1 Update

The Chief Executive Officer of The Value Exchange presented on global T+1 developments, highlighting the significant amount of ongoing post-implementation work in North America, preparations for the 2027 UK/Europe transition, Asian markets developments and recent announcements from Brazil. Discussion included;

- settlement discipline variations across North America and Europe;
- automation of allocations and confirmations;
- the challenges of fails management and foreign exchange in a T+1 environment; and
- the implications for Australia, including the need for a multi-year roadmap and industry-wide preparation.

Member discussion

A member raised concerns about the implications of 24-hour markets on post-trade processes. The Group Executive, Securities and Payments referenced a World Federation of Exchanges discussion paper that they would pass through to the member.

The Chair sought clarity on whether the relative smoothness of the US transition to T+1 was partly due to the lack of discipline around settlement failure rates. The Chief Executive Officer, The Value Exchange noted the varied settlement discipline approaches in the US compared to Europe and other markets.

The Group Executive, Securities and Payments noted the complexity of European plans for T+1 and sought insights into the effects of this complexity. The Chief Executive Officer, The Value Exchange

noted factors that make the UK relatively simple including a single currency and lessons from other markets. The European market has undertaken significant preparations considering the complexity of market participants, and rule variations and technology variations by country.

A member emphasised the importance of industry-wide preparation and ASX's commitment to a minimum 12-month lead time post-announcement. The General Manager, Securities and Payments confirmed ASX's roadmap for T+1 includes a multi-year planning and engagement strategy in parallel to the CHES Project.

b) CHES incident communications and batch settlement decisions

The Head of Equities Engagement, ASX summarised actions arising from the KPMG post-incident review of the December CHES batch settlement incident. The Committee discussed the introduction of a 3:30pm decision point for potential rescheduling of CHES batch settlement, based on industry feedback and RBA consultation. The framework will be incorporated into communications playbooks and guidelines for future incidents.

Member discussion

A member asked whether the RBA had been consulted on the proposed 3:30pm decision point. The General Manager, Equities, Securities and Payments confirmed that ASX had engaged with the RBA. While the RBA does have the ability to grant extensions in RITS, feedback was shared around market perceptions of RITS extensions.

The Chair confirmed with the Head of Equities engagement that information relating to the decision point and communications approach would be shared with industry.

c) Current CHES Update

The General Manager, Equities, Securities and Payments noted that the CHES Roadmap has been published on ASX's website and provided an update on the CHES stability roadmap, outlining four workstreams:

- BAU technology upgrades;
- customer-driven changes;
- resilience enhancements; and
- preparations for the combined legacy CHES and BaNCS system, targeted for completion by 30 June 2026.

The General Manager, Business Management and Planning, Securities and Payments reported that FY25 rebates totalling \$5m for clearing and \$1.9m for settlement have been processed and credited to participant's August invoices.

Member discussion

No member feedback was recorded.

d) ASX Clearing Risk Roadmap

The Consultant, Business Management and Planning, Securities and Payments presented ASX Clear's roadmap for measurement and management of clearing risk.

ASX undertook reviews of liquidity, credit risks and default fund structures for the ASX Clear entity, comparing to global practice for similar fund structures, against the context of the CHES Project and T+1 plans already in train. ASX will be seeking further feedback from the ASX Risk Consultative Committee in December 2025.

Key initial delivery actions are designed to provide a bridge to the post CHES Project and T+1 transitions. These include;

- a proposed \$50m temporary increase to the default fund (subject to Board approval); and
- an additional \$250m in bank liquidity facilities.

These actions would bring the default fund to \$300m and the total pre-positioned liquidity position to \$1.3b from a starting point of \$1b. The business cases for both cash market margin (CMM) and collateral management systems (CMS) have been prioritised for FY26 in order to facilitate the implementation of the target CMM and CMS processes ahead of, or in conjunction with CHES Release 2.

