CHESS PROJECT
BUSINESS DESIGN WORKING GROUP
RELEASE 2 DROP 5 – PART 1 OF 2
4 FEBRUARY 2026

ASX

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: 275 325 937#

- Presentation materials were distributed before the meeting and will be published on the website.

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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.

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Agenda

01	Introduction and Objectives	5 min
02	Working Group Actions	5 min
03	Holding Adjustments Update	20 min
04	Corporate Actions - Lifecycle	10 min
05	Corporate Actions - Option Instructions	30 min
06	Corporate Actions - Disbursements	20 min
07	DRPs & Bank Accounts	25 min
08	Next Steps	5 min

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01
Introduction and Objectives

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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 5 of the CHESS Project

Objectives

- Collect expertise to refine the design of Corporate Action election and payment processes in the CHESS Project
- Play back information collected from previous engagements
- Develop the finalised set of requirements for implementation in the CHESS 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 Q3 2026)
- Technical documentation (scheduled to be released by Q3 2026)
- Revised APGs
- Rules Consultation

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

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01 - Proposed Business Design Working Group Sessions - 2026

#	Session	Topic(s)	Invitees	Proposed Date	Status
24	**Release 2 Drop 5 Deep Dive (1 of 2)**	Deep dive into Release 2 Drop 5 changes and business design, focusing on Corporate Action election and payment processes	All	4 February 2026	**Planned**
25	Registries Focus Group	Registries focus group on specific registry topics (including further discussions on Corporate Actions)	Registries only	4 March 2026	**Planned**
26	**Release 2 Drop 5 Deep Dive (2 of 2)**	Deep dive into Release 2 Drop 5 changes and business design, including collateral and margin and remaining functionality	All	1 April 2026	**Planned**
27	Migration Scope Deep Dive (2 of 2)	Continued industry discussion on data migration scope and approach	All	5 May 2026	**Planned**
28	CHESS UI & Connectivity	Deep dive overview of the CHESS UI, connectivity, resiliency and BCP topics	All	3 June 2026	*NEW*
29	Release 2 Additional Deep Dives	Topics requiring further discussion (e.g. ETFs, PMF, levies, hold/release)	All	1 July 2026	*NEW*

BD WGs anticipated to continue through 2026 to work through and finalise any outstanding actions, scope changes and prepare for rules and procedures

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01 - Completed Business Design Working Group Sessions – 2025

#	Session	Topic(s)	Invitees	Proposed Date	Status
13	**Release 2 Drop 1 Deep Dive**	Deep dive into Release 2 Drop 1 detailed business design	All	6 February 2025	**Completed**
14	Registries Focus Group	Registries focus group on specific registry topics	Registries only	13 March 2025	**Completed**
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	**Completed**
16	**Release 2 Drop 2 Deep Dive (2 of 2)**	Deep dive into Release 2 Drop 2 detailed business design	All	15 May 2025	**Completed**
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	**Completed**
18	Payment Provider Focus Group	Payment provider focus group on planned changes to payment authorisation processes	Payment Providers only	7 August 2025	**Completed**
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	**Completed**
20	Non-Batch Payments Focus Group	Industry focus group on the real-time payment channel	All	9 September 2025	**Completed**
21	**Release 2 Drop 4 Deep Dive (1 or 2)**	Deep dive into Release 2 Drop 4 changes and business design	All	9 October 2025	**Completed**
22	Migration Scope Deep Dive (1 of 2)	Industry discussion on data migration scope and approach	All	6 November 2025	**Completed**
23	Release 2 Drop 4 Deep Dive (2 of 2)	Deep dive into Release 2 Drop 4 changes and business design	All	26 November 2025	**Completed**

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02
Working Group Actions

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02 - Business Design Working Group – Open Actions

#	Action	Raised	Update	Status
BDWG_06	Consider the process of migrating accounts, including transformations and fields not available in current CHESS	February 2025 BD WG	Discussed in migration BD WG – November 2025; follow up in May 2026	Open
BDWG_09	Consider the appropriate rules and privacy implications to allow the sharing of email and mobile number with Registries	February 2025 BD WG	To be considered as part of rules consultation	Open
BDWG_11	Consideration to be given to the complexities of reserved balances and impacts on Registry processes	March 2025 BD WG	Discussed in ISO WG in December. Update provided in February BD WG.	**Slide 16**
BDWG_15	Determine an approach for Participants to reconcile holdings, including any new holding notification	May 2025 TC	Presented at ISO WG in November and December. Scheduled for implementation in Drop 4.	Closed
BDWG_18	Consider the optionality, design and obligations in relation to mandatory settlement locks in the accumulation (ISOWG_J04, ISOWG_J05, ISOWG_J06)	August 2025 BD WG	ASX is evaluating whether this could be made optional for those who can manage this in their own systems	Open
BDWG_21	Provide finalised update in relation to consolidated feedback on hold/release	August 2025 BD WG & September 2025 ISO WG	Outstanding questions remain in relation to close-out, fail fees, rules and obligations To be discussed in June 2026 BD WG	Open
BDWG_23	Provide further information on specifics of portfolio transfer including interactions with corporate actions, sub-positions and outstanding transactions.	November 2026 BD WG	To be discussed in April BD WG	*New*
BDWG_24	Consider the addition of trade amount, executing broker amount and consumption tax to settlement messages	Participant requested	To be discussed in April BD WG for consideration as a CR	*New*

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03
Holding Adjustments Update

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03 - Holding Adjustments

Update

ASX has considered industry feedback in relation to Holding Adjustments and Securities Transformations including evaluating current usage by Registries and Participants.

