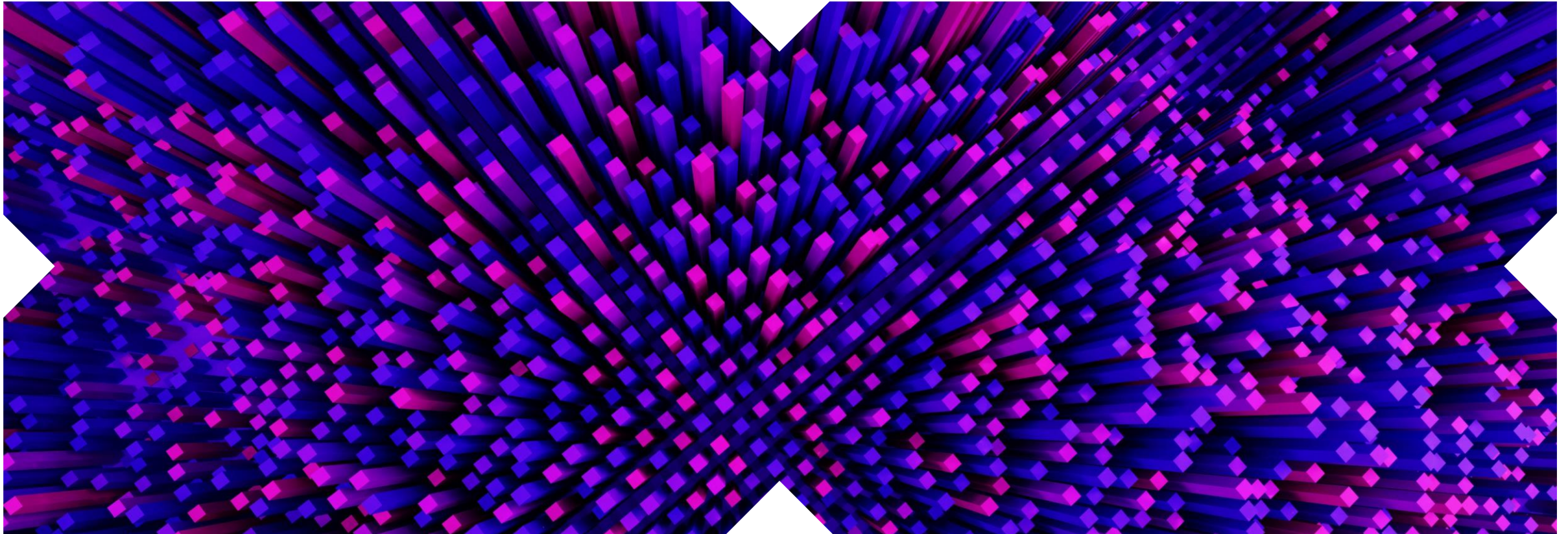


# CHESS PROJECT BUSINESS DESIGN WORKING GROUP



DROP 3 – CORPORATE ACTIONS & HOLDING REPORTS  
10 JULY 2025





# Acknowledging Country

ASX acknowledges the Traditional Owners of Country throughout Australia. We pay our respects to Elders past and present.

**Artwork by Lee Ann Hall**  
My Country My People



# Housekeeping

## Troubleshooting

- > Please mute yourself when not speaking
- > Please use the 'raise hand' feature on MS Teams if you would like to ask a question
- > Please introduce yourself when talking for the benefit of all members
- > Meeting is being recorded for the purposes of capturing decision and actions
- > Dial in details (audio only):
  - +61 2 7208 4607
  - Phone Conference ID: 599 329 993#
- > Presentation materials were distributed before the meeting and will be published on the website.

# Important Information

## Competition Law Reminder

Workshop members are reminded to have regard to their obligations under competition law. In particular, please note that the Competition and Consumer Act prohibits a corporation from engaging with one or more persons in a concerted practice that has the purpose, effect or likely effect of substantially lessening competition.

# Agenda

- 
- 01** Introduction and Agenda
  - 02** Business Design Working Group Actions
  - 03** Corporate Actions
  - 04** Accounts and Balance Reporting
  - 05** Settlement Instructions - Updates
  - 06** Next Steps
-



# 01

## Introduction and Agenda

# 01 – Detailed Workshop Agenda

#	Topic	Duration
01	Introduction and Agenda	5 mins
02	Business Design Working Group Actions	10 mins
03	Corporate Actions	30 mins
04	Account & Holding Reporting	30 mins
05	Settlement Instructions - Updates	30 mins
06	Next Steps	15 mins
Total workshop duration		2 hours

# 01 – Workshop Objectives and Outputs

The purpose of this Business Design Working Group session is to refine previously consulted design considerations and gain further customer feedback on the scope of Release 2 Drop 3 of the CHES Project

## Objectives

- > Collect expertise to refine the design of corporate actions, reporting and settlement instructions processes in the CHES Project
- > Play back information collected from previous engagements
- > Develop the finalised set of requirements for implementation in the CHES Project

## Outputs

- > Summary of the session and any applicable actions prepared for the Technical Committee
- > Updates to the Business Design Documents (as necessary)
- > ISO message construction (scheduled to be finalised by Q4 2025)
- > Technical documentation (scheduled to be released by Q1 2026)
- > Revised APGs
- > Rules Consultation



What outcomes would you like to achieve for your organisation from this workshop?



# 01 – Business Design Working Group: Proposed 2025 / 26 Plan

## Upcoming and completed sessions

#	Session	Topic(s)	Invitees	Proposed Date	Action
13	Release 2 Drop 1 Deep Dive	Deep dive into Release 2 Drop 1 detailed business design	All	6 February 2025	Complete
14	Registries Focus Group	Registries focus group on specific registry topics	Registries only	13 March 2025	Complete
15	Release 2 Drop 2 Deep Dive (1 of 2)	Deep dive into Release 2 Drop 2 detailed business design (including Transaction Basis Deep Dive)	All	3 April 2025	Complete
16	Release 2 Drop 2 Deep Dive (2 of 2)	Deep dive into Release 2 Drop 2 detailed business design	All	15 May 2025	Complete
17	Release 2 Drop 3 Deep Dive (1 of 2)	Deep dive into Release 2 Drop 3 detailed business design (corporate actions, reporting)	All	10 July 2025	Planned
18	Payment Provider Focus Group	Payment provider focus group on planned changes to payment authorisation processes	Payment Providers only	7 August 2025	Planned
19	Release 2 Drop 3 Deep Dive (2 of 2)	Deep dive into Release 2 Drop 3 detailed business design (issuer sponsored, payments)	All	19 August 2025	New
20	Payment Channels Deep Dive	Industry focus group on the real-time payment channel	All	4 September 2025	Planned
21	Release 2 Drop 4 Deep Dive	Deep dive into Release 2 Drop 4 changes and business design	All	9 October 2025	Planned
22	New Corporate Action Services Focus Group	Industry focus group on new corporate action services	All	6 November 2025	Planned
23	Accounts Migration Deep Dive	Deep dive into Accounts Migration approach	All	4 December 2025	Planned
24	Release 2 Drop 5 Deep Dive	Deep dive into Release 2 Drop 5 changes and business design	All	January 2026	Planned

**Note:** indicative order, subject to change based on industry inputs and further planning. Multiple sessions may be required per topic  
*Blue* denotes an update since last presented

