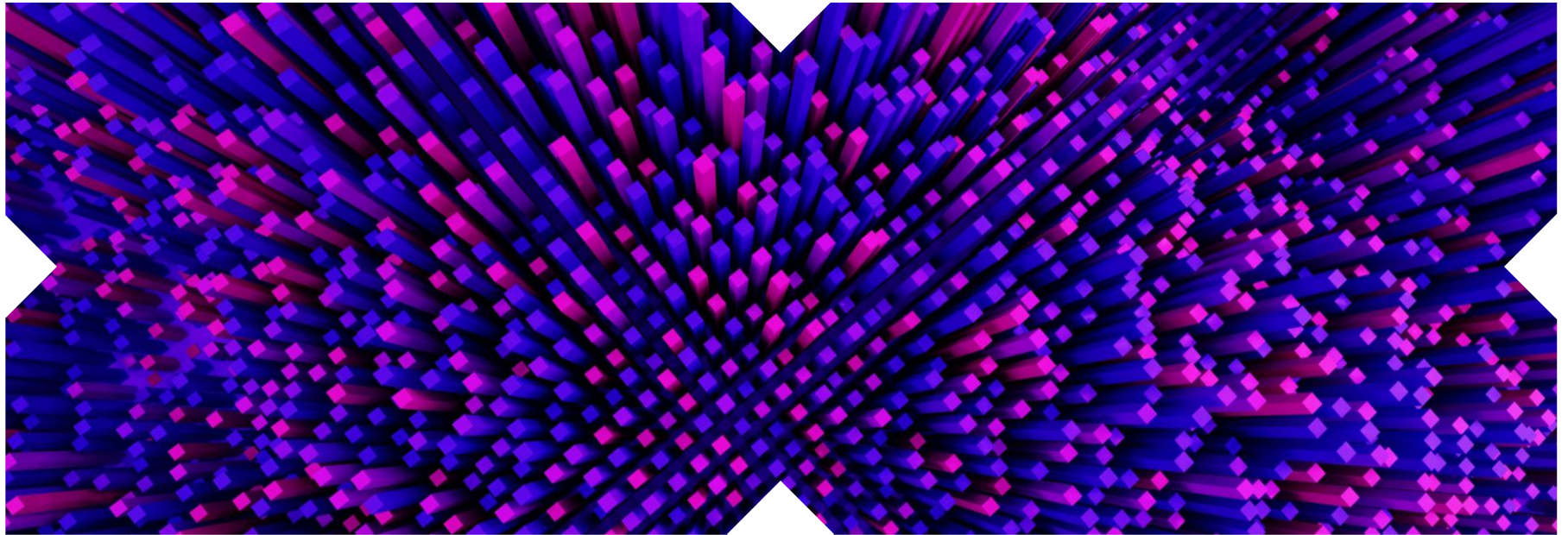


CHESS PROJECT BUSINESS DESIGN WORKING GROUP



RELEASE 2 DROP 3 – ISSUER SPONSORED & PAYMENTS

18 AUGUST 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 decisions and actions
- Dial in details (audio only):
 - +61 2 7208 4607
 - Phone Conference ID: 727 610 7#
- 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

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| 01 | Introduction and Agenda |
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| 02 | Business Design Working Group Actions |
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| 03 | Issuer to CHESS Conversions & Transfers |
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| 04 | CHESS to Issuer Conversions & Transfers |
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| 05 | SRN Enquiries |
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| 06 | Batch Payments & Trust Amounts |
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| 07 | Next Steps |
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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	Issuer to CHESS Conversions & Transfers	20 mins
04	CHESS to Issuer Conversions & Transfers	20 mins
05	SRN Enquiries	20 mins
	Break	10 mins
06	Batch Payments & Trust Amounts	60 mins
07	Next Steps	5 mins
Total workshop duration		2.5 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?

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	Complete
18	Payment Provider Focus Group	Payment provider focus group on planned changes to payment authorisation processes	Payment Providers only	7 August 2025	Complete
19	Release 2 Drop 3 Deep Dive (2 of 2)	Deep dive into Release 2 Drop 3 detailed business design (issuer sponsored, payments)	All	18 August 2025	Planned
20	Payment Channels Deep Dive	Industry focus group on the real-time payment channel	All	9 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

August 2025

#	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	Feb BDWG	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	Feb BDWG	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	Feb BDWG	Deep dive BDWG scheduled for August	December BDWG
BDWG_07	Continue evaluation of Foreign Ownership Restrictions and use of Guaranteed Foreign Transfers	Feb BDWG	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	Feb BDWG	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	Mar BDWG	To be discussed in Drop 3 BDWG (July)	Drop 4
BDWG_15	Determine an approach for Participants to reconcile holdings, including any new holding notification	May TC	To be discussed	Slide 13
BDWG_16	Consider the impacts of providing fail information only after payment has completed	May BD WG	To be discussed	Slide 12
BDWG_17	Consider Share Registry impacts in relation to revised holding movement reporting	May BD WG	To be discussed	Slide 13
BDWG_18	Consider the optionality, design and obligations in relation to mandatory settlement locks in the accumulation (ISOWG_J04, ISOWG_J05, ISOWG_J06)	July ISO WG	To be discussed	Slide 14

Blue denotes an update since last presented

02 - Business Design Working Group Actions

BDWG_16 – Fail Timing

BDWG_16

Consider the impacts of providing fail information only after payment has completed.

Feedback

A Participant expressed concern with the timing of fail information in the proposed solution.

Currently in CHES, Participants are informed of failing instructions (EIS 124, EIS 190) in advance of payment requests being initiated.

In the BaNCS solution this differs, and the outcomes of settlement (settle, fail, part-fail) are only communicated once payment is complete.

ASX Response

In the previous CHES Replacement solution this was to be partially descoped, as an equivalent to the EIS 190 was not carried forwards, and only full fails would be communicated early in the process.

The early failing of instructions also means there are less options available in the case of an issue occurring (resilience, default and/or funding issues). As a result, we are proposing that not committing to fails until the process is complete is a better overall design for the settlement process.

The expected outcome of each settlement instruction is temporarily recorded in the system during the settlement process hence we could make this available as a report in the case of a significant Participant issue occurring.

The expectation remains however, that Participants have adequate funding in place to cover their daily obligations to the Clearing House including any potential failures.