Member discussion

A member sought clarification whether the business case would include contemplating rule changes to allow participants to pass on margin to a trading participant, noting this would be consistent with what is seen more broadly within the region. The Consultant, Business Management and Planning, Securities and the General Manager, Equities noted that the review did not examine this topic and agreed to gain further insight from the project team. The General Manager, Equities and the General Manager Business Management and Planning agreed to take an action back to the Risk Consultative Committee and provide an update back to the Business Committee at an appropriate time.

e) CHES Depository Nominee services and service enhancements

The General Manager, Issuer Services, Securities and Payments provided an update on enhancements to CHES Depository Nominees (CDN) services, including proposed amendments to ASX Settlement Operating Rules, new legal framework documents and the introduction of service fees. Consultation feedback is being reviewed, and further engagement with market operators and issuers is planned.

ASX also proposes to introduce fees for the CDN services as it is a licensed facility that ASX incurs costs to provide. The fees have been included in a consultation paper published in August and ASX has received responses that are undergoing analysis. The complete list of proposed changes including rules and fees will be presented concurrently to the market once the work has been completed.

Member discussion

A member welcomed the re-opening of CDN services to non-ASX issuers after a period of limited access for some issuers. The member also sought clarification on feedback relating to fees that has

been received to date and raised concerns relating to fee structures being linked to ASX listing fees. The General Manager, Issuer Services noted that the feedback to date was still undergoing analysis and the General Manager, Business Management and Planning clarified that CDN fees are standalone and not linked to ASX listing fees. The Group Executive Securities and Payments noted that ASX will continue discussions with the member following the Committee Meeting.

A member asked about the number of responses received to the fee consultation. The General Manager, Issuer Services, noted that responses were limited in number, and the responses were confidential.

f) Statements Working Group Update

The General Manager, Issuer Services, Securities and Payments reported on the continued growth in electronic statement uptake through the efforts of the Statements Working Group. 21.7% of statements issued in August had been electronic. The proposed Operating Rules amendments to support bulk opt-in for electronic statements have been provided to ASIC for consideration. The Working Group identified that the rule changes may have impacts on workload, to support the bulk opt-in processes that may result.

Additionally, the Working Group surveyed participants as to the level of support for opt-in practices for new and existing investors, and the results show most retail and institutional participants are supporting key opt-in activities identified by the Working Group. The group is also developing guidance on redacting HIN and SRN numbers from notifications and statements to reduce fraud risk.

Member discussion

No member feedback was recorded.

g) Share Sale Fraud Working Group Update

The Senior Legal Counsel and Senior Manager, ASX updated the Committee on the Share Sale Fraud Working Group, which held its last meeting in early September that was attended by a representative of the Office of the Australian Information Commissioner (OAIC) as an observer.

The meeting provided an opportunity for industry members to share their experiences of privacy challenges in responding to fraud and seek inclusion in planned updates to the OAIC's privacy guidance of matters that will assist industry in combatting share sale fraud. The meeting also discussed evolving fraud methods, with the Senior Legal Counsel and Senior Manager, ASX noting in particular a type of scam referred to as 'credential stuffing'.

Members were encouraged to access the OAIC's call enquiries line for information on the application of privacy principles to their particular situation.

The next Working Group meeting will hear further on how banks share information while complying with privacy obligations, to help consider any additional steps industry members supporting shareholdings could take to support greater information sharing.

Member discussion

No member feedback recorded.

h) Business Committee membership update

The Head of Equities Engagement outlined the process for Business Committee membership nominations and re-nominations for the next two-year term commencing January 2026.

Existing members will be invited to re-nominate, and feedback on the business committee will be sought. The expansion of membership to include Technology Service Providers under the changes resulting from the Competition in Clearing and Settlement (CiCS) legislation was also noted.

Member discussion

The Chair noted that in addition to the membership nomination process, they will also seek feedback on the activity of the Committee through a short survey.