# 02

## Business Design Working Group Actions

## 02 – Business Design Working Group Actions

#	Action	Raised	Update	Status
BDWG_02	Consider whether there could be an ability to allow transfer of standing instructions in the case of transfer to a new HIN	February BD WG	To be considered as part of Portfolio Transfers (Drop 4)	Drop 4
BDWG_04	Consideration of which new fields can be transferred to a new participant in the case of a Change of Controlling Participant	February BD WG	To be considered as part of Change of Controlling Participant (Drop 4)	Drop 4
BDWG_06	Consider the process of migrating accounts, including transformations and fields not available in current CHES	February BD WG	Deep dive BDWG scheduled for August	December BDWG
BDWG_07	Continue evaluation of Foreign Ownership Restrictions and use of Guaranteed Foreign Transfers	February BD WG	Under discussions with Telstra/MUFG	In progress
BDWG_09	Consider the appropriate rules and privacy implications to allow the sharing of email and mobile number with Registries	February BD WG	To be considered as part of rules consultation	Rules Consultation
BDWG_11	Consideration to be given to the complexities of reserved balances and impacts on Registry processes	March BD WG	To be discussed in Drop 3 BDWG (July)	Drop 4
BDWG_12	Consideration of a revised approach for crossings and associated fee impacts	March BD WG	Crossings approach revised and presented in May BDWG. Fee impact process update in TC.	Closed
BDWG_13	Provide guidance of the in scope Corporate Actions per drop	May TC	To be discussed in Drop 3 BDWG (July)	Slide 14
BDWG_14	Revise matching tolerances factoring in feedback bilaterally from Participants	May BD WG	ASX is collating feedback received bilaterally and will revise	Slide 34
BDWG_15	Determine an approach for participants to reconcile holdings, including any new holding notification	May TC	To be discussed in Drop 3 BDWG (July)	Slides 22-26

*Blue denotes an update since last presented*

# 02 – Business Design Working Group Actions

#	Action	Raised	Update	Status
BDWG_16	Consider the impacts of providing fail information only after payment has completed.	May BD WG	To be discussed further in August BD WG	August BD WG



# 03

## Corporate Actions

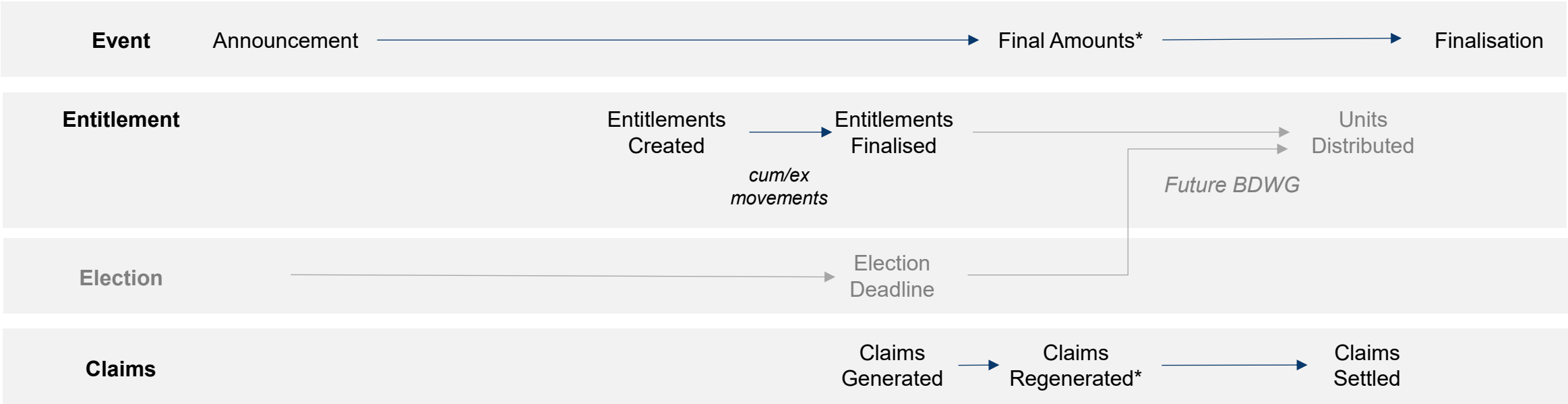
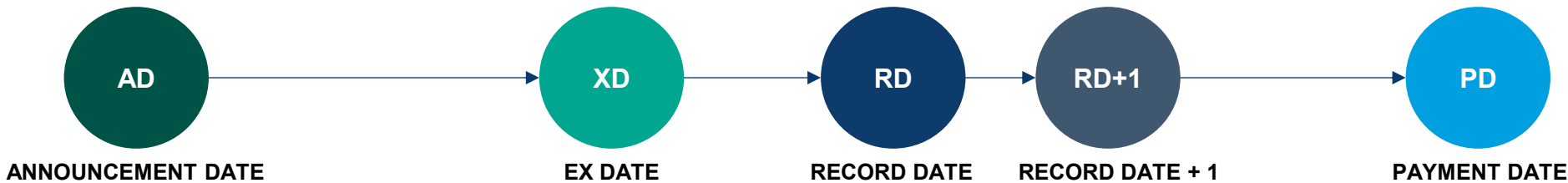
# 03 - Corporate Action Events – Roadmap Overview

## CHESS PERSPECTIVE

CA Event Code	CA Name	Drop	Cum Entitlement Balance	Claims & Adjustments			Deferred Security Processing	Holding Adjustment (by Registry)	Holdings Adjustment (by CHESS)	Elections	
				Cash Claim	Securities Claim	Transformation				Without Payment	With Payment
			Drop 3	Drop 3	Drop 4	Drop 5	Drop 4	Drop 4	Drop 5	Drop 5	Drop 5
DVCA	Dividend	Drop 3	Y	Y	N	N	N	N	N	N	N
DVOP	Dividend	Drop 3	Y	Y	N	N	N	Y	N	Y (new)	N
DRIP	Dividend	Drop 3	Y	Y	N	N	N	Y	N	Y (new)	N
DVSC	Dividend	Drop 3	Y	Y	N	N	N	Y	N	N	N
INTR	Interest Pmt.	Drop 3	Y	Y	N	N	N	N	N	N	N
PRII	Interest Pmt.	Drop 3	Y	Y	N	N	N	N	N	N	N
DECR	Capital Return	Drop 3	Y	Y	N	N	N	N	N	N	N
BONU	Bonus Issue	Drop 4	Y	N	Y	N	Y	Y	N	N	N
RHTS	Rights Issue	Drop 4	Y	Y	Y	N	Y	Y	N	N	Y (new)
PRIO	Priority Issue / SPP	Drop 4	N	N	N	N	N	Y	N	N	Y (new)
PPMT	Call	Drop 4	N	Y	N	N	N	Y	N	N	Y (new)
EXWA	Warrant Ex.	Drop 4	N	N	N	Y	N	Y	N	N	Y (new)
CONV	Note Conv.	Drop 4	N	N	N	Y	N	Y	N	N	Y (new)
MRGR	Scheme	Drop 4	N	N	N	N	N	Y	N	N	Y (new)
TEND	Takeover	Drop 5	N	N	N	N	N	Y	N	Y	N
BIDS	Buyback	Drop 5	Y	N	N	N	N	Y	N	Y	N
OTHR	Reinvest.	Drop 5	N	N	N	N	N	Y	N	Y	N
SPLR	Split	Drop 5	N	N	N	Y	Y	Y	N	N	N
SPLF	Consolidation	Drop 5	N	N	N	Y	Y	Y	N	N	N
CHAN	Code Change	Drop 5	N	N	N	Y	N	N	Y	N	N

# 03 - Corporate Action Lifecycle – Cash Event Overview

CHESS PERSPECTIVE



*\*In some cases, payment amounts for cash events are not finalised until after record date*

## 03 - Corporate Action Lifecycle – Cash Events



BOM\_2.1 The CHES replacement system should only support a single cum entitlement balance per security at any point in time. Concurrent corporate actions should be supported by single cum entitlement balance which is applicable to all concurrent corporate actions.