ASX plans to develop Holding Adjustments close to a like-for-like implementation to meet the current needs of the market, reduce risk and minimising market change to critical processes.

To support the future market needs, ASX is proposing to build an additional and optional pass-through message to facilitate the transmission of additional Corporate Action disbursement information with the aim of enhancing Participant and Registry communications, reducing manual processes and promoting automation.
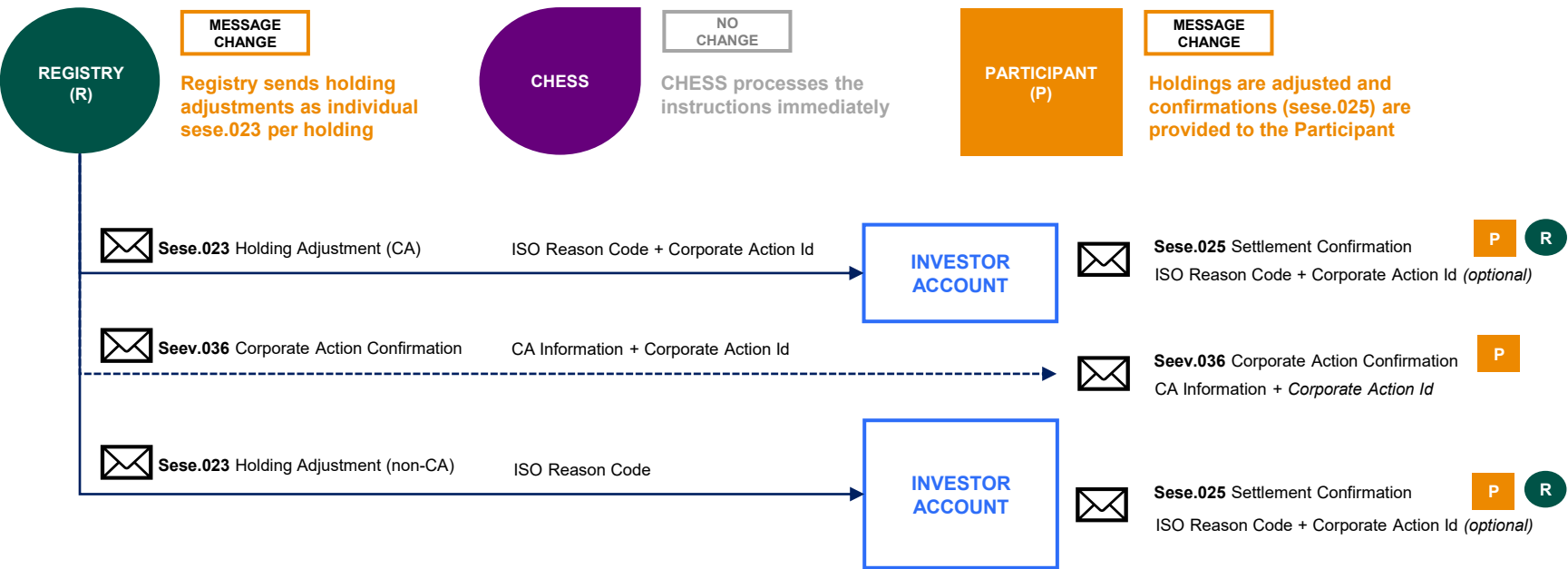
This proposal is outlined further in slides 33-35.

Solution Summary – Key Points

1. **'sese' (settlement) messages** – being most closely aligned to the standards for the use case

2. **Processed immediately** upon receipt - there will be no batching of messages or functionality to process in bulk
    Note: Requests are held during times that CHESS is not accepting holding changes (e.g. during batch and certain overnight processes), they will be held for processing

3. **A single adjustment per message** – meaning the EIS 421 is not carried forwards.
    Note: ASX will consider fee considerations in relation to current usage – primarily the Primary Market Facility

4. **Reserved balances will be enforced -** specific functionality to cater to reconstructions and lapsing / expiring securities (slide 16)

5. **Reduced set of reason codes** - to simplify and align closer to ISO standards (slide 15)

6. **Corporate Action IDs become mandatory** - for Corporate Action related adjustments (slide 15)

7. **Further messaging enhancements –** to promote automation for ETF and PMF functionality (slide 17).

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03 - Holding Adjustments

Proposed Approach

REGISTRY (R)

MESSAGE CHANGE

Registry sends holding adjustments as individual sese.023 per holding

CHESS

NO CHANGE

CHESS processes the instructions immediately

PARTICIPANT (P)

MESSAGE CHANGE

Holdings are adjusted and confirmations (sese.025) are provided to the Participant

Sese.023 Holding Adjustment (CA) — ISO Reason Code + Corporate Action Id → **INVESTOR ACCOUNT** — **Sese.025** Settlement Confirmation / ISO Reason Code + Corporate Action Id *(optional)* — P R

Seev.036 Corporate Action Confirmation — CA Information + Corporate Action Id ⇢ **Seev.036** Corporate Action Confirmation / CA Information + *Corporate Action Id* — P

Sese.023 Holding Adjustment (non-CA) — ISO Reason Code → **INVESTOR ACCOUNT** — **Sese.025** Settlement Confirmation / ISO Reason Code + Corporate Action Id *(optional)* — P R

**Seev.036 Corporate Action Movement Confirmation is discussed in section 06.
Holding Adjustments is planned to be delivered in Drop 4 and confirmations evaluated for Drop 5.**

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03 - Holding Adjustment Reason Codes