The Chair acknowledged that despite the relatively large size of the Committee, it is still an important engagement and information sharing forum. The formal Committee meeting is supplemented by a number of working groups where constructive engagement, input and detailed work is performed to address and progress matters of importance for market operations and efficiency.

AGENDA ITEM 4: CHESS Project

a) CHESS Project Update

The General Manager, Technology Delivery provided an update on CHESS Release 1 and 2.

The Release 1 update included:

- AMOs have been testing since March 2025 and are now in the mandatory accreditation phase with two AMOs remaining to complete accreditation;
- The mandatory Clearing Regression phase is due to open in early October and has been reported as amber status to date due to a backlog of defects;
- Cutover preparation is underway, and the cutover operating model document will be released imminently to support cutover planning; and
- ASX has conducted several successful internal dress rehearsals ahead of the first industry dress rehearsal planned for November.

The Release 2 update included:

- Drop 1 build by the TCS team is complete and will be delivered for testing in October, planned for March 2025 release to market;
- The Release 2 Industry Test Approach document will be released in September 2025 to allow industry time to plan for Release 2 testing phases; and
- The project will also undertake the first of two industry checkpoints in November to capture the confidence and the readiness of the market in the delivery plan to begin testing in March.

Member discussion

A member sought clarification on the CHESS Release 1 project status as to whether it is currently green or amber. The CIO, ASX confirmed the overall program was still rated amber but was still on track for the first Release planned for April 2026 and was trending to green status.

The Chair congratulated the CHESS Project team on behalf of the Committee on the hard work undertaken to date.

b) CHESS Project: finalisation of two key scope items for Release 2

The Chair noted the Business Committee's endorsement on the optional or mandatory scope items recommended by ASX Management at the June 2025 Business Committee meeting and advised that the C&S Board subsequently accepted the recommendation in the August 2025 C&S Board meeting. The Chair further noted that ASX was now providing a recommendation on the two remaining scope items for non-batch DvP and corporate action elections STP.

The General Manager, Equities, Securities and Payments provided an overview of the non-batch DVP and corporate action elections scope items covering the scope objectives, key considerations, the industry perspectives and feedback received, and ASX's proposed recommendation.

Non-batch DVP

The General Manager, Equities, Securities and Payments noted that non-batch DvP functionality has historically been underutilised in current CHESS due to;

- its status as an optional service for participants with the resulting low take up limiting the number of potential counterparties;
- a less-than-ideal fee model limiting the incentives to take up the service; and
- the message complexity to complete a non-batch DvP transaction, including the cash element of the transaction existing outside of the CHESS platform.

The General Manager, Equities, Securities and Payments outlined ASX's recommendation to define non-batch DvP as a mandatory scope item, supported by bringing the process wholly within the new CHESS platform, supported by a simplification of the transaction messages and a revised fee structure.

The Chair opened for member feedback and discussion on ASX's recommendation on non-batch DvP Settlement scope:

- A member noted their support for mandatory build for non-batch DvP settlement to ensure technical consistency, citing past challenges in take-up of optional features.
- A member sought clarification on the international perspectives on the scope item and its likelihood of discouraging participants from using batch settlement in the future. The Group Executive, Securities and Payments noted that the UK has experienced some delays from smaller brokers waiting until the latest possible moment to deliver securities, creating negative downstream effects, with subsequent actions being implemented to limit this behaviour. The Group Executive also noted that the non-batch DvP scope item will support future plans to implement shorter settlement times.