### Cum Entitlement Balances – Recap

ASX consulted with industry through BDWGs in [August 2024](#) and [September 2024](#) on options to simplify and the Cum Entitlement Balance. These considerations were captured in the associated [Business Design Document](#) and [Consultation](#).

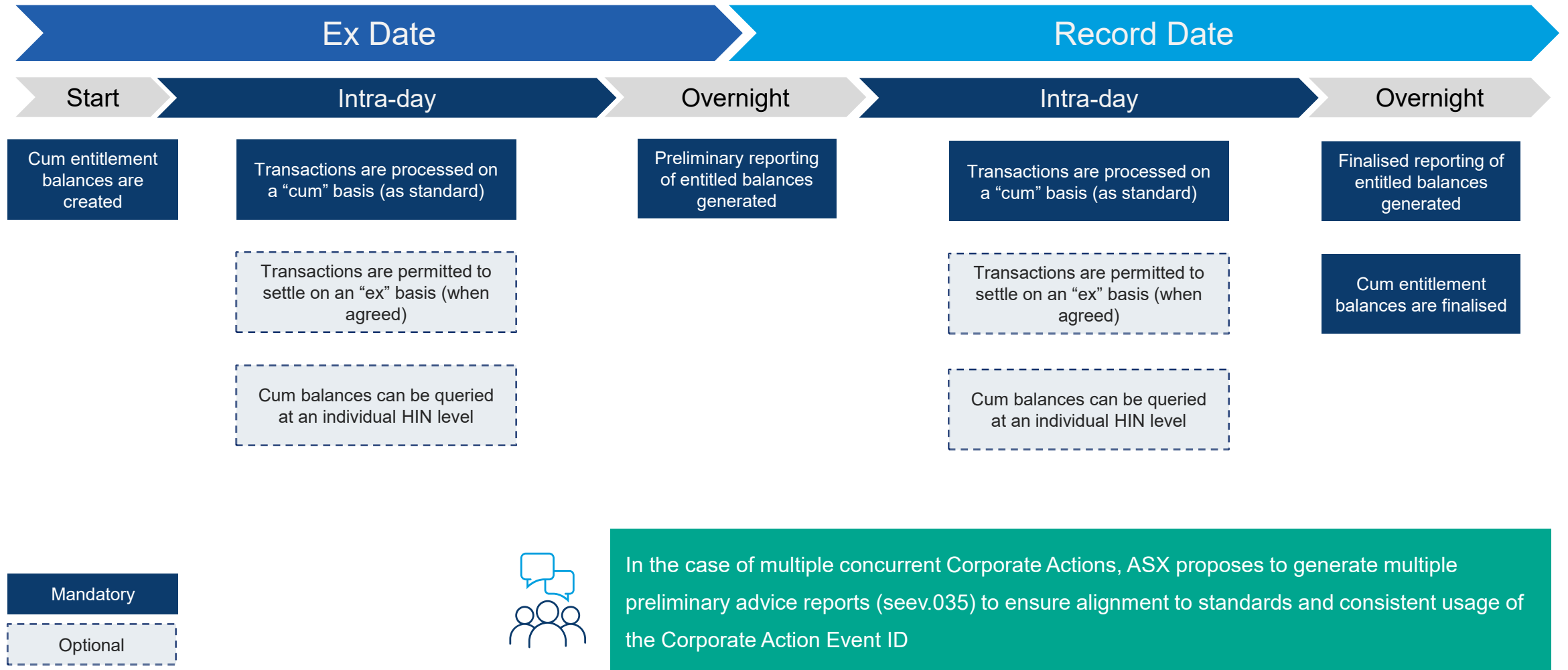
It was agreed that CHES should continue to materialise a Cum Entitlement Balance at Start of Day on Ex Date and finalise the Cum Entitlement Balance at End of Day on Record Date.

### Agreed Simplifications

- 1 Single materialised cum entitlement balance (for all concurrent corporate actions)
- 2 Single basis of movement code (for all concurrent corporate actions)
- 3 Removal of defaulting rules (assume all transactions are “cum”)
- 4 Rationalise and align reporting to standards
- 5 Support ex movements for non-market transactions only



## 03 - Corporate Action Lifecycle – Cash Events (Ex / Record)



## 03 - Corporate Action Lifecycle – Cash Events



MC\_3.2 The CHESS replacement system should continue to generate claims transactions based on an estimated value where the final amount is not known by Record Date.



MC\_3.3 The CHESS replacement system should generate claims transactions as separate linked transactions for value adjustments (e.g. dividends) and these should be scheduled on or after the payment date of the corporate action.

### Market Claims – Recap

In the BDWGs in [September 2024](#) and the associated [Business Design Document](#), ASX and Industry agreed a number of enhancements to improve diary adjustment (aka market claims) processing.

### Agreed enhancements

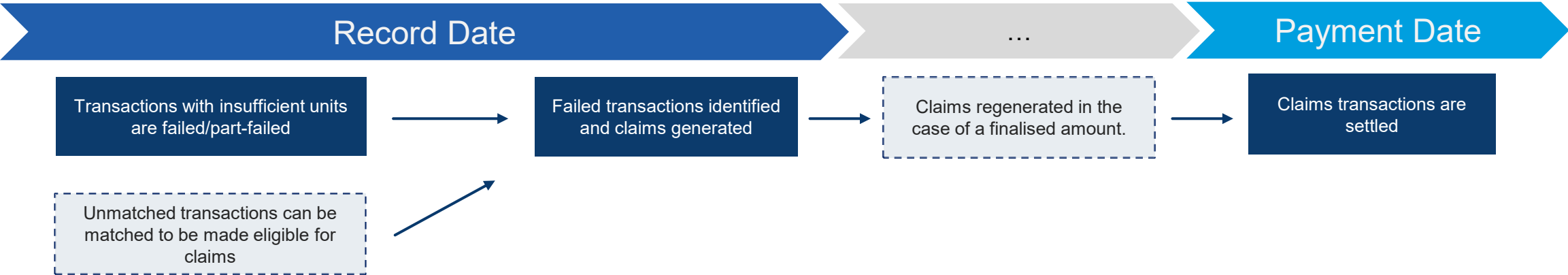
#	Enhancement
1	Claims transactions (i.e. diary adjustments) will continue to be generated overnight on Record Date as a result of failing transactions
2	Claims for cash events will be generated as a separate payment free of delivery (PFoD) instruction
3	Claims transactions will be scheduled to settle on Payment Date (as opposed to RD+1)
4	Claims transactions should consider the finalised payment amount (if after Record Date)



There are a limited number of dividends where DRP is the default option. It was previously proposed that this should be considered in the claims generation process. ASX has evaluated these scenarios in more detail and believes it would be difficult to support under the current framework for claims and with available data and timing. As a result, it is proposed this requirement is not carried forward in R2

# 03 - Corporate Action Lifecycle – Cash Events

- MC\_3.4 The CHES replacement system should update/replace a claims transaction generated using an estimated amount following notification of the finalised amount for a corporate action.
- MC\_3.5 The CHES replacement system should allow Participants to agree to modify and/or cancel claims transactions following generation.



For cash events where claims are generated based on an estimated amount, receipt of the finalised amount will trigger the claims to be generated.



To allow transactions that were not matched in time for batch settlement to be eligible for claims, CHES could allow matching for the current Settlement Date to continue until end of day.