Securities Transaction Type (ISO standard)	Usage
CORP (Corporate Action)	Corporate Action related with mandatory Corporate Action Event ID*
ISSU (Issuance)	Issuance of new securities
PLAC (Placement)	Primary market facility usage
ETFT (ETF Transaction)	ETF related transactions
MKUP (Mark up)	Increase of units for other reasons
MKDW (Mark down)	Decrease of units for other reasons

Supplementary Reason Codes (CORP)	Usage
DRIP	Allotments for DRP plan
DVSC	Allotments for scrip dividends
BONU	Bonus issue and distribution in specie
RHDI	Rights issue allotment
EXRI	Rights exercises
PRIO	Priority (non pro-rata) issue and share purchase plans
PPMT	Call allotments
EXWA	Warrant rollovers
CONV	Note conversions
MRGR	Scheme / merger
TEND	Takeovers
BIDS	Buybacks
OTHR	Reinvestment offer
SPLR	Reconstruction – split
SPLF	Reconstruction – consolidation

Supplementary Reason Codes (MKUP / MKDW)	Usage
CORR	Increase/decrease for error correction
DIVE	Divestment
FORF	Forfeiture
EXER	All exercises (option, warrant, etc)
CONV	All conversions and rollovers (notes, etc)
EXPI	All security expiries (options lapse, etc)

Refer to appendices for a mapping to the existing reason code list.

In the (rare) case a Corporate Action ID is not available, ASX will provision a default code (e.g. 999999).

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03 - Holding Adjustments and Reserved Securities

Unit Reservations

In CHESS units can be reserved for one of the following use cases:

- **Reservation for settlement purposes** (earmarked by Participant)
- **Earmarked for ETO cover** (pledged to ASX Clear)
- **Earmarked for CMM** (pledged to ASX Clear)
- **Tendered for takeover / buyback** or other Corporate Action (pledged to Offeror)
- **Locked for holding administration** purposes – typically upon request from an Issuer (reserved by ASX Operations)

Typically, a reserved balance cannot be used for any purpose other than those permitted by the party they are pledged to (e.g. takeover transfer to offeror, action by ASX Clear).

Holding Adjustments Impacts

Holding Adjustments that **increase** securities are not generally impacted by reserved securities. They will be usually allocated into the available balance, or in some circumstances may be automatically locked.

Holding Adjustments that **decrease** securities may be impacted by reserved balances, such as when:

- securities expire, lapse or are delisted and require removal
- securities need to be reduced due to a reconstruction event (consolidation)
- the holder is to be divested (e.g. due to Foreign Ownership Restrictions).

ASX Proposal

1. For reconstructions (**consolidations**) CHESS will release securities at EOD on Record Date such that there are sufficient available securities for removal.

2. For reconstructions (**splits**) CHESS may, in some cases, increase the maximum lock size at EOD on Record Date to allow additional units to be locked upon receipt.

3. For **expiring** securities CHESS will remove all locks on expiry date.

4. Additionally, ASX Operations may also manually release all locks for a security code if required.

5. In a circumstance where a locked security needs to be removed due to a divestment or administrative lock, active management will be required, **this is not anticipated to occur regularly based on current usage.**

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03 - ETFs & Primary Market Facility

SETT_1.6.1 ASX and CHESS Users involved in the ETF lifecycle should explore enhancements that would improve the ability for Fund Custodians to automate the allocation of newly allotted ETF units to a client account and generate a settlement instruction to the Authorised Participant (AP). This could include inclusion of additional client account information from the Fund Registry in the message, including a specific ETF reason code and / or generating a settlement message rather than an adjustment message to the Fund Custodian.

Additional Fields

ASX proposes to enable additional fields that can **optionally** be used in the case of ETFs allotments / redemptions and the Primary Market Facility to provision the ability to transmission underlying client information.

These fields would mirror the same additional fields permitted in Settlement Instruction messaging, specifically:
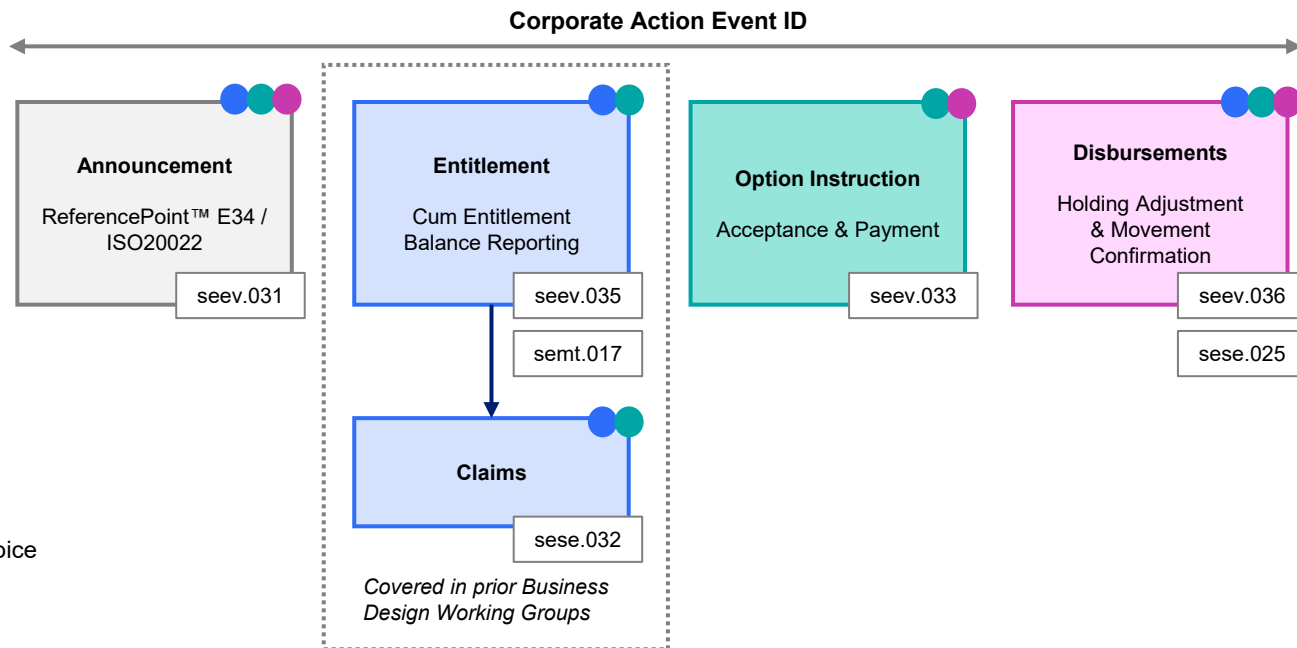
• Receiving Party BIC / UIC