02 - Business Design Working Group Actions

BDWG_15, BDWG_17 – Reporting & Reconciliation

BDWG_15	Determine an approach for Participants to reconcile holdings, including any new holding notification
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BDWG_17	Consider Share Registry impacts in relation to revised holding movement reporting
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Feedback – Participant Reconciliation

We are aware that the removal of the new holding balance from confirmation messages has an impact on a limited number of Participants. We have met with one Participant bilaterally who is specifically impacted, due to their specific system design and logic to trigger investor data, and is working with that Participant on options.

We have also taken an action to provide an overview of engagements to date to the CHESS Project Technical Committee to explain the rationale for removal of the new holding balance field and its impact on ISO standards and scalability. **This will be presented in the September Technical Committee.**

A proposed report design for Participant reconciliation will be presented at an upcoming ISO Working Group. We are open to receiving further feedback on the key attributes required in this report, though it will be informed by the current EIS 146.

Feedback – Holding Movement Report

We have met bilaterally with a Share Registry to look at detailed feedback and impacts of the proposed Holding Movement Report.

This feedback will be factored into the design to be presented at a future ISO Working Group.

02 - Business Design Working Group Actions

BDWG_18 – Settlement Locks

BDWG_18

Consider the optionality, design and rule obligations in relation to mandatory settlement locks in the accumulation (ISOWG_J04, ISOWG_J05, ISOWG_J06)

Feedback

Feedback has been received from some Participants and software providers that the management of reserved balances within the Accumulation Entrepot may be unnecessary, as equivalent processes handle this in Participant systems today.

Concerns have been raised that the move to explicit management of reserved balances in the Accumulation Entrepot may lead to performance issue or a higher likelihood of breaks.

ASX Response

We are evaluating whether locking of securities in the Accumulation Entrepot can be made optional for those Participants who can manage this in their own systems.

This would retain the functionality, as presented, on an optional basis that could be used in any accounts, including the Accumulation Entrepot.

A further update will be provided in a future BD Working Group (and / or Technical Committee).

03

Issuer to CHESS Conversions and Transfers

03 Issuer to CHESS Conversions & Transfers

Proposed enhancements to the Issuer to CHESS process



Enhanced rejection reasons



In-transfer check for Settlement-only Participants



Responses reduced to 1 business day for requests that do not require documentation

Other changes

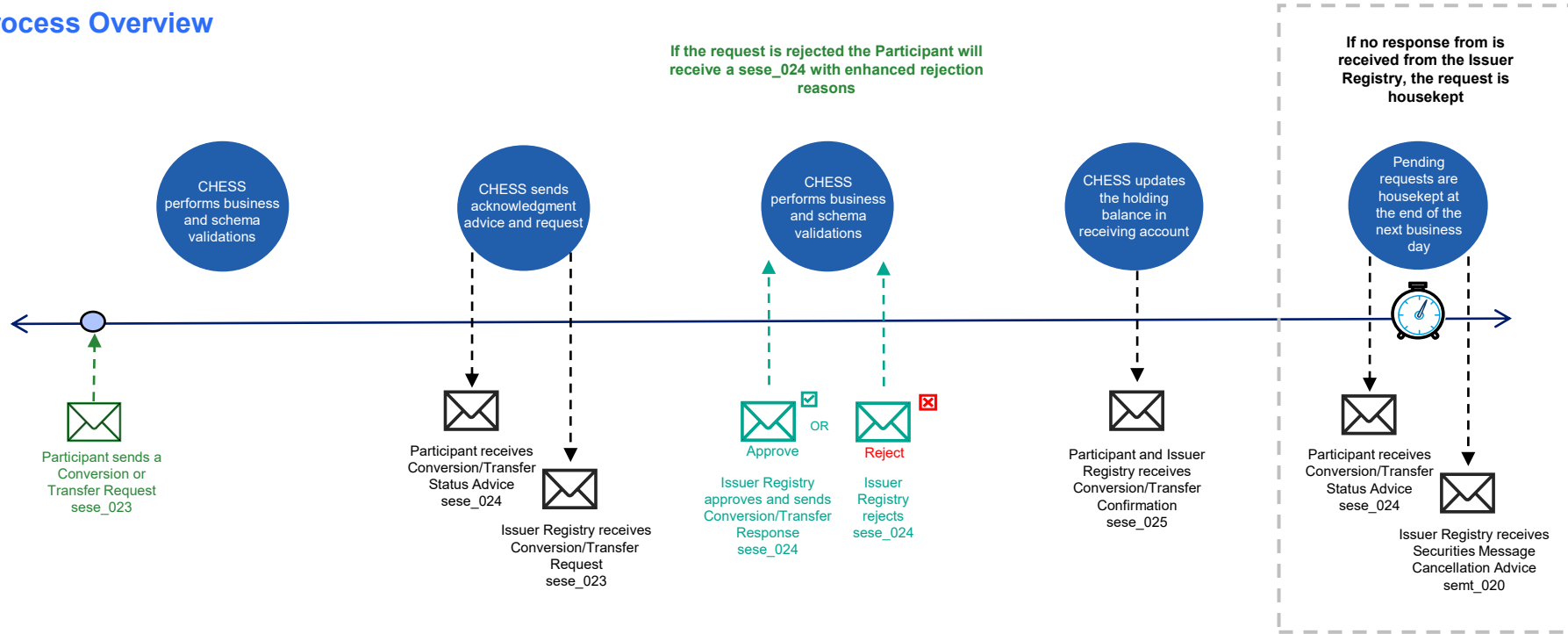
- The need to send a separate acct_002 message (RGID), as proposed in the previous CHESS Replacement Project, has been removed
- Account Status, Ownership Type and Account Type which were part of the RGID / acct_002 have been removed. These fields are not supported in current CHESS
- Guaranteed Foreign Indicator has also been removed.



Are there any other considerations that need to be discussed in relation to these processes?

03 Issuer to CHESS Conversions & Transfers

Process Overview



The need to send multiple messages to initiate a transfer (RGID), as proposed in the previous CHESS Replacement Project, has been removed.

03 Issuer to CHESS Conversions & Transfers

Previous treatment of transfers requiring a registrable transfer document

There is currently a requirement for **Settlement-Only** Participants to receive and provide the Share Registry a document signed by, or on behalf of, the holder (a "registrable transfer document") in relation to an Issuer Sponsored to CHESS transfer. ASX consulted on, and implemented changes to, the Rules in [July 2018](#) and [August 2019](#) that removed this requirement for Settlement-Only Participants that meet certain qualifying criteria.

As part of the first iteration of CHESS Replacement, ASX planned to remove the requirement for a registrable transfer document for all Participants (refer [2021 Consultation](#)). This was supported by a change to the workflow that would mandate a pre-transfer check across all Participants.