- Mandatory
- Optional

## 03 - Corporate Action Lifecycle – Cash Events

### Cash Claims Eligibility Criteria

#	Type	Batch/Non-Batch	Delivering/Receiving Participants	Basis of Movement	Eligibility
1	Market Instructions	Batch Instructions	Differ	-	Eligible
2	Non-Market Instructions	Batch Instructions	Differ	Cum	Eligible
3	Non-Market Instructions	Batch Instructions	Differ	Ex	Ineligible
4	Non-Market Instructions	Batch Instructions	Same	-	Ineligible
5	Non-Market Instructions	Non-Batch Instructions	-	-	Ineligible



Should CHES generate claims for transactions that are currently ineligible?

### Additional Eligibility Criteria



#	Field	Criteria	Eligibility
6	Intended Settlement Date	<= Record Date	Eligible
7	Intended Settlement Date	> Record Date	Ineligible
8	Status	Matched-Scheduled, Matched-Hold	Eligible
9	Status	Unmatched	Ineligible
10	Payment	APMT	Eligible
11	Payment	FREE	Ineligible



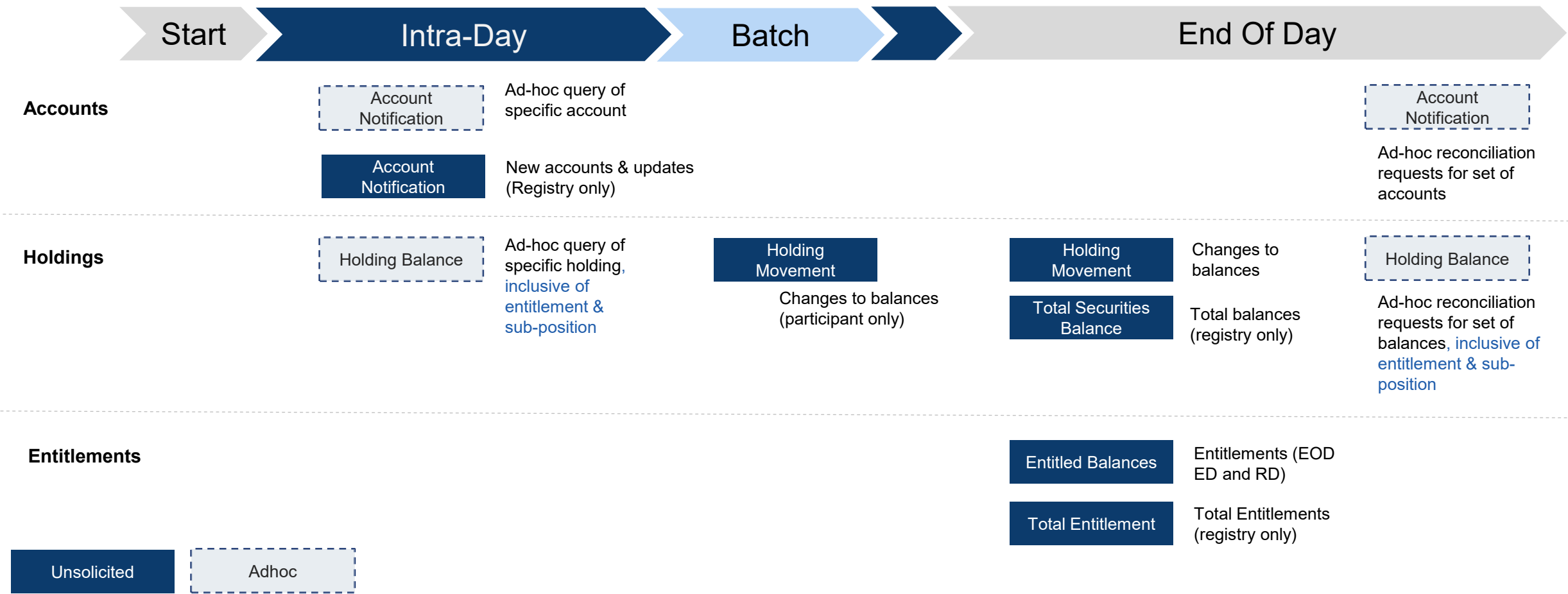
# 04

## Accounts & Balance Reporting

# 04 – Accounts & Balance Reporting

-  CD\_4.7 The CHES replacement system should notify Issuer Registries, and Participants, of entitlement holding balances in relation to a corporate action, on a daily basis during the corporate action period including any movements.
-  CEB\_1.2 The CHES replacement system should enable intra-day and scheduled reporting of CEB reporting to allow for the balances and movements to be retrieved at any time during, or immediately after, the ex-period.

## Overview of Reporting



## 04 – Accounts & Balance Reporting



CEB\_1.9 The solution should consider aligning to standard ISO messaging for CEBs where possible. This includes reviewing the use of the seev.035 ('CorporateActionMovementPreliminaryAdvice') message for reporting purposes.

	ISO	Type	Receiver	Historical	Contents	Purpose	EIS
<b>Accounts</b>	acmt.002	Unsolicited – Intra-day	Issuer Registries	NA	For each HIN (new/changing): <ul style="list-style-type: none"> <li>Registration Details</li> </ul>	Issuer Registries notification of new and changing account details	512
	acmt.002	Ad-Hoc – Demand/EOD	Issuer Registries, Participants	Y	For each HIN or set of HINs requested: <ul style="list-style-type: none"> <li>Registration Details</li> </ul>	Issuer Registries and Participants reconciliation of specific registration details on the CHES Sub-register	512
<b>Holdings</b>	semt.017	Unsolicited – Post-Batch, EOD	Issuer Registries, Participants	NA	For each HIN/Security Code (with movements): <ul style="list-style-type: none"> <li>Net Ons/Net Offs (per txn type)</li> <li>Ex Ons/Offs (per txn type)</li> <li>Start/Close Balance</li> </ul>	Issuer Registries notification of new and changed balances on the CHES Sub-register (EOD)	146 506 510
	semt.002	Ad-Hoc – Demand/EOD	Issuer Registries, Participants	Y	For each HIN/Security Code requested or Security Code <ul style="list-style-type: none"> <li>Total Balance</li> <li>Available Balance</li> <li>Reserved Balances</li> <li>Entitlement Balance</li> </ul>	Participants reconciliation of changes to balances (Post-Batch/EOD)	522 520
	semt.002	Unsolicited – EOD	Issuer Registries	NA	For each Security Code: <ul style="list-style-type: none"> <li>Total Balance</li> </ul>	Issuer Registries reconciliation of total balances on the CHES Subregister	532
	seev.035	Unsolicited – EOD	Issuer Registries, Participants	NA	For each Corp Action/HIN: <ul style="list-style-type: none"> <li>Entitled Balance</li> <li>Corporate Action Details</li> </ul>	Issuer Registries and Participants notification of entitled balances for each HIN and Corporate Action at EOD Ex Date and EOD Record Date.	504 520
<b>Entitlements</b>	seev.035	Unsolicited – EOD	Issuer Registries	NA	For each Corp Action: <ul style="list-style-type: none"> <li>Total Entitled Balance</li> <li>Corporate Action Details</li> </ul>	Issuer Registries reconciliation of total entitled balances on the CHES Subregister	524

## 04 – Accounts & Balance Reporting

### Holding Movement Report - Recap

In other markets, BaNCS does not typically provide the same forms of holding balance and movement reporting as in current CHES.

Typically, participants and registries are notified of end of day balances (for reconciliation and notification purposes) using semt.002 equivalent providing start of and end of day balances and not consolidated movements.

For reconciliation of specific movements participants are typically provided with ad-hoc transaction summary capabilities using a semt.017 at an individual transaction level. There is not currently an ISO equivalent of the holding movement report without adaptations.