• Receiving Party Account Number

• Receiving Party Details (Name / Address)

The provision of this information would allow Fund Custodians to more easily match the provision of units via Holding Adjustment to the on delivery to the Authorised Participant (AP), potentially further managed with hold / release.

ASX proposes to run a deep dive session on ETF and Primary Market Facility processes later in 2026 to assist in devising revised procedures, including usage of these additional fields.

04
Corporate Actions – Lifecycle

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04 - Corporate Actions - Lifecycle

Corporate Action Event ID

Announcement

ReferencePoint™ E34 / ISO20022

seev.031

Entitlement

Cum Entitlement Balance Reporting

seev.035

semt.017

Claims

sese.032

Option Instruction

Acceptance & Payment

seev.033

Disbursements

Holding Adjustment & Movement Confirmation

seev.036

sese.025

Covered in prior Business Design Working Groups

- Mandatory
- Mandatory with choice
- Voluntary

Additional background: Securities Market Practice - Corporate Actions

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04 - Announcements

Announcements are covered by ASX reference data services and other providers.

These contain key information that enables traceability of the event and its characteristics throughout the event lifecycle.

Key Attributes	Purpose	ReferencePoint E34	ReferencePoint ISO 20022
Corporate Action Event ID	Unique identifier of the event through its lifecycle, providing traceability and reconciliation.	✓	✓
Official Corporate Action Event ID	Globally unique identifier	○ *(can be derived)*	✓
Corporate Action Type Code	Global standard codes for event type identification	○ *(proprietary code list)*	✓ *(ISO standard)*
Options (Number, Type, Considerations)	Structured set of options available with accompanying information to allow for elections	✗	✓
Prices, Amounts, Ratios	Prices, amounts and ratios used for the calculation of corporate action	✓	✓
Delivery	Delivery mechanism	End of Day	Real-time
Supports all events	Support for all currently electronically captures Corporate Action events.	✗ *(no Takeover support)*	✓

Refer: ReferencePoint ISO User Manual

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04 - Option Numbers - Samples

Option #	Rights Issue	Share Purchase Plan	Takeover *(example)*	Buyback *(example)*	Cash Dividend	Cash Dividend w/ DRP	Cash Dividend w/ DRP & BSP	Cash Dividend w/ Default DRP	Cash Dividend w/ Currency Options & DRP
001	EXER – Exercise	SECU – Securities Distribution	CASH – *$0.145 per share*	CASH – *Final Price*	**DVCA – Cash (default)**	**DVCA – Cash (default)**	**DVCA – Cash (default)**	**DRIP – Dividend Reinvestment Plan (default)**	**DVCA – Cash (default)**
002	OVER - Oversubscription	-	SECU – *2 ABC per share*	CASH – *14% Discount*	-	DRIP – Dividend Reinvestment Plan	DRIP – Dividend Reinvestment Plan	DVCA - Cash	DRIP - Dividend Reinvestment Plan
003	-	-		CASH – *13% Discount*	-	-	BONU – Bonus Share Plan	-	NZD – New Zealand Dollars
004	-	-	-	CASH – *12% Discount*	-	-	-	-	GBP – British Pounds
005+	-	-	-	*… up to 30+*	-	-	-	-	-
999	**LAPS – Lapse (default)**	**NOAC – No Action (default)**	**NOAC – No Action (default)**	-	-	-	-	-	-

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05
Corporate Actions – Option Instructions

Business Design Working Group | 4 February 2026 | Public

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05 – Option Instructions - Overview

Overview

- **Option Instructions** are a unified ISO20022 process that allow for investors to communicate their preferences for optional and mandatory with choice events. The key to these elections are the **Corporate Action Event Id** and **Option Number**

- The current process for Takeovers, Buybacks and Reinvestment Offers very closely align to this process.

Proposal

ASX proposes extending the existing takeover functionality to create a unified process to support:

- Takeovers (existing)

- Buybacks (existing)

- Reinvestment Offers (existing)

- Rights issues (*new*)

- Share Purchase Plans (*new*)

- Dividends with choice (*new*)

In the future this service could be further extended to cover additional events (e.g. Option Exercises, Calls, Note Conversions, Proxy).

Supplementary to this, ASX is proposing that DRP standing instructions could also be supported via an enhancement to the Bank Account message **(to be discussed further in section 07)**.