- A member sought clarity over the approach to the fee model design and stated concerns on the effects on clearing participants and custodians. The General Manager, Equities, Securities and Payments noted that there is more work to be done to finalise the fee model and provide the correct incentives.
- A member sought clarification on the mandatory nature of the scope item. The General Manager, Equities, Securities and Payments noted that the build is mandatory, but it is optional for brokers to use and that a transaction would require brokers on both sides of the transaction to agree to use it.
- A member sought clarification on what the recommendation from ASX entails from an implementation perspective and what is being agreed to at the current stage. The General Manager, Equities, Securities and Payments noted that at this point ASX is seeking a recommendation from the Committee for this scope item to be mandatory to build. The next steps would entail a detailed business design process via working groups to capture a detailed design specification alongside industry.
- A member noted that whilst their organisation will not use the functionality, they will be happy to undertake the mandatory build, noting a caveat that it should use existing functionality. The General Manager, Equities, Securities and Payments noted that the primary change will be a significantly reduced number of messages to simplify the approach using the ISO message standard.
- A member sought further clarity on the support and readiness of payment providers for non-batch DvP. The General Manager, Equities, Securities and Payments ASX noted that engagement had already occurred with the payment provider cohort and encouraged participants to assist in ensuring payment providers are able to commit to building to support the non-batch DvP function. The General Manager, Equities, Securities and Payments committed to engaging further to provide updates on payment provider perspectives and readiness.
- A member requested further clarity on the payment provider commitments. The General Manager, Equities, Securities and Payments and the CIO noted an increased level of engagement and ASX will continue to report back to the Committee on progress.

The Chair noted that following extensive discussion from members that the non-batch DvP scope item would be recommended as a mandatory scope item.

Corporate Action Elections

The General Manager, Equities, Securities and Payments outlined that:

- there are currently multiple channels to process corporate action elections between Investors and Custodians to Share Registries, including via paper format, online portals, APIs or emails. The current processes for corporate actions in the Australian market operates differently to international standards;
- the corporate action elections STP scope item for the CHES Project provides an additional channel to support standardising the processing of elections for dividend reinvestment plans,

bonus share plans, share purchase plans and rights issues and the payment integrations required;

- feedback from ASX's engagement with institutional and custodial investors, and the Australian Custodial Services Association (ACSA) indicated that a standardised method of processing corporate actions elections via CHESS to connect Participants with Share Registries would significantly reduce operational risk and would be strongly supported; and
- a standardised method for processing corporate action elections using ISO 20022 message protocols would also align Australia with global best practices.

The General Manager, Equities, Securities and Payments outlined ASX's recommendation to provide an additional communication channel from the Investor, via their broker, through CHESS and onto the Share Registry. It was proposed as a mandatory feature for Share Registries and Payment Providers but optional for Participants to use this service or build the functionality. The General Manager, Equities, Securities and Payments acknowledged that the complexity and the cost of the build would fall predominately to the Share Registries for implementation.

The Chair opened for member feedback and discussion on ASX's recommendation for corporate actions elections STP scope:

- A Registry member noted the relative accuracy of the registry perspectives captured in the Committee papers, however noted that this did not fully reflect the main concerns of the registries in relation to the detailed effects on the retail investor relationship. The member noted ongoing concerns and sought further engagement and discussion with ASX. The General Manager, Equities, Securities and Payments agreed to undertake further discussions and clarified that the next steps (the detailed design phase) are designed to uncover and address the complexity of the proposed functionality.
- A member noted concerns regarding accountability and risk for the monetary elements of the corporate actions, whether the service would be free of charge, and how does the service operate for CHESS sponsored clients compared to issuer sponsored clients. The General Manager, Equities, Securities and Payments noted that the ability to optionally use the service once built allows brokers to manage their risks for a particular transaction or counterparty as required. The General Manager, Equities, Securities and Payments noted that there will be a fee for the service with the intent to ensure the fees are fair and are in line with the regulated pricing model. The General Manager, Equities, Securities and Payments noted that the issuer sponsored perspective is out of scope for the project as it resides on the issuer's technology platforms and it would require an arrangement between an issuer and a registry in the example noted by the member.
- Two members supported the registry member's request for further engagement and discussion on details of the approach. The General Manager, Equities, Securities and Payments provided clarification that ASX is seeking endorsement on the intent to build corporate action functionality with the detailed design work to follow.
- A member sought clarification of whether the Primary Market Facility (PMF) is included in this scope item in relation to the fee structure that requires an issuer to pay for the service. The General Manager, Equities, Securities and Payments noted that PMF is not included in

this proposed scope item and in the scope item the fee would fall to the beneficiary of the service.