### ASX Proposal

ASX is considering to adapting the transaction summary report (semt.017) to provide summarised transactions on an aggregate basis and generate this same report for participants and registries at key reconciliation points

If acceptable ASX can raise this use case to the ISO standards for future consideration and incorporation.



# 04 – Accounts & Balance Reporting

## Consolidated Holding Movement

Purpose:

- Notify **Issuer Registries** of changes to balances at EOD to facilitate updating of the register.
- Allow **Issuer Registries** to reconcile issuer sponsored movements at EOD
- Allow **Participants** to reconcile holdings (replacement for new holding balance in settlement messages and after batch)
- Allow **Participants** to detect new holdings and generate pass through messages (e.g. TFN, Bank Account, DRP)
- Allow **Issuer Registries** and **Participants** to reconcile cum/ex movements (EIS 506)

Field	Content
Security Code	Security Code of the holding with one or more movements
HIN	HIN of the holding with one or more Movements
Start Balance	Balance at SOD
End Balance	Balance at report generation (end of batch / EOD)

For each applicable combination (1...n)

Field	Content
Transaction Type	Settlement, Issuer Sponsored, etc...
Direction	Delivery / Receive
Basis of Movement	Cum / Ex / blank
Unit Quantity	Aggregated value

# 04 – Accounts & Balance Reporting

## Consolidated Holding Movement - Example

Field	Content
Security Code	BHP
HIN	0000123456
Start Balance	150
End Balance	250

Transaction Type	Batch / Non-Batch	Direction	Basis of Movement	Unit Quantity
Settlement	Batch	RECE	Cum	500
Settlement	Batch	DELI	Cum	100
Settlement	Batch	DELI	Ex	50
Settlement	Non-Batch	DELI	Cum	200
Issuer Sponsored	Non-Batch	DELI	Cum	50

This report allows the receiver to determine:

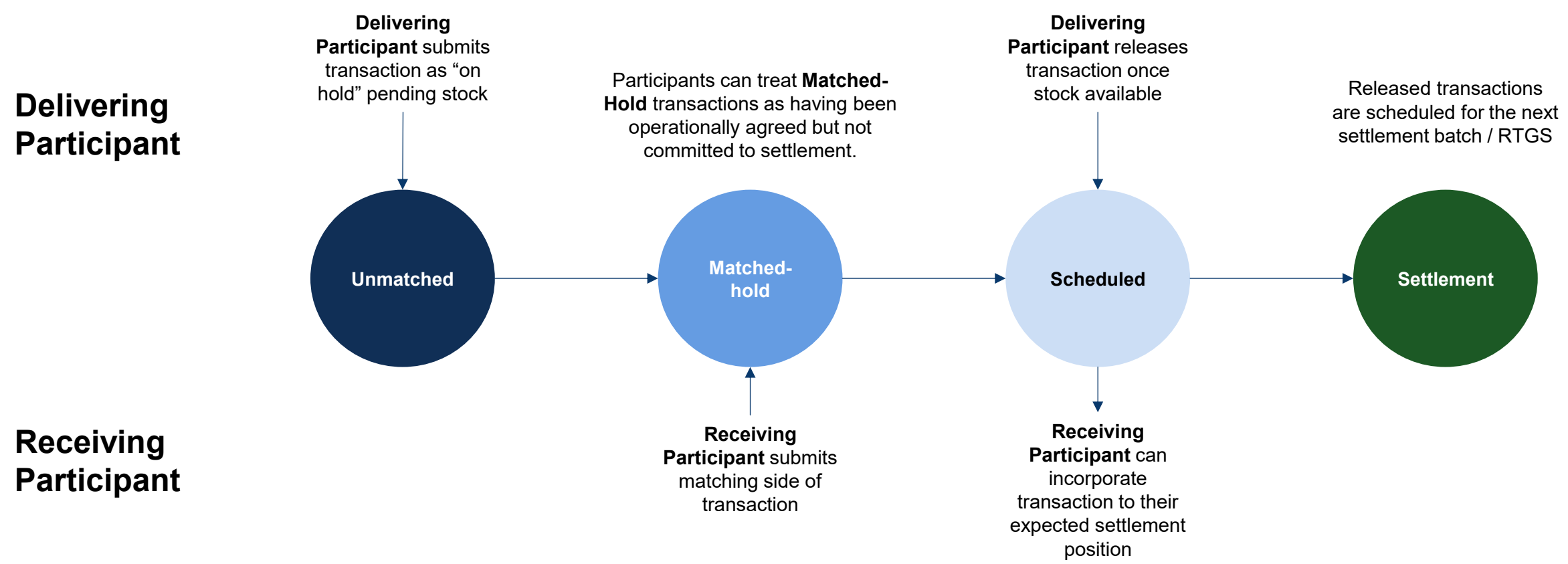
- Total movements in batch
- Total movements outside of batch
- Total movements to/from issuer sponsored
- Net ons / net offs
- Total movements on an “ex” basis

# 05

## Settlement Instructions - Updates

# 05 – Settlement Instructions - Hold/Release

Intended process



## 05 – Settlement Instructions - Hold/Release

Material feedback has been received in relation to the design of hold/release to ensure it will meet the original business requirement and be used in a fair and effective way. ASX is open to adjusting the proposal, and notes that hold/release is a core feature of other markets globally.

#	Feedback	Status
1	Hold status should be notified on the allegation	ASX proposes this is not added to the message given it is not currently supported in BaNCS, ISO standards and could discourage participants from submitting a matching side
2	Hold status should be shared immediately upon match as opposed to a subsequent process	The provision of the hold status immediately upon match can be supported
3	Application of a hold status should not be permitted after the transaction has been matched	The update message can be restricted to disallow the ability to apply a hold retrospectively
4	Hold status should not be permitted to be placed by the receiver of securities (i.e. the buyer)	ASX proposes this validation is not enforced in the system as it may be of use in some specific business scenarios (e.g. PMF, ETFs, upstream integrations, off-market transfers), but it could be disallowed under the rules for market obligations against payment
5	Unilateral cancellations should be supported for instructions on hold	ASX proposes appropriate rules in place to compel a participant to accept a cancellation or release an on-hold instruction within a reasonable time frame
6	How fail fees should be applied in relation to instructions on hold	Further ASX evaluation and industry discussion is required on fail fees. However, it should be noted the principal is to encourage instructions to be matched early

# 05 – Settlement Instructions – Matching

## Settlement Date

Feedback during the previous Business Design Working Group regarding the existing matching options in BaNCS highlighted that the Intended Settlement Date (ISD) matching options would not meet the markets needs in some cases. As a result, customisation will be introduced to match active demand instructions, regardless of the ISD that is mandatorily supplied on the original request.

This will allow Participants to match demand instructions on an agreed expected settlement date, providing a similar experience to current CHES.

## Matching on Basis of Movement

Matching on BOM will be simplified by moving to a single CEB per security model. This will then allow the information supplied on instructions to be rationalised down to two states:

- Ex** - An instruction is specifically being instructed on an Ex-basis
- empty*** - When no basis is supplied it will be presumed Cum

Instructions that have supplied Ex will exclusively match together, leaving the remaining instructions to match with each other. This rationalisation treats Ex as an exception, reducing complicated derivation logic and reduce the decisions Participants need to make when instructing.

It also simplifies rolling over unmatched instructions and enables housekeeping period to operate for longer (if required).

# 05 – Settlement Instruction Updates - Housekeeping

## Current State

Currently CHESS will housekeep unmatched instructions per the following rules:

- > Unmatched Batch Instructions are housekept after batch, usually at EOD<sup>1</sup>.
- > Unmatched Non-Batch Instructions are housekept after 2 business days (or 1 day if instructed on Record Date)

## Proposed Future State

In CHESS Replacement we propose that housekeeping follows the below:

- > Unmatched Batch Instructions are housekept at EOD on settlement date
- > Unmatched Non-Batch Instructions are housekept after 2 business days
- > No specific need to cater for Record Date processing given matching rules (previous slide).