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05 - Option Instruction - High Level Process (all types)

INSTRUCTING PARTY

Announcement — seev.031

Option Instruction — seev.033

Includes: Corp Action ID, Type and Instructed Balance

Option Instruction Status — seev.034

Option Instruction Cancellation — seev.040

CHESS STEP(S)

Validation Against Corporate Action Event → Balance Blocking → Authorisation / Acceptance → Cancellation & Unblocking → Aggregation and Payment

Option instructions are validated against the options available and dates of a current Corporate Action

If required, a balance is held (blocked) to prevent settlement and allow a total balance to be accumulated

If required, the option instruction is authorised by a counterparty (e.g. participant for offeror instructed)

Where permitted, the option instruction can be withdrawn and, if applicable, the balance is unblocked

Where applicable the option instructions are aggregated at a prescribed time and payment occurs at a net level

ASX

05 - High Level Process (all types)
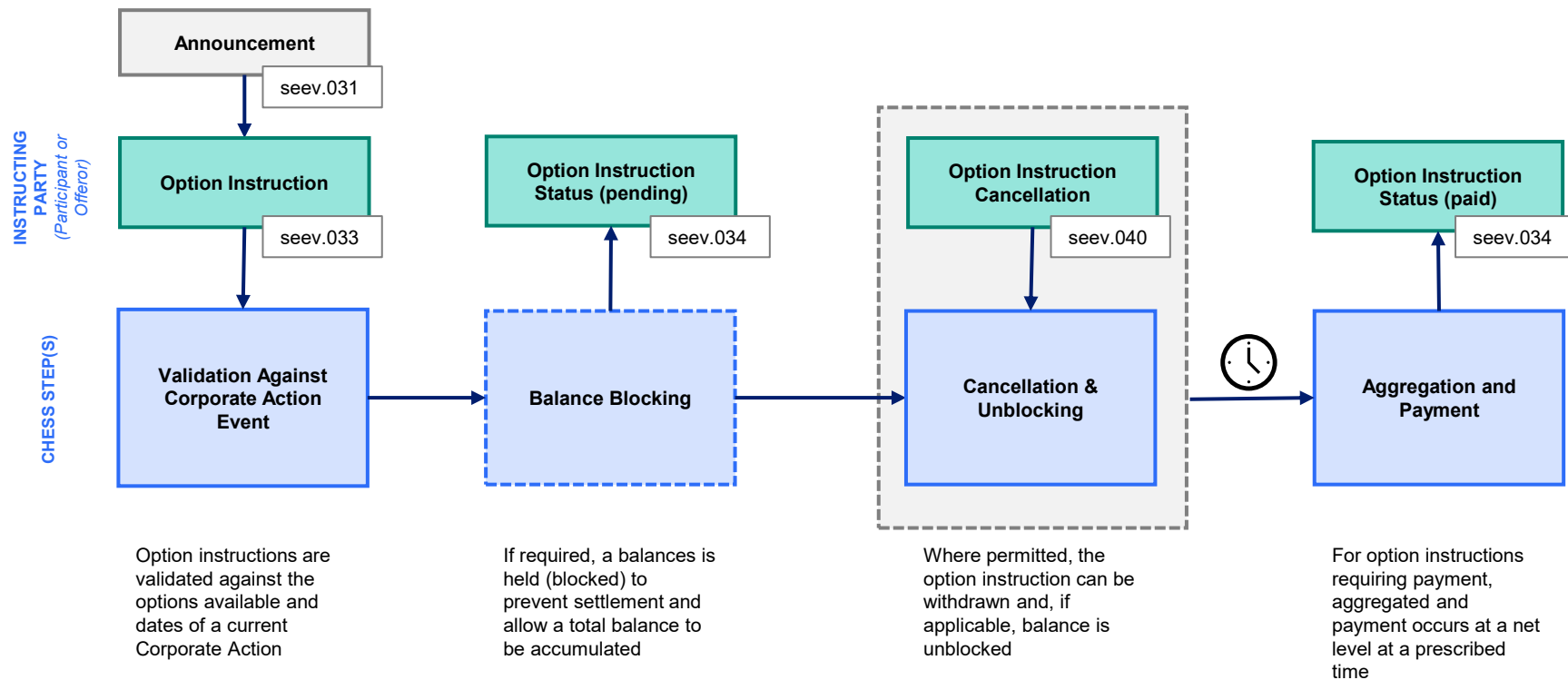
Summary of instructions

Event Type	Instructed by	Event Validation	Balance Blocking	Acceptance Process	Acceptances Accumulate	Aggregation	Payment	Cancellation & Unblocking	Supplementary Information
Takeover	Participant / Offeror	✓	✓	✓ (offeror initiated)	✓	✗	✗	✓ (with acceptance)	Bank Account Details
Buyback / Reinvest.	Participant / Offeror	✓	✓	✓ (offeror initiated)	✓	✗	✗	✓ (with acceptance)	-
Rights Issue	Participant / *Offeror**	✓	✓ (excl. OVER)	✓ (*offeror initiated - TBD)	✓	✓ (daily)	✓ (daily)	✓ (prior to payment)	Underlying Client – TBD
Share Purchase Plan	Participant	✓	✗	✗	✓	✓ (daily)	✓ (daily)	✓ (prior to payment)	Underlying Client – TBD
Dividend – Event	Participant	✓	✓	✗	✓	✓ (record date)	✗	✓ (prior to record date)	Foreign Bank Account Details - TBD
Standing Instruction	Participant	✗	✗	✓	✗	✗	✗	✗	Bank Account Details

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05 - High Level Process (Takeover / Buyback / Reinvestment)

The existing process for Takeovers & Buybacks closely aligns to the ISO-standard option instruction workflow

INSTRUCTING PARTY *(Participant or Offeror)*

CHESS STEP(S)

Announcement

seev.031

Option Instruction

seev.033

Includes: Corp Action ID, Type, Option #, Instructed Balance

Validation Against Corporate Action Event

Option instructions are validated against the options available and dates of a current Corporate Action