This change was intended to:

- Remove the requirement on issuer registries to manually receive and process a registrable transfer document
- Harmonise processes across all Participants
- Allow for the time between initiation of the transfer to confirmation to be reduced from 6 days to 2 days

However, the industry was concerned about the possibility of an increase in transfer rejections because of the approach to mandate pre-transfer checks for all Participants in the previous Project. [Industry stakeholders have requested that wherever possible, no Participant should be required to undertake more onerous pre-transfer checks than they are currently required to do \(as outlined in the **Business Design Document on Issuer Sponsored Processes**\).](#)

03 Issuer to CHESS Conversions & Transfers

Proposed design for the removal of the requirement for a registrable transfer document



IS_1.3.2 The CHESS replacement system should allow Settlement-only Participants the option to provide the source holder details on an Issuer sponsored to CHESS transfer request message where a pre-transfer check is performed. This requires the Issuer Registry to complete additional validation matching on the holder details provided and removes the requirement for the registrable transfer document.

Market Participants, Clearing and Settlement Participants and Custodial Settlement Participants

Will continue to perform their own post transfer validation checks. Optionally, these Participants can complete a pre-transfer validation checks without the requirement to provide registration details for the source holding on the Issuer sponsored sub-register for matching and validation by the Issuer Registry.

Receiving Participant Type is YBRK.

Settlement-Only Participants can provide the following on the delivering SRN for a CHESS to SRN transfer request:

- Holder names
- Designation
- Registered address
- Email and mobile (optional)

Settlement-Only Participants

Settlement-Only Participants will have the *option* to provide the source holder details on an Issuer sponsored to CHESS transfer request message where the “Pre-transfer check indicator” field is set to “Y”.

The indicator confirms that the Settlement-Only Participant has verified the correct SRN has been provided in the Issuer to Participant Transfer request, and that the transferor details are included on the message. The Settlement-Only Participant will need to determine how they carry out such pre-transfer verification checks.

A pre-transfer check requires the Issuer Registry to complete additional validation matching on the holder details provided and removes the requirement for the registrable transfer document (subject to compliance with applicable law/regulations).

Receiving Participant Type is NBRK.

03 Issuer to CHESS Conversions & Transfers

Enhanced rejection reasons



IS_1.3.4 The CHESS replacement system should support a rejection message for Issuer sponsored to CHESS sub-register transfer and conversion requests that allows Issuer Registries to provide Participants with enhanced rejection reasons, and some or all of the registration details to help Participants remediate and resolve SRN and registration details mismatches.

Existing Reasons

- **A:** Issuer holding locked
- ~~B:~~ Certificate invalid
- ~~C:~~ Unauthorised access
- ~~D:~~ Certificate declared lost
- **E:** Insufficient securities
- **F:** Registration Details do not match (to be replaced with more granular reasons)
- ~~G:~~ Invalid PIN
- **H:** Invalid Registry client identifier/SRN

Existing Reasons

- **J:** Documentation not received
- ~~K:~~ Registry certificate quantity different to certificate quantity supplied
- ~~L:~~ Duplicate certificate number detected by Registry – SRN must be supplied
- **M:** Insufficient Cum Entitlement
- **N:** Probate not noted
- ~~O:~~ Invalid Foreign Guarantee
- ~~P:~~ Insufficient Foreign Units
- **R:** Documentation incorrectly signed

New Reasons

- Holder name(s) mismatch
- Address mismatch
- Number of holders mismatch
- Insufficient available balance



Are there additional reason codes that may better help your processes?

04 CHESS to Issuer Conversions and Transfers

04 CHESS to Issuer Conversions & Transfers

Proposed enhancements



IS_1.4.2 The CHESS replacement system should support an enhanced CHESS to Issuer sponsored transfer message or conversion that allows a Participant to indicate to the Issuer Registry that they have received consent to receive the SRN allocated to the transferred/converted holding.



**Customer
User Interface**



**Communication details
shared - email and mobile**



**SRN response required
in 2 business days**

During a CHESS to Issuer Conversion or Transfer request, the Participant may indicate to the Issuer Registry that they have received consent to receive the SRN allocated to the transferred/converted holding.

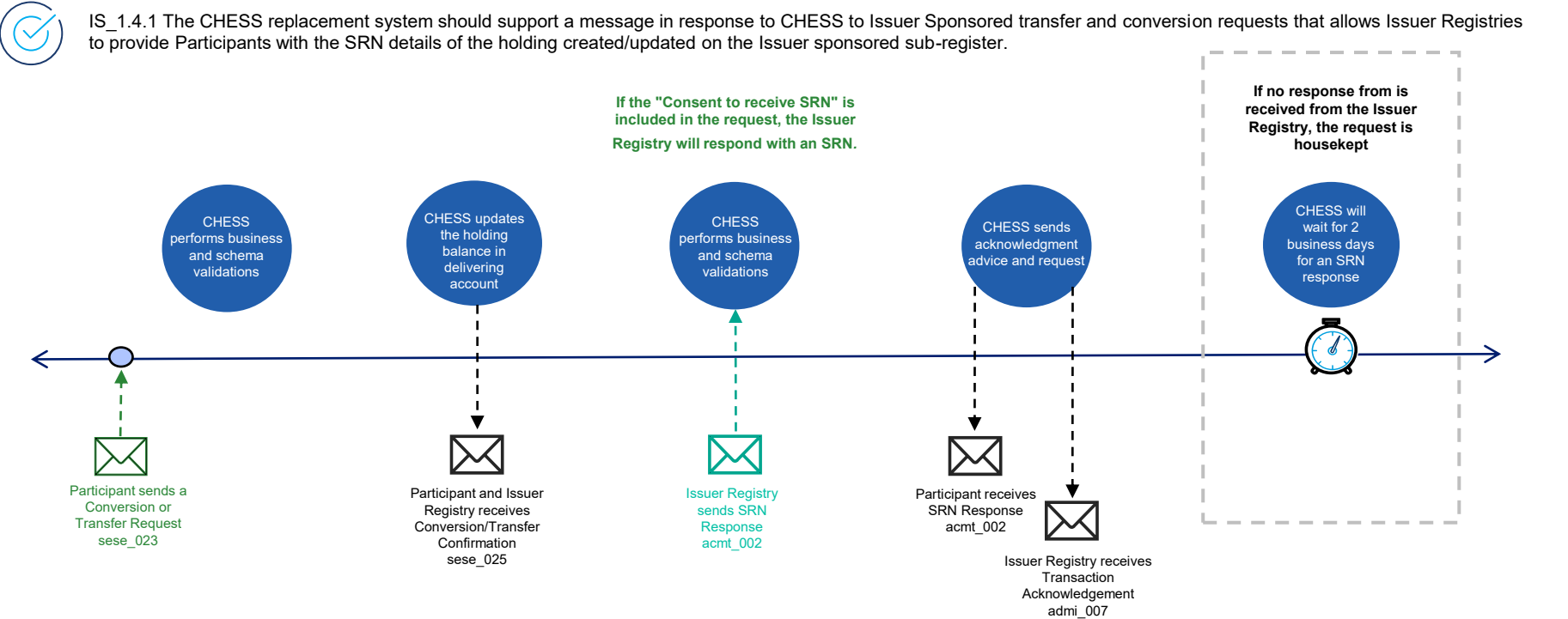
If the Transfer or Conversion request from the Participant includes a "Consent to receive SRN", Issuer Registries will be required to respond to these requests with the SRN allocated to the holding. The response should include the receiving SRN which may or may not be the same SRN which was (optionally) provided in the request.