### Questions for Consideration

Would retaining instructions that failed to match prior to batch be useful so they can be matched in the afternoon and be subject to reschedules and claims processing?

Would Participants leverage the ability to amend unmatched instructions to extend their housekeeping period (up to a limit)?

1. ASX Settlement Procedure Guidelines 10.4.1



## 05 – Settlement Instructions - Tolerances

We received specific feedback from a number of Participants after the previous Business Design Working Group in relation to tolerances.

Most feedback acknowledged the technical restraint in retaining a tiered matching system and was then generally supportive of the increase in tiers but suggested tweaks to the tolerance values. These tweaks included:

- > Raising the lower tier from \$1 to \$2 (this would remove the proposed 'Tier 1')
- > Raising tiers 4 & 5 to \$15 and \$25 respectively

As discussed in the previous BDWG, the proposed tolerances were based on providing consistent ranges between the tiers but if there are alternate values that would improve matching then we will review and may adjust accordingly.

**Note:** The market does not need be bound by a decision made today. Tolerances are configurable in BaNCS so could be changed, in consultation with the market, at any time.

### Initial Proposal (BDWG May 2025)

	From (\$)	To (\$)	Tolerance (\$)	Percentage Range
Tier 1	0.00	99,999.99	1.00	towards $\infty$ - 0.00001
Tier 2	100,000.00	249,999.99	2.00	0.00002 - 0.000008
Tier 3	250,000.00	499,999.99	5.00	0.00002 - 0.00001
Tier 4	500,000.00	999,999.99	10.00	0.00002 - 0.00001
Tier 5	1,000,000.00	unbounded	20.00	0.00002 - towards 0

### Adjusted Proposal (incorporating feedback, BDWG July 2025)

	From (\$)	To (\$)	Tolerance (\$)	Percentage Range
Tier 1	0.00	249,999.99	2.00	towards $\infty$ - 0.000008
Tier 2	250,000.00	499,999.99	5.00	0.00002 - 0.00001
Tier 3	500,000.00	999,999.99	15.00	0.00003 - 0.000015
Tier 4	1,000,000.00	unbounded	25.00	0.000025 - towards 0

## 05 – Settlement Instructions – Reserved Balances

BaNCS supports three types of reserved balance, with different characteristics

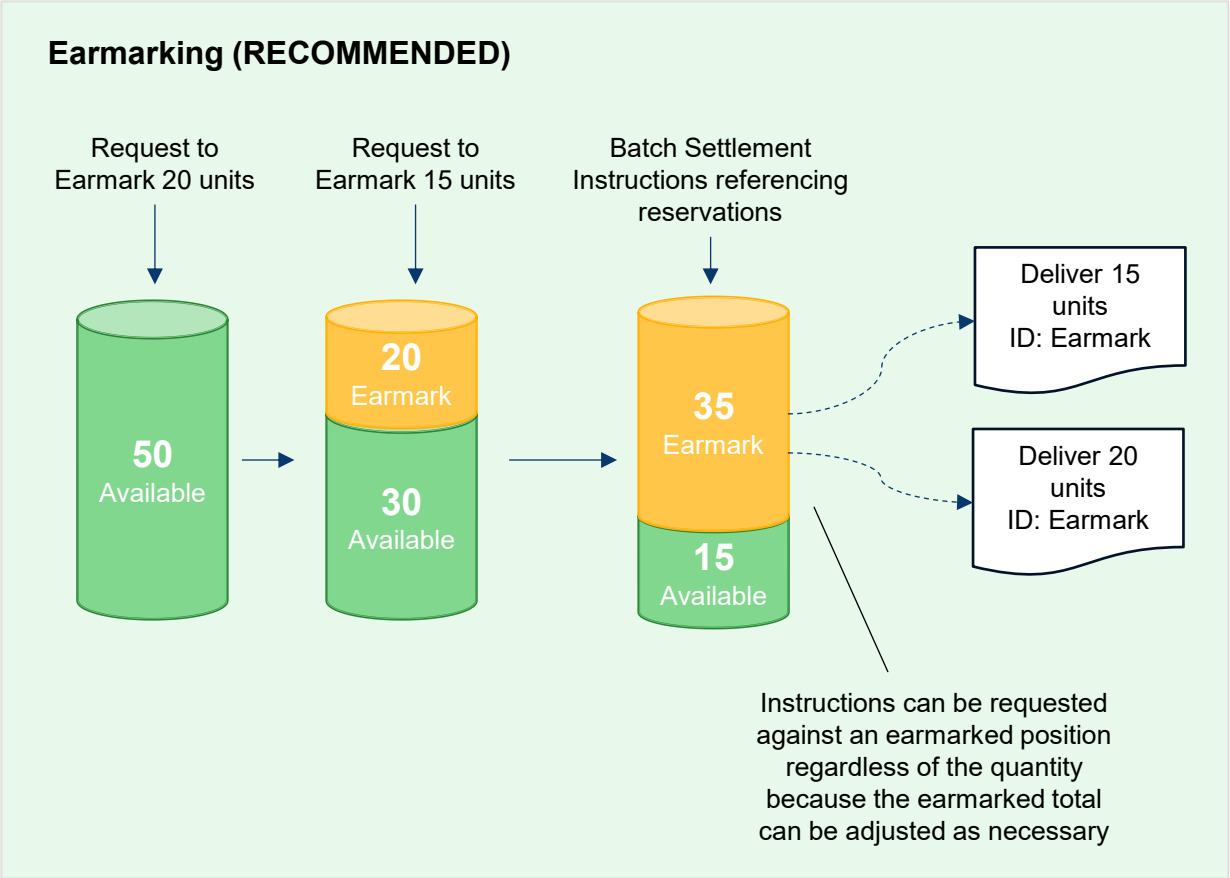
At this stage ASX considers reserved balances mandatory for users of the Accumulation Entrepot and optional for all other use cases.

	Blocking	Reservation	Earmarking
Holding Reservation Reference	Unique <b>system generated</b> code (per request)	Unique <b>system generated</b> code (per request)	Predefined, <b>generic code</b>
Link reservation to Instructions			
Partial Reservation	No - blocked in full once sufficient units are available	<b>Yes</b>	<b>Yes</b>
If units are unavailable at the time of request	<b>Pend request</b> until it can be executed in its entirety	<b>Retain request</b> until complete (continually fill reservation)	<b>Execute once</b> , earmark what is available at time of request
Can an existing balance be increased?	No	No	<b>Yes</b>
Can the balance be reduced?	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Intended usage	<i>Not currently intended for use*</i>	ASX intends to use for a single holding lock	ASX recommends for Settlement Locking (inc. Accumulation)