- A member asked whether, given that the Corporate Action Election scope item is an enhancement, it could be decoupled from the project to ensure overall delivery of the CHES Project. The General Manager, Equities, Securities and Payments noted whilst it is feasible to hold the scope item back for further discussion it is of overall great benefit to the market, and this is the driver of the ASX recommendation.
- A member from a custodian organisation noted that the custodian perspective is strongly supportive of the initiative as the CHES Project represents an important and timely opportunity for industry to make a critical improvement to the operation of the market.
- A member sought clarification on whether the scope item also provided benefit to registries in addition to the noted impacts. Another member noted that their registry organisation was supportive of the initiative and the concerns noted were focused on being able to resolve the complexity of the process and risks to timeline and cost appropriately. The Group Executive, Securities and Payments acknowledged the member's comments and noted that the next steps to clarify the design details are key to the success.
- A member from a custodian organisation reiterated their support for the initiative and the comments of other supportive organisations and congratulated ASX on their work to date.

The Chair noted that strong support was provided by Custodians and Institutional Investors on ASX's proposed recommendation for corporate action elections STP, and that Share Registries expressed either qualified support or a desire to further understand the detailed design before supporting the proposal. It was further noted that there was broad consensus from the Business Committee that corporate action STP offers important benefits to the cash equities market and its Participants.

The Chair noted that following extensive discussions between members, it was determined that the Business Committee supported ASX's proposal on the basis that further stakeholder engagement is to be undertaken that allows stakeholders sufficient opportunity to contribute to the scope, phasing and timelines for corporate action election STP.

AGENDA ITEM 5: Question Session: Clearing and Settlement Services, Issuer Services, CHES Project

The Committee noted papers on the independent assessment of the assurance plan, securities lending reporting updates, and other administrative items.

The Partner, Ernst & Young confirmed there were no material findings captured during the Independent Assessment of the Assurance Plan.

The Senior Legal Counsel and Senior Manager, ASX noted the removal of daily and quarterly securities lending reporting requirements coming into effect the following week and that this was an example of being able to leverage the Committee to deliver change in response to industry pain points. The Chair echoed the positive sentiment from members for achieving a significant change in less than a year.

The Chief Operating Officer invited members to participate in discussions on an industry-wide extreme cyber scenario test. The Chief Operating Officer noted that ASX will contact members at an upcoming time to capture discussions and feedback.

Member discussion

No member discussion was recorded

AGENDA ITEM 6: MEETING CLOSE

a) Open actions and items to be kept in view

The Chair noted the open actions had been addressed as part of the meeting, and additional actions captured during the meeting are:

- ASX to engage further with share registries to address scope and implementation concerns and capture feedback in the recommendation to the CS Boards regarding corporate action election functionality.
- ASX to report back to the Risk Consultative Committee on the business case for margin pass-through in third-party clearing scenarios.
- ASX to provide the Technical Committee with feedback from payment providers regarding readiness for non-batch DVP settlement functionality.
- ASX to invite Business Committee members to participate in discussions on an industry-wide extreme cyber scenario test.

b) Forward work program

The Chair outlined the proposed Business Committee discussion topics for the December 2025 meeting and invited member feedback.

c) Any other business

The Chair requested Business Committee members to raise any other business items for consideration.

d) Next meeting – 10 December 2025

The Chair thanked members for their contributions and closed the meeting at 2:07pm. The next meeting will be held at ASX's new Martin Place building on 10 December 2025.

Signed as a correct record of the meeting.

Chair

Date

DRAFT