Subject to further analysis and regulatory clearance, ASX proposes to implement rules, procedures and / or guidance to facilitate these changes, where appropriate.

The SRN received by the Participant should only be used for the purposes of providing the SRN information to the registered holders and this information should be discarded after an appropriate period of time.

04 – CHESS to Issuer Conversions & Transfers

Proposed Process Overview



The Participant may indicate to the Registry they have received consent to receive the SRN allocated to the transferred/converted holding.

04 CHESS to Issuer Conversions & Transfers

Tax Information and Residency Indicator

Currently Participants can provide **Tax Information (TFN/ABN)** and **Residency Indicator** on the EIS007 for the target or new issuer sponsored holding.

ASX proposes that these fields are removed from the message given the highly protected nature of the TFN and of the differing interpretations of the Residency Indicator.

It is proposed that **Email** and **Mobile Number** for the target issuer sponsored holding are added, to better assist the Registry in contacting the holder of the receiving SRN (if not known) and discourage the use of postal notifications.



As a Participant, in what scenarios are you required to provide TFN data during a CHESS to Issuer transfer?
Is this function considered essential to your organisation's operations?

04 CHESS to Issuer Conversions & Transfers

ASX Initiated Conversions

ASX Operations can initiate conversions to the issuer sponsored sub-register in bulk in certain scenarios, such as:

- De-listings
- Management of a Participant in administration/default.

ASX proposes these are enhanced to additionally provide the **Email Address & Mobile Number** (if recorded against the HIN) to facilitate electronic communication of the new SRN.



Would responses indicating the SRN for the converted holding assist in Participant processes and / or provide a better investor experience?

If so, how will consent be gained from the investor in these scenarios?

05 SRN Enquiries

05 SRN Enquiry

Proposed enhancements to the SRN enquiry process



IS_1.2.2 The CHES replacement system should support a workflow that allows a Participant to request an Issuer Registry to provide the holding balance and registration details for an SRN and a verification detail provided (i.e. an attribute of the registration details such as postcode).

IS_1.2.3 The CHES replacement system should support a workflow that allows a Participant to request an Issuer Registry to verify and validate the registration details for a specific holder (registration details) and SRN provided.

Participants can request the following:

1. **Security Reference Number (SRN)** by providing the registration details and no SRN
2. **Validation** of Registration details by providing the registration details and the corresponding SRN *(NEW)*
3. **Registration Details & Balances** by providing the SRN and an additional verification detail (i.e. holder names or postcode) *(ENHANCED)*

Issuer Registries can accept the request if it meets their matching and validation criteria, or reject the Participant's request. If accepted, the response message will include both the SRN and registration details. Email and mobile details can also be optionally provided by the Registry in the response.



**Multiple SRNs
returned for the same
registration details**



**Enhanced
rejection reasons**



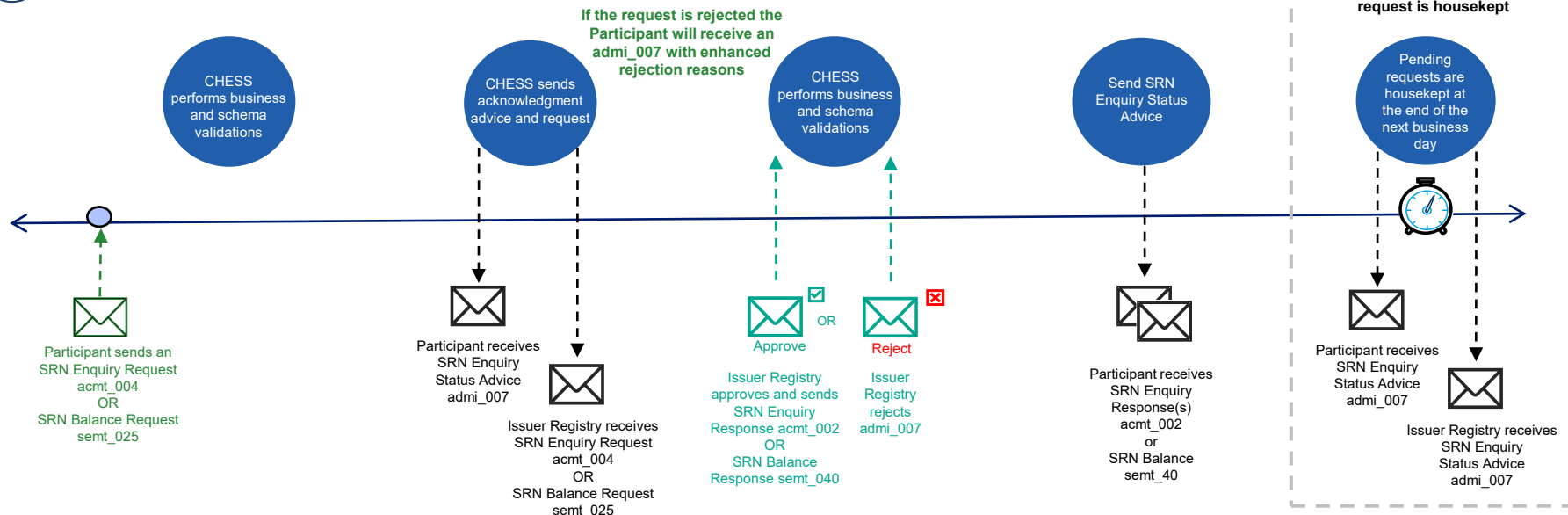
**Response required in
1 business day**

05 – SRN Enquiry

Process Overview



IS_1.2.8 The CHES replacement system should support the details of multiple SRNs to be returned in the event multiple SRNs are found in the enquiry process by the Issuer Registry.