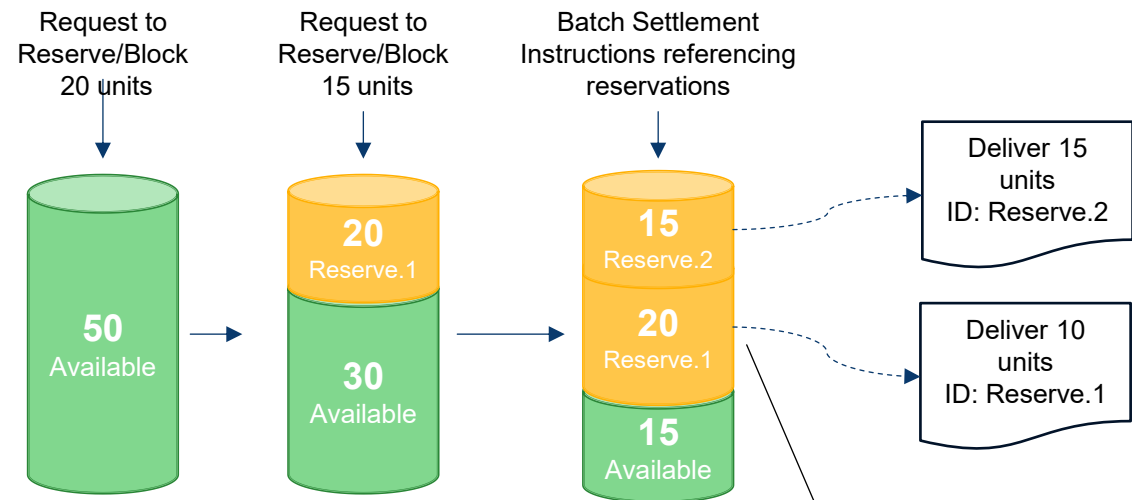
\* Takeovers/Buybacks and Collateral will be discussed in future BDWGs

# 05 – Settlement Instructions - Reserved Balances

## Creating & Utilising Reservations



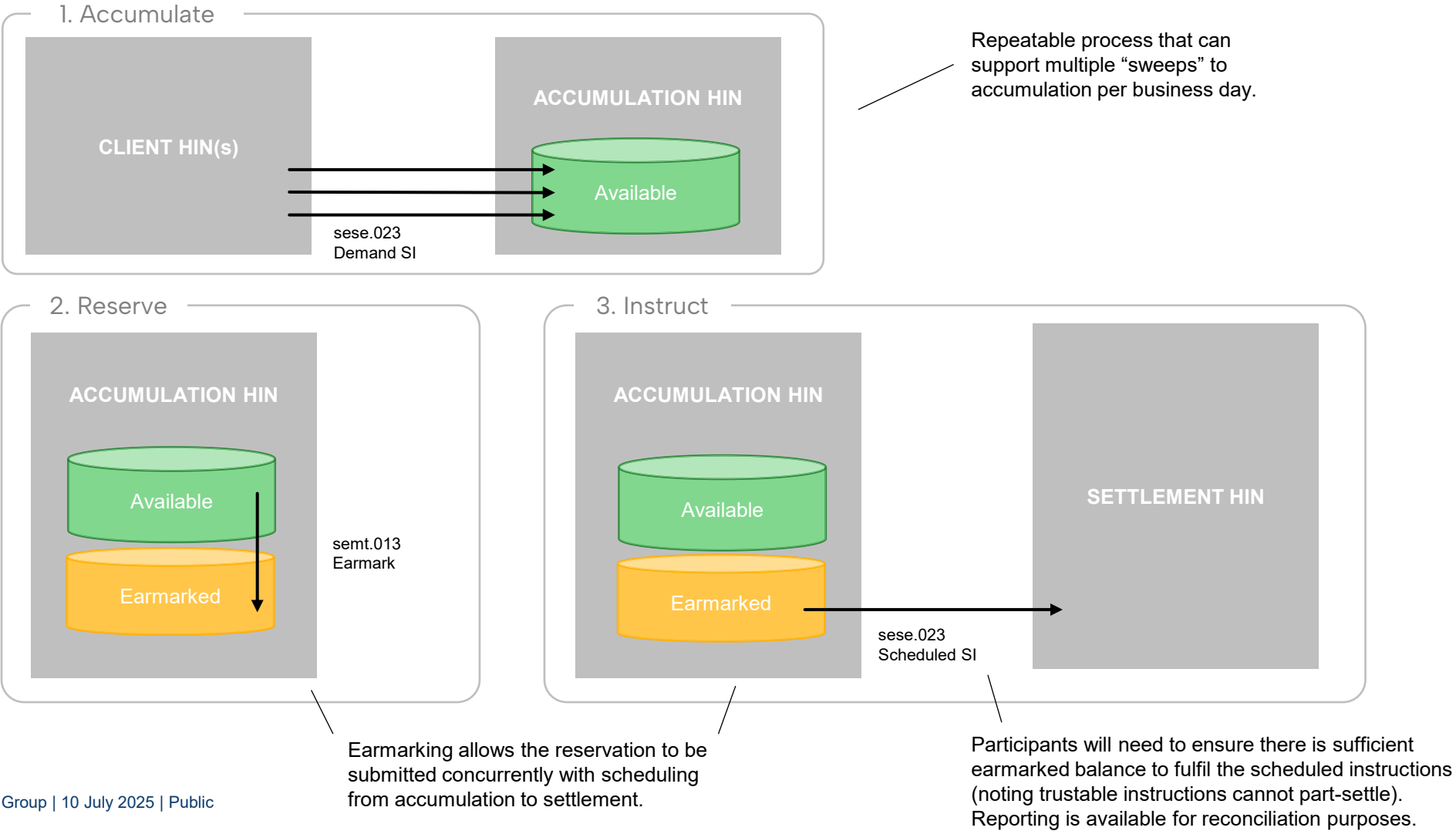
## Reservation & Blocking



An instruction with a quantity greater than the reserved quantity it references will be accepted. The reserved quantity will be validated at the point of settlement and participants need to ensure there is sufficient balance

# 05 – Settlement Instructions - Reserved Balances

## Reservations in Accumulation (worked example)



# 06

## Next Steps

## 06 – Next Steps & Future Topics

### Next Steps

- ASX will prepare a summary of this session for the Technical Committee

### Release 2 Drop 3 – session 2 (19 August)

- Issuer Sponsored Processes (transfers & conversions)
- Batch Payments

### Future Forums

- Payment Provider Focus Group - August
- Payments Deep Dive – September
- Release 2 Drop 4 – October

## 06 – Indicative Forward Engagement Calendar (Rolling 3 Months)

	July 2025	August 2025	September 2025
<b>Technical Committee</b>	<b>9 July</b> <ul style="list-style-type: none"> <li>&gt; CHES Project update</li> <li>&gt; CHES Release 1 industry testing update</li> <li>&gt; June Working Group updates</li> <li>&gt; CHES Release 2 Drop 1 ISO design changes</li> <li>&gt; Pricing considerations for the CHES Project</li> </ul>	<b>6 August</b> <ul style="list-style-type: none"> <li>&gt; CHES project updates</li> <li>&gt; CHES Release 1 industry testing update</li> <li>&gt; CHES Release 1 rollback plans</li> <li>&gt; July Working Group updates</li> <li>&gt; CHES Project resiliency</li> </ul>	<b>3 September</b> <ul style="list-style-type: none"> <li>&gt; CHES project updates</li> <li>&gt; CHES Release 1 industry testing update</li> <li>&gt; Industry readiness tracking</li> <li>&gt; August Working Group updates</li> </ul>
<b>Implementation &amp; Transition Working Group</b>	<b>29 July</b> <ul style="list-style-type: none"> <li>&gt; CHES Release 1 cutover update</li> <li>&gt; CHES Release 1 parallel testing</li> </ul>	<b>26 August</b> <ul style="list-style-type: none"> <li>&gt; CHES Release 2 ITE connectivity</li> <li>&gt; CHES Release 2 industry test approach</li> <li>&gt; CHES Release 2 test tools and data</li> </ul>	<b>25 September</b> <ul style="list-style-type: none"> <li>&gt; CHES Release 2 parallel testing</li> </ul>
<b>CHES Release 1 Build &amp; Test Forum</b>	<b>17 July</b> <ul style="list-style-type: none"> <li>&gt; AMO Readiness update</li> <li>&gt; Industry readiness tracking</li> <li>&gt; Overview of known issues</li> <li>&gt; Cutover and parallel testing</li> </ul>	<b>13 August</b> <ul style="list-style-type: none"> <li>&gt; AMO Readiness update</li> <li>&gt; Industry readiness tracking</li> <li>&gt; AMO Accreditation preparation</li> </ul>	<b>11 September</b> <ul style="list-style-type: none"> <li>&gt; AMO Accreditation update</li> <li>&gt; CHES Release 1 cutover update</li> <li>&gt; AMO parallel testing preparation</li> <li>&gt; Operational readiness preparation</li> </ul>
<b>Business Design Working Group</b>	<b>10 July</b> <ul style="list-style-type: none"> <li>&gt; CHES Release 2 Drop 3 Deep dive</li> </ul>	<b>7 August</b> <ul style="list-style-type: none"> <li>&gt; Payment Provider Focus Group</li> </ul>	<b>4 September</b> <ul style="list-style-type: none"> <li>&gt; Payment Channels Deep Dive</li> </ul>
<b>ISO Design Working Group</b>	<b>24 July</b> <ul style="list-style-type: none"> <li>&gt; Drop 3 ISO messages and Schema</li> </ul>	<b>19 August</b> <ul style="list-style-type: none"> <li>&gt; Drop 3 and Drop 4 ISO messages and Schema</li> </ul>	<b>18 September</b> <ul style="list-style-type: none"> <li>&gt; Drop 4 ISO messages and Schema</li> </ul>