Balance Blocking

Balances are held (blocked) to prevent settlement and allow a total balance to be accumulated

Option Instruction Status

seev.034

Authorisation / Acceptance

Participant Authorisation

Offeror initiated require authorisation by the Participant

Option Instruction Cancellation

seev.040

Cancellation & Unblocking

Offeror Authorisation

The instruction can be cancelled and balance unblocked. If Participant requested the offeror must authorise

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05 - High Level Process (Rights Exercise / SPPs)

INSTRUCTING PARTY *(Participant or Offeror)*

CHESS STEP(S)

| Announcement | seev.031 |

Option Instruction — seev.033

Option Instruction Status (pending) — seev.034

Option Instruction Cancellation — seev.040

Option Instruction Status (paid) — seev.034

Validation Against Corporate Action Event

Balance Blocking

Cancellation & Unblocking

Aggregation and Payment

Option instructions are validated against the options available and dates of a current Corporate Action

If required, a balances is held (blocked) to prevent settlement and allow a total balance to be accumulated

Where permitted, the option instruction can be withdrawn and, if applicable, balance is unblocked

For option instructions requiring payment, aggregated and payment occurs at a net level at a prescribed time

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05 - Balance Blocking

As is the case with Takeovers, Buybacks and Reinvestment Offers today, Option Instructions can facilitate balance blocking (unit reservation).

Rights exercises (excluding oversubscriptions) would typically block the balance to ensure consistency over the election process, prevent sale of stock and multiple acceptances.

To facilitate a unified process ASX proposes that:

1. units are allotted for Non-Renounceable Rights to allow elections. An ISIN is currently being generated and distributed and would be made CHESS eligible in a suspended state, to prevent any transfers

2. Rights accepted outside of CHESS follow an equivalent to the "Offeror Acceptance" process (as opposed to a holding adjustment)

3. removals of Rights units occur at the end of the offer period (noting this could potentially be automated by CHESS).

ASX also proposes that Share Purchase and Rights over-subscriptions validate that there was a holding as of Record Date only. In the case of an acceptance from an excluded shareholder, the existing refund process would be followed.

Example: ABCR - Rights on ABC

HIN A 500 units	Available - Unreserved 200 units	
	Blocked 300 units	Option Instruction A001 – Exercise 100 Units, $1052
		Option Instruction A002 – Exercise 200 Units, $2104
		Option Instruction A003 – Over 50 Units, $526
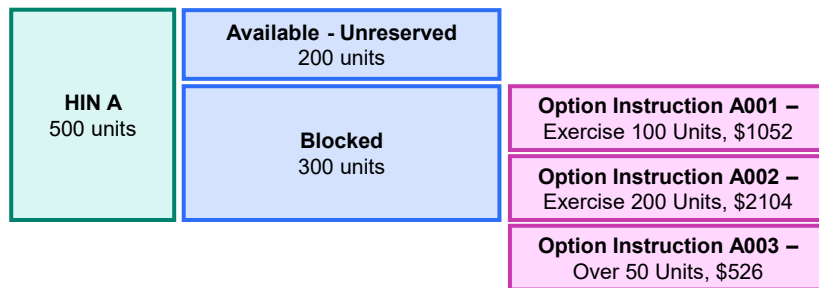
? ☞ ASX will revisit the current fee schedule to ensure the allotment of non-renounceable rights and any changes to the process for adjusting securities does not adversely impact the Issuer.

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05 - Aggregation & Payment

HIN A

HIN B

Option Instruction A001 –
Exercise 100 Units, $1,052

Option Instruction A002 –
Exercise 200 Units, $2,104

Option Instruction A003 –
Over 50 Units, $526

Option Instruction A004 –
Exercise 50 Units, $526

At a defined time each day during the Corporate Action period, pending option instructions are aggregated and a single payment is made between Participant and Registry / Issuer account

4pm (TBC), daily

400 units @ application price of $10.52 = $4,208

Payment Instruction
RTGS Settlement
Participant to Registry $4,208
0 units

ISO TBD (P001) – Payment Confirmation ✉

Linked by reference

Upon **instruction**, Participants and Registries receive confirmation of units pending payment

seev.034 (A001) - Pending Payment ✉
seev.034 (A002) - Pending Payment ✉
seev.034 (A003) - Pending Payment ✉
seev.034 (A004) - Pending Payment ✉

Upon **successful payment**, Participants and Registries receive a payment confirmation and confirmation of option instructions successfully paid