The SRN Enquiry and Balance messages will remain as 2 separate flows (as per current CHES) as the standard schema attributes for holding balances and registration details can only be accommodated on 2 different ISO message types.

05 SRN Enquiry

Balance & Registration Details Enquiry - Proposed enhancements



IS_1.2.7 The CHESS replacement system should support enhanced response messages to the Issuer sponsored sub-register enquiry workflows that allows Issuer Registries to provide the following details where they are available and the SRN is accessible to CHESS for sale and enquiry purposes

Participants can request an available balance and cum-entitlement balance for an SRN by providing the SRN and a verification detail (i.e. an attribute of the registration details such as **holder name** or **post code**) via ISO message or User Interface.

Issuer Registries can accept the request if it meets their matching and validation criteria, or reject the Participant's request.

If accepted, where the SRN is accessible to CHESS for sale and enquiry purposes, the response message will provide the following details:

- Holding balance
- Available balance (*NEW*)
- Holder status (e.g. active or locked) (*NEW*) and
- Locked reason (if applicable) (*NEW*)
- Holder name(s)
- Holder status
- Registered Address



In the current SRN Holding Balance request, the verification fields are the SRN plus the **first 12 characters** of the registration details. In addition to the SRN, what is your preference for the verification details going forward?

- A. First Holder Name
- B. All Holder Names
- C. Post Code
- D. No additional verification attribute required

05 SRN Enquiry

Current SRN Enquiry Rejection Codes



IS_1.2.9 The CHESS replacement system should support a rejection message for Issuer sponsored sub-register enquiry workflows that allows Issuer Registries to provide Participants with enhanced rejection reasons, and some or all of the registration details to help Participants remediate and resolve SRN and registration details mismatches.

Existing Reasons

- **A:** No Matching SRN
- **B:** SRN and Verification Details do not Match
- ~~C: No Matching Registration Details Found~~ (replaced with more granular rejection reasons)
- ~~D: Duplicate Registration Detail Records Exist~~ (multiple SRNs can now be returned as a response)
- ~~E: Invalid Holder Status~~ (holder status can now be returned in the response)

New Reasons

- Holder name(s) mismatch
- Address mismatch
- Number of holders mismatch



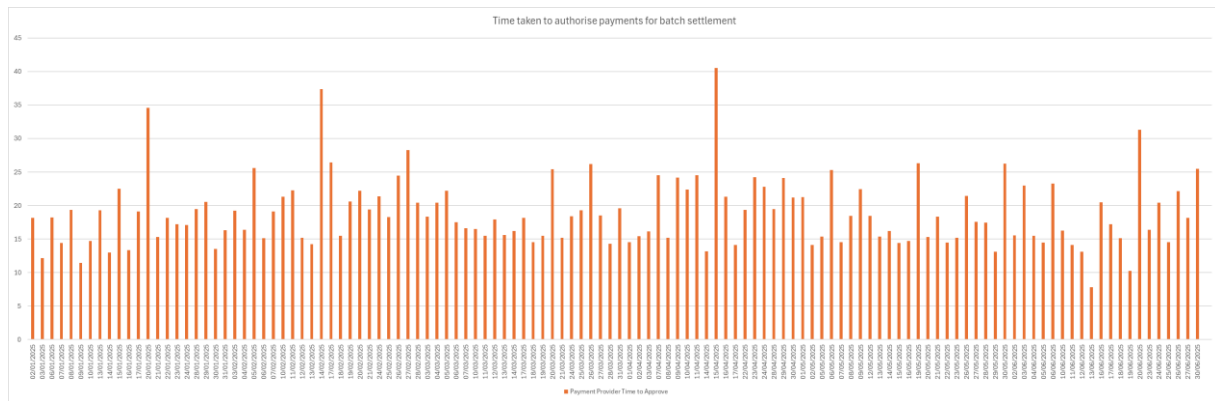
Are there additional reason codes that may better help your processes?

06

Batch Payments and Trust Amounts

06 Batch Payments

Overview



Avg time to authorise all batch payments	18 mins
% of Payment Authorised in less than 15 mins	20%
% of Payments Authorised within 15 mins - 20 mins	46%
% of Payments Authorised within 20 mins – 30 mins	30%
% of Payments Authorised after 30 mins	3%

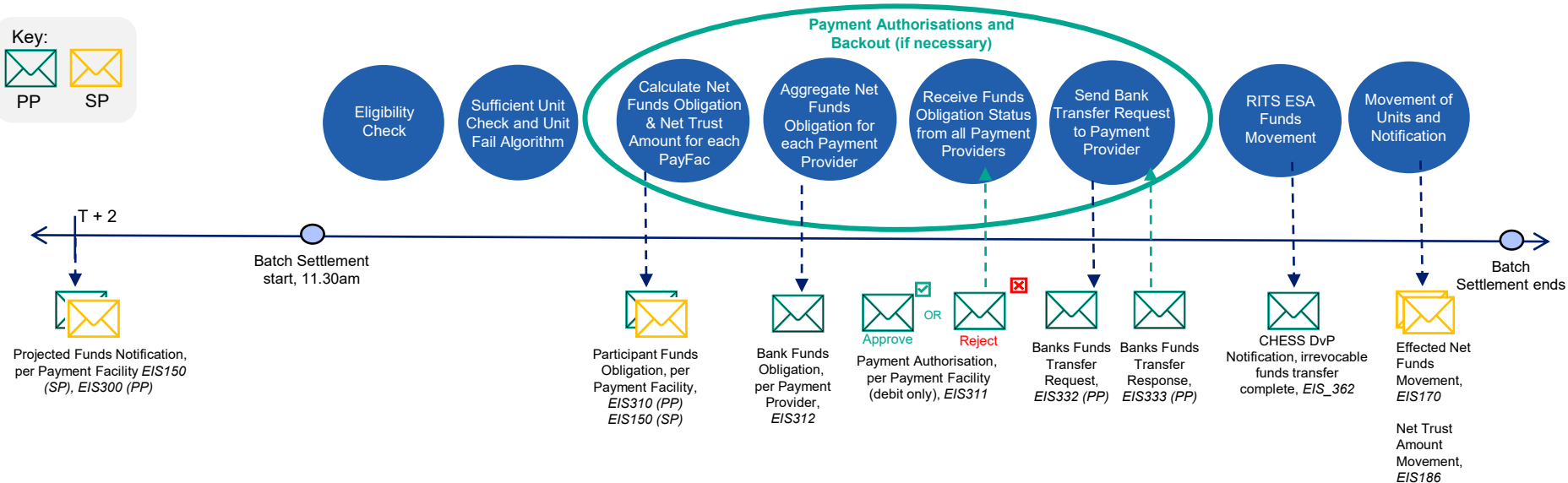
- ASX met bilaterally with Payment Providers and ran a Focus Group on 7 August 2025 to understand the ways we could help facilitate faster payment provider approvals. Speeding up the approval process is seen as a necessary enhancement for the industry to transition to a T+1 settlement cycle
- Whilst Payment Providers wish to further automate processes, the consensus was that the primary reason for delayed responses is to ensure sufficient Participant funding is in place. Payment Providers expressed the opinion that it is a Participant's responsibility to be proactive in ensuring funding is available.