# Questions

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# 09

## Appendix

## 09 – Design Considerations

After industry alignment on the scope objectives for the CHES Project, we facilitated a series of Business Design Working Groups in 2024 with Clearing and Settlement Participants, Share Registries, Software Providers, AMOs, Payment Providers and industry associations to discuss design details in specific functional areas. The output of these sessions is a set of Business Design Documents which capture the industry design considerations in relation to any new or changing functionality.

As we continue to engage with stakeholders through the duration of the CHES Project on detailed aspects of scope, we will provide traceability to the industry design considerations in the following manner:

- > For detailed topics that require further industry engagement, the relevant design consideration reference is noted in the BDWG presentation:

### 03 – Accounts & Investor Information



REG\_1.1 The CHES replacement system should support at least four joint holders on an account, with the ability to include additional holders post Release 2.



REG\_1.5 ASX should provide clear guidelines in relation to recording registration details, formats for standardisation, and rules for how details are to be entered and maintained on the CHES replacement system.

- > The Appendix section of each session will contain a summary of all applicable design considerations to be delivered in the drop, indicating where it is considered in this pack, or if further consultation is required
- > A summary of all design considerations and corresponding delivery drops will be provided as an additional artefact.

## 09 - Design Considerations for Drop 3

Business Design Document	Reference	Design Consideration	Slide Reference
<a href="#">Data &amp; Connectivity</a>	CD_4.7	The CHES replacement system should notify Issuer Registries, and Participants, of entitlement holding balances in relation to a corporate action, on a daily basis during the corporate action period including any movements. <i>(pending further discussion on the design of cum entitlement balances in a future BDWG)</i>	Slide 22
<a href="#">CEB &amp; Market Claims</a>	CEB_1.1	The CHES replacement system should support the materialisation of a CEB equal to the holding balance of the security code, generated overnight prior to ex-date and finalised on record date.	No further discussion required
<a href="#">CEB &amp; Market Claims</a>	CEB_1.2	The CHES replacement system should enable intra-day and scheduled reporting of CEB reporting to allow for the balances and movements to be retrieved at any time during, or immediately after, the ex-period.	Slide 22
<a href="#">CEB &amp; Market Claims</a>	CEB_1.4	The CHES replacement system should support historical reporting of CEBs for a defined period of days after the record date.	Slide 22
<a href="#">CEB &amp; Market Claims</a>	CEB_1.5	The solution should consider and support the complex ex/cum scenarios identified by the market for securities lending and custodial use cases. This includes the ability to move an unattached entitlement via ex/cum transfers within a specified timeframe.	No further discussion required
<a href="#">CEB &amp; Market Claims</a>	CEB_1.6	The CHES replacement system should reset the CEB to zero after a defined period of days after the record date.	No further discussion required
<a href="#">CEB &amp; Market Claims</a>	CEB_1.7	The CHES replacement system should support the ability to facilitate a transfer on an ex basis for the following use cases (or the equivalent ISO message): <ul style="list-style-type: none"> <li>•001 – Demand Single Entry CHES to CHES Transfer</li> <li>•003 – Transferor Submitted Demand Transfer</li> <li>•005 – Demand Dual Entry CHES to CHES Transfer</li> <li>•007 – Demand CHES to Issuer Sponsored Transfer</li> <li>•011 – CHES to Issuer Sponsored Conversion</li> <li>•015 – Issuer Sponsored to CHES Transfer</li> <li>•017 – Issuer Sponsored to CHES Conversion</li> <li>•101 – Dual Entry Settlement Notification</li> <li>•105 – Single Entry Settlement CHES to CHES Transfer</li> <li>•107 – Scheduled Settlement CHES to CHES Transfer</li> <li>•421 – Securities Transformation</li> <li>•425 – Holding Adjustment</li> <li>•431 – Takeover Transfer</li> </ul>	No further discussion required

## 09 - Design Considerations for Drop 3

Business Design Document	Reference	Design Consideration	Slide Reference
<a href="#">CEB &amp; Market Claims</a>	CEB_1.8	The CHES replacement system should not support the ability to facilitate a transfer on an ex basis for the following use cases: •Gross Market Trades •Net Broker Obligations.	No further discussion required
<a href="#">CEB &amp; Market Claims</a>	CEB_1.9	The solution should consider aligning to standard ISO messaging for CEBs where possible. This includes reviewing the use of the seev.035 ('CorporateActionMovementPreliminaryAdvice') message for reporting purposes.	Slide 23
<a href="#">CEB &amp; Market Claims</a>	BOM_2.1	The CHES replacement system should only support a single cum entitlement balance per security at any point in time. Concurrent corporate actions should be supported by single cum entitlement balance which is applicable to all concurrent corporate actions.	Slide 16
<a href="#">CEB &amp; Market Claims</a>	MC_3.1	The CHES replacement system should continue to support the automatic generation of claims transactions in both cash and securities for on market, off market, netted and non-netted transaction types and excluding any unmatched transactions.	No further discussion required
<a href="#">CEB &amp; Market Claims</a>	MC_3.2	The CHES replacement system should continue to generate claims transactions based on an estimated value where the final amount is not known by Record Date.	Slide 18
<a href="#">CEB &amp; Market Claims</a>	MC_3.3	The CHES replacement system should generate claims transactions as separate linked transactions for value adjustments (e.g. dividends) and these should be scheduled on or after the payment date of the corporate action.	Slide 18
<a href="#">CEB &amp; Market Claims</a>	MC_3.4	The CHES replacement system should update/replace a claims transaction generated using an estimated amount following notification of the finalised amount for a corporate action.	Slide 19
<a href="#">CEB &amp; Market Claims</a>	MC_3.5	The CHES replacement system should allow Participants to agree to modify and/or cancel claims transactions following generation.	Slide 19
<a href="#">CEB &amp; Market Claims</a>	MC_3.7	The solution should consider the ability to align to the default consideration for a corporate action (e.g. cash or DRP).	Propose descope
<a href="#">CEB &amp; Market Claims</a>	MC_3.8	The CHES replacement system should ensure the claims transactions are linked to the originating transaction and carry across sufficient details to enable the Participant to identify the appropriate client.	No further discussion required





Thank you

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