seev.034 (A001) – Paid (P001) ✉
seev.034 (A002) – Paid (P001) ✉
seev.034 (A003) – Paid (P001) ✉
seev.034 (A004) – Paid (P001) ✉
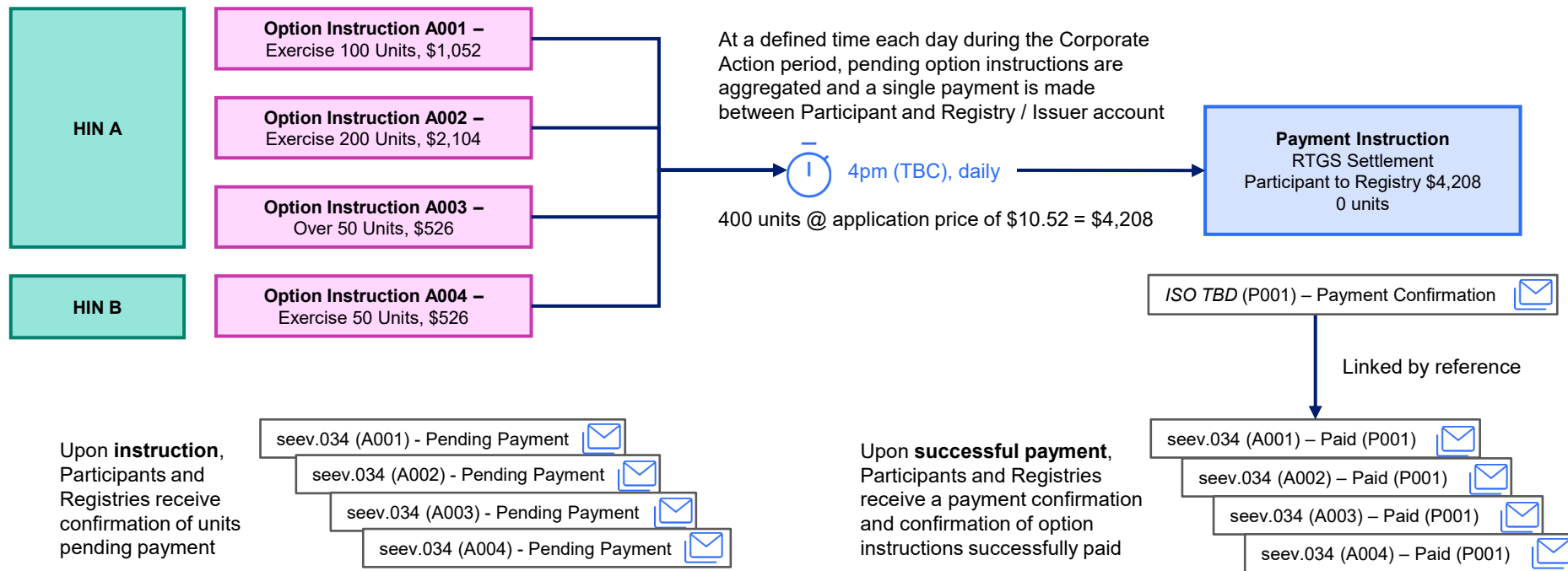
? ASX will also investigate which reference can be used on the RTGS payment that allows CHESS users to reconcile the payment in RITS with the confirmations from CHESS.

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05 - Supplementary Information

Problem Statement regarding Omnibus Accounts

Currently for voluntary Corporate Actions with restrictions, beneficial holder information is required to support the acceptance. These beneficial holder details are usually communicated via email / spreadsheets between a Custodian with a nominee account and the Registry and in the most part, these are manual processes.

Potential Solution

Given the solution has the ability to support multiple option instructions for a single account, as is the case with takeovers / buybacks today, these messages could be enabled to carry beneficial holder information and allow STP transmission of this information.

Each option instruction would contain a unique identifier, and could additionally enable:

- Beneficial Holder - Account Number
- Beneficial Holder - Account Name
- Beneficial Holder - Account Address

HIN A
500 units

Available - Unreserved
200 units

Blocked
300 units

Option Instruction A001 –
Exercise 100 Units, $1,052

AC-001 John Smith
45 Sample Street, NY, USA

Option Instruction A002 –
Exercise 200 Units, $2,104

AC-002 Jane Doe
123 Mile Road, London, UK

Option Instruction A003 –
Over 50 Units, $526

AC-003 ACME Corp
20 Bridge Street, Sydney, 2000

06
Corporate Actions - Disbursements

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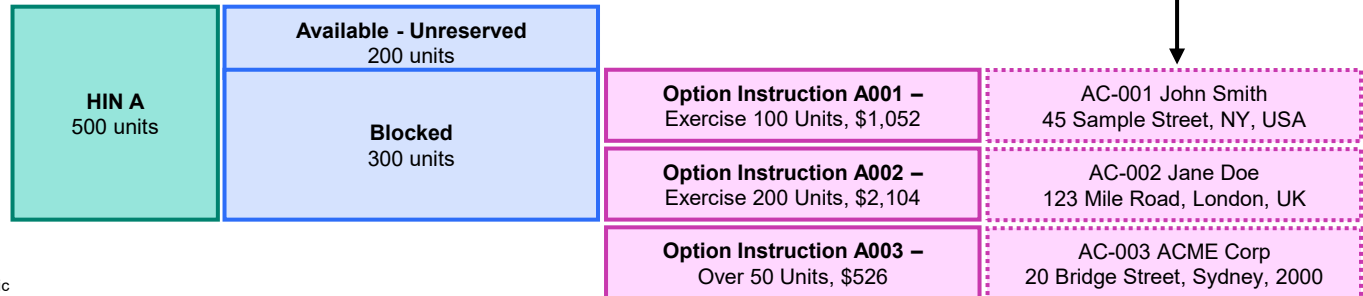
06 - Corporate Action - Disbursements

Problem Statement

Currently for Corporate Action Disbursements, limited information is transmitted between Registry / Issuer and Holder in a **structured, electronic format**.

For Omnibus accounts with multiple beneficial holders this can pose challenges and often requires Custodians to manually request information from the Registry to confirm how the payment has been calculated.

Potential Solution

ISO 20022 supports the transmission of rich information in relation to Corporate Action disbursements via the seev.036.

After fully evaluating current usage and practices globally, ASX does *not* recommend transmitting information as part of the Holding Adjustment, but in a simpler lower risk way as an additional confirmation message.

The information in the confirmation message can also provide traceability to reconcile against the option instructions and announcement.