Is there anything additional that could be provided to give Participants better information on their projected funding obligations?

06 Batch Payments

Overview – Current State

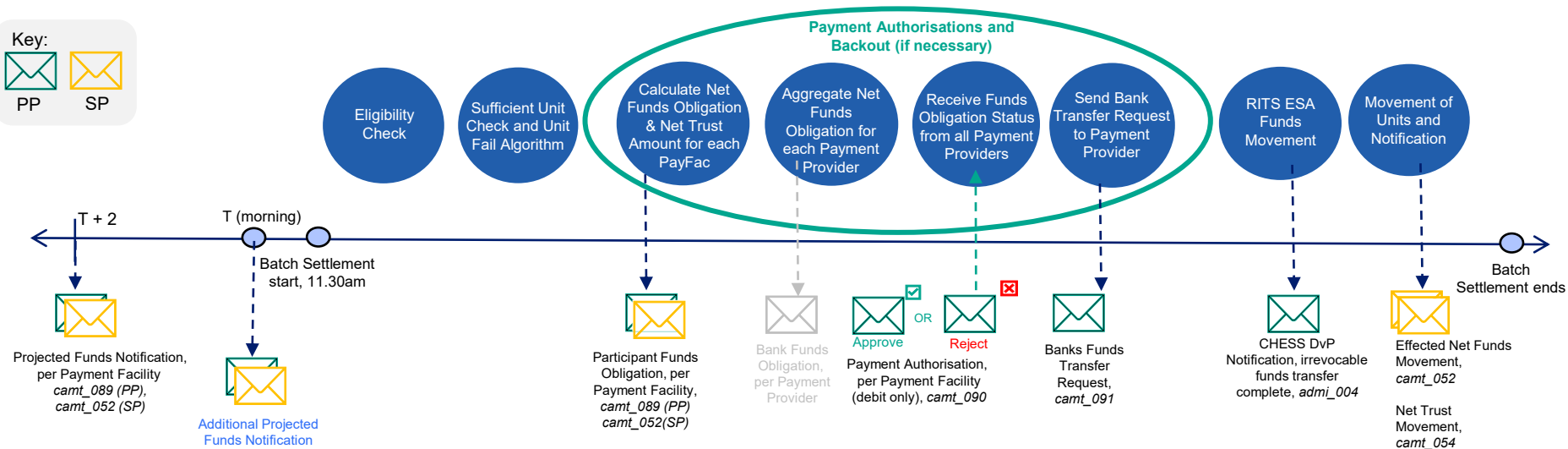


The EIS 310 message provides an early indication of the amounts to be credited / debited to Participants, but funds are not confirmed to have moved between ESAs until receipt of the EIS 362.

Payment Providers should be mindful that there are circumstances when this process could fail or be delayed.

06 Batch Payments

Overview – Future State



ASX Proposal: Send additional Projected Funds Obligation Message close to batch settlement commencement, including making available via UI.

Would Settlement Participants benefit from additional updates on their funds obligations to improve liquidity management with their payment providers?

06 Trust Amounts

Introduction

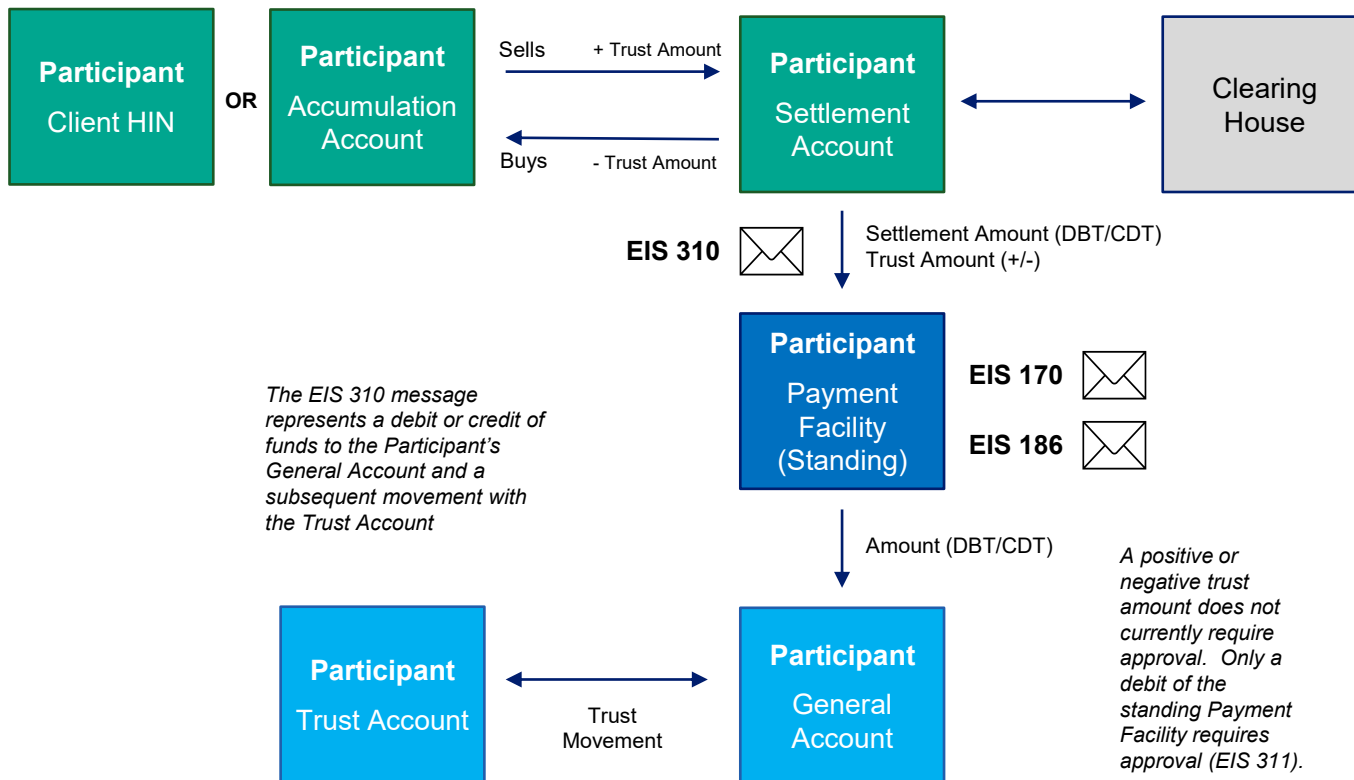
In 2014 ASX implemented changes in CHES to support client account segregation (refer [APG Section 32](#)) as part of the FSS (Financial Stability Standards). This change allowed Participants to capture a trustable amount against when transferring client assets into and out of the Settlement Entrepot. This enables the protection of client assets through the settlement process.

The trustable amounts are netted and are provided to the Payment Provider on the EIS310. This netted trust amount field indicates to the Payment Provider a movement to be made into or out of the Participant's trust account, supplementary to the amount to be debited or credited from their general account. The Participant additionally receives this information in the EIS186.

This functionality was designed and implemented to align with current CHES messages and workflows, minimising impact to the market and reducing software build at the time. **We are exploring opportunities to revisit this process as part of replacing CHES to understand whether it can be improved and / or simplified.**

06 Trust Amounts

Current State



06 Trust Amounts

Options in evaluation

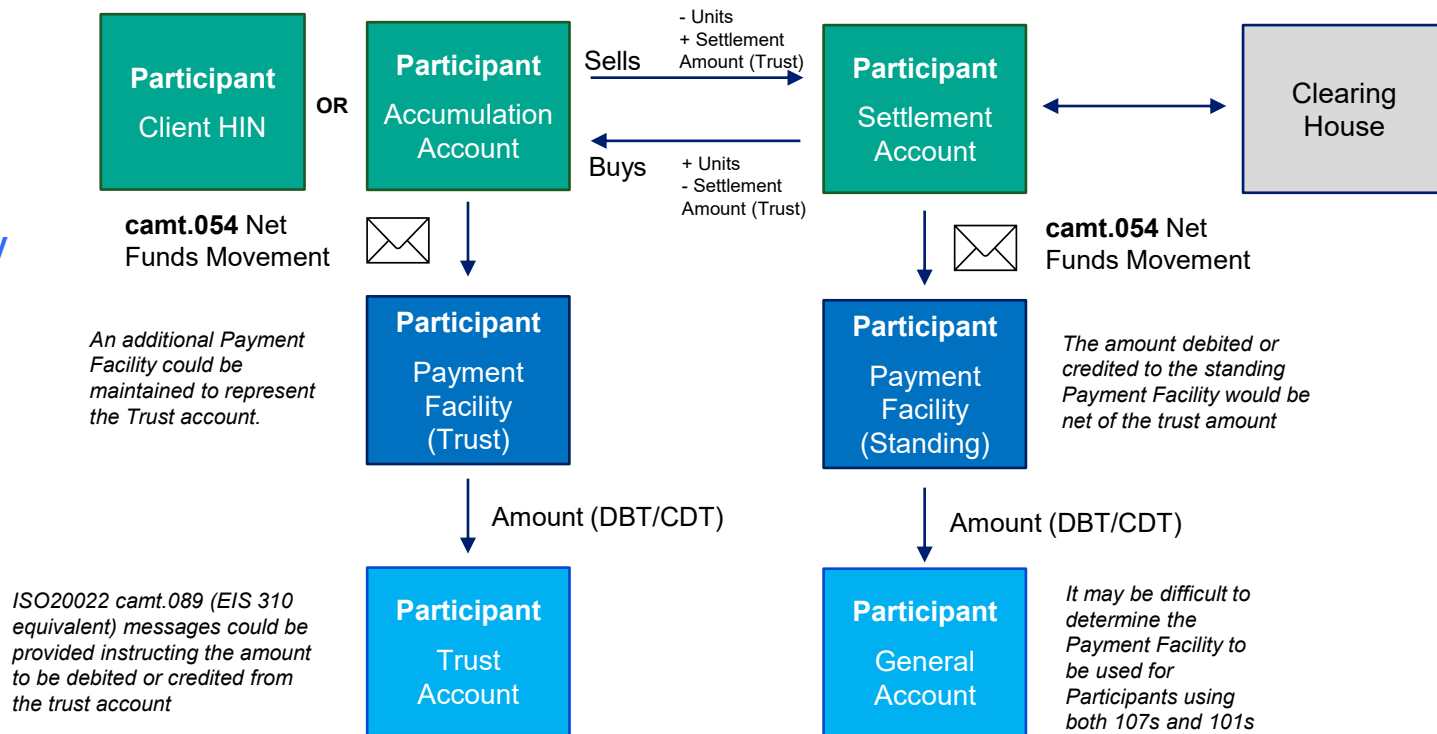
	Option	Trust Amount Field (sese.023)	Payment Facility Setup	Movement of Trust	Debits from trust must be approved during settlement	Payment Provider Messaging
1	Like for like implementation	Additional supplementary attribute	No change	Following batch settlement	No	Single EIS 310 equivalent camt.089
2	Trust as an additional movement	Additional supplementary attribute	No change	Following batch settlement	No	Single EIS 310 (no Trust) equivalent camt.089 with additional Trust movement message (ISO TBD)
3	Trust amount as an internal DvP	Settlement Amount	Additional setup required to create a Trust Payment Facility*	During batch settlement	Yes	Two Camt.089s

Other proposed enhancements

- Permitting trust amounts on a free of delivery instruction, could allow Participants to make a trust movement separate to the movement of stock providing more flexibility on managing their trust obligations
- Permitting messages with trust amount to be used for those in an Account Participant arrangement enables usage in more scenarios.

06 Trust Amounts

Trust Payment Facility – For Discussion



Would this change improve or simplify your current process for managing trust?

07 Next Steps

07 Next Steps and Future Topics

Next Steps

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

ISO Working Group: 19 Aug

- Detailed review and feedback of ISO 20022 messages for batch payments

Business Design Working Group: 9 Sep

- Deep dive on non-batch payments and related processes



Are there any additional topics you would like to include in future forums?



Questions

Appendix

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_11 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_15 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.

Design Considerations for Drop 3

Business Design Document	Reference	Design Consideration	Slide Reference
Issuer Sponsored	IS_1.1	ASX proposes that Issuer Registries agree on a standardised set of matching rules for registration details for use in Issuer sponsored sub-register enquiry workflows and Issuer sponsored to CHESS sub-register transfer and conversion requests.	No further discussion required
Issuer Sponsored	IS_1.2	ASX proposes that Issuer Registries agree on a standardised set of matching rules for registration details that (if not met) result in a new SRN generated for a holding transferred or converted to the Issuer sponsored sub-register.	No further discussion required
Issuer Sponsored	IS_1.2.1	The CHESS replacement system should support a workflow that allows a Participant to request an Issuer Registry to determine the SRN for a specific holder by providing registration details (as per the workflow that currently exists in CHESS).	No further discussion required
Issuer Sponsored	IS_1.2.2	The CHESS replacement system should support a workflow that allows a Participant to request an Issuer Registry to provide the holding balance and registration details for an SRN and a verification detail provided (i.e. an attribute of the registration details such as postcode).	Slide 27
Issuer Sponsored	IS_1.2.3	The CHESS replacement system should support a workflow that allows a Participant to request an Issuer Registry to verify and validate the registration details for a specific holder (registration details) and SRN provided.	Slide 27
Issuer Sponsored	IS_1.2.5	The CHESS replacement system should, where possible, unify the set of messages used to initiate the Issuer sponsored sub-register enquiry workflows.	Propose to descope
Issuer Sponsored	IS_1.2.6	Issuer Registries should validate the Issuer sponsored sub-register enquiry workflows where applicable to a standardised set of matching and validation rules for registration details common across all Issuer Registries.	No further discussion required

Design Considerations for Drop 3

Business Design Document	Reference	Design Consideration	Slide Reference
<u>Issuer Sponsored</u>	IS_1.2.7	<p>The CHES replacement system should support enhanced response messages to the Issuer sponsored sub-register enquiry workflows that allows Issuer Registries to provide the following details where they are available and the SRN is accessible to CHES for sale and enquiry purposes:</p> <ul style="list-style-type: none"> • SRN; • Registration details; • Holding balance; • Available balance; • Holder status (e.g. active or locked and locked reason if applicable); and • Cum entitlement balance (if applicable). 	Slide 29
<u>Issuer Sponsored</u>	IS_1.2.8	The CHES replacement system should support the details of multiple SRNs to be returned in the event multiple SRNs are found in the enquiry process by the Issuer Registry.	Slide 28
<u>Issuer Sponsored</u>	IS_1.2.9	The CHES replacement system should support a rejection message for Issuer sponsored sub-register enquiry workflows that allows Issuer Registries to provide Participants with enhanced rejection reasons, and some or all of the registration details to help Participants remediate and resolve SRN and registration details mismatches.	Slide 30
<u>Issuer Sponsored</u>	IS_1.2.10	The CHES replacement system should provide the Issuer sponsored sub-register enquiry workflows via a user interface.	No further discussion required
<u>Issuer Sponsored</u>	IS_1.2.11	The CHES replacement system should reduce the time for an Issuer Registry to respond to an Issuer sponsored sub-register enquiry from 6 days to the same business day (when received with appropriate time to allow for processing).	Slide 31
<u>Issuer Sponsored</u>	IS_1.3.1	The CHES replacement system should support an Issuer sponsored to CHES transfer process (as per the current process in CHES) that allows Settlement Participants that are also Market Participants and/or Clearing Participants, Custodial Settlement Participants and Recognised Market Operators to perform their own pre-transfer validation checks without the requirement to provide registration details for the source holding on the Issuer sponsored sub-register for matching and validation by the Issuer Registry.	Slide 27
<u>Issuer Sponsored</u>	IS_1.3.2	The CHES replacement system should allow Settlement-only Participants the option to provide the source holder details on an Issuer sponsored to CHES transfer request message where a pre-transfer check is performed. This requires the Issuer Registry to complete additional validation matching on the holder details provided and removes the requirement for the registrable transfer document.	Slide 19

Design Considerations for Drop 3

Business Design Document	Reference	Design Consideration	Slide Reference
<u>Issuer Sponsored</u>	IS_1.3.3	Issuer Registries should validate Issuer sponsored to CHESS sub-register transfer and conversion requests against a standardised set of matching and validation rules for registration details common across all Issuer Registries where registration details are provided.	No further discussion required
<u>Issuer Sponsored</u>	IS_1.3.4	The CHESS replacement system should support a rejection message for Issuer sponsored to CHESS sub-register transfer and conversion requests that allows Issuer Registries to provide Participants with enhanced rejection reasons, and some or all of the registration details to help Participants remediate and resolve SRN and registration details mismatches.	Slide 20
<u>Issuer Sponsored</u>	IS_4.2.4	The CHESS replacement system should reduce the time for an Issuer Registry to respond to an Issuer sponsored to CHESS sub-register transfer and conversion from 6 days to the same business day where a transfer document is not required (when received with appropriate time to allow for processing).	Slide 20
<u>Issuer Sponsored</u>	IS_1.4.1	The CHESS replacement system should support a message in response to CHESS to Issuer Sponsored transfer and conversion requests that allows Issuer Registries to provide Participants with the SRN details of the holding created/updated on the Issuer sponsored sub-register.	Slide 23
<u>Issuer Sponsored</u>	IS_1.4.2	The CHESS replacement system should support an enhanced CHESS to Issuer sponsored transfer message or conversion that allows a Participant to indicate to the Issuer Registry that they have received consent to receive the SRN allocated to the transferred/converted holding.	Slide 22
<u>Issuer Sponsored</u>	IS_1.4.3	The CHESS replacement system should support the movement of securities off the CHESS sub-register upon receipt of a valid request (as is performed currently in CHESS) prior to response being received.	Slide 23
<u>Issuer Sponsored</u>	IS_1.4.4	The CHESS replacement system and Issuer Registries should support an appropriate length of time for Issuer Registries to send a response with SRN details to the Participant (e.g. by the end of the following business day).	Slide 23
<u>Issuer Sponsored</u>	IS_1.4.5	<p>ASX should provide rules, procedures, and/or guidance (as appropriate) to ensure that the privacy of the registered holder(s) remain protected, additional risk is not introduced, and any other obligations on the Issuer (pending further analysis) are not compromised when Participants indicate they have consent to receive the SRN on the CHESS to Issuer sponsored transfer or conversion.</p> <p>Subject to further analysis, these rules could include:</p> <ul style="list-style-type: none"> •The SRN received by the Participant is used only for the purposes of providing the SRN information to the registered holders and that this information is discarded after an appropriate period of time. 	Slide 22

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