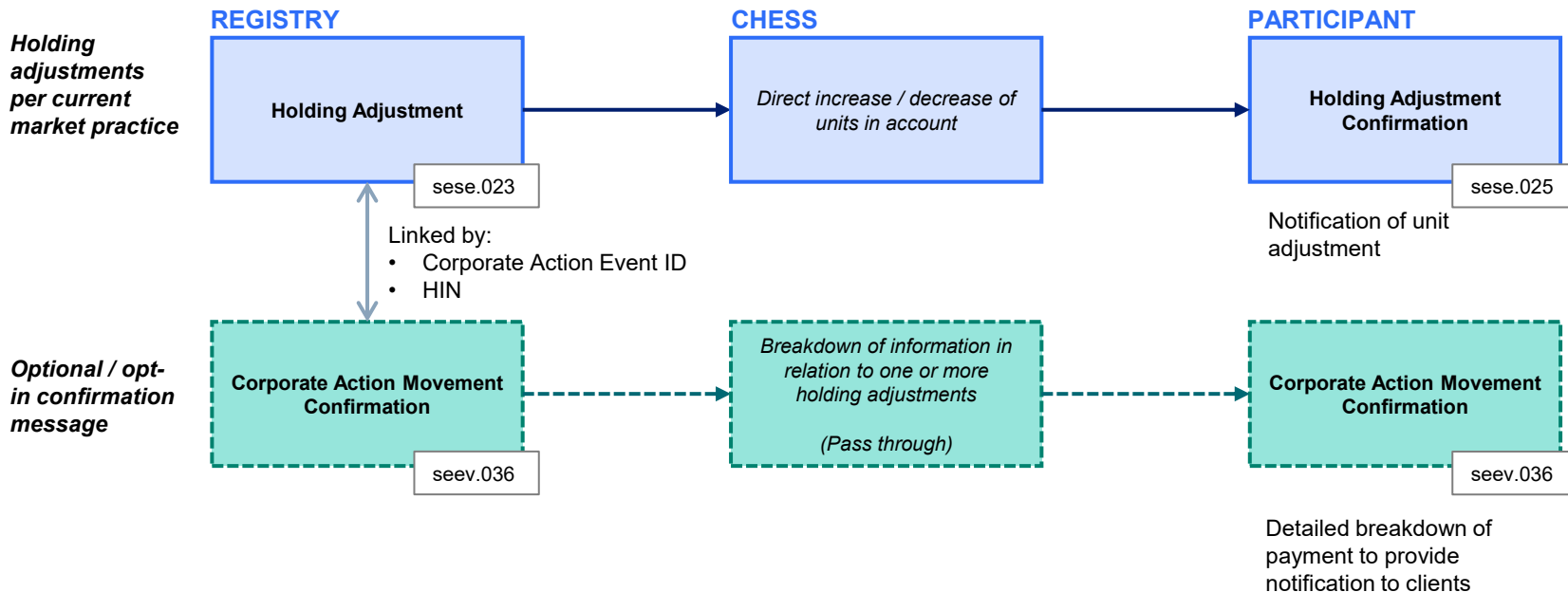Disbursement confirmation messages could be useful for communicating:

- Rights exercised, lapsed and allotted for oversubscription
- Rights refunds and scale-backs
- Share Purchase Plan allotments and refunds
- Buyback consideration allotments
- DRP price, franked amount, withholding tax record date balance and partial quantity.

What information would be beneficial to be transmitted electronically via ISO 20022 message upon disbursement of a Corporate Action?

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06 - Holding Adjustments & Disbursement Confirmation

An equivalent process to the below is currently in use for mFund Distributions (EIS 817)

REGISTRY **CHESS** **PARTICIPANT**

Holding adjustments per current market practice

Holding Adjustment

sese.023

Direct increase / decrease of units in account

Holding Adjustment Confirmation

sese.025

Notification of unit adjustment

Linked by:
- Corporate Action Event ID
- HIN

Optional / opt-in confirmation message

Corporate Action Movement Confirmation

seev.036

Breakdown of information in relation to one or more holding adjustments

(Pass through)

Corporate Action Movement Confirmation

seev.036

Detailed breakdown of payment to provide notification to clients

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06 - Holding Adjustments & Payment Confirmation

Example – Rights Exercise

Holding Adjustment *sese.023*

Debit 1,250 ABCR

CA12345   HINA   CORP   EXRI

Units debited →

Holding Adjustment Confirmation *sese.025*

1250 ABCR debited

CA12345   HINA   CORP   EXRI

Confirmation of units debited from the HIN

Holding Adjustment *sese.023*

Credit 1,500 ABC

CA12345   HINA   CORP   EXRI

Units credited →

Holding Adjustment Confirmation *sese.025*

1500 ABC credited

CA12345   HINA   CORP   EXRI

Confirmation of units credited to the HIN

Corporate Action Movement Confirmation *seev.036*

CA12345   HINA   EXRI

Option 001 LAPS – Debit 250 ABCR

Option 002 EXER – Debit 1,000 ABCR, Credit 1,000 ABC

Option 003 OVER – Credit 500 ABC, refund $10,000

Pass through - - ->

Corporate Action Movement Confirmation *seev.036*

CA12345   HINA   EXRI

Option 001 LAPS – Debit 250 ABCR

Option 002 EXER – Debit 1,000 ABCR, Credit 1,000 ABC

Option 003 OVER – Credit 500 ABC, refund $10,000

Detailed breakdown in relation to the calculation of the Corporate Action

ASX

07
DRPs & Bank Accounts

ASX

07 – DRPs & Bank Accounts

For DRPs there are two competing use cases that operate differently:

1. **Retail shareholders** that typically set a DRP flag up front and manage as a standing instruction
2. **Custodians** with Omnibus accounts who aggregate instructions from multiple beneficiaries and instruct a partial DRP close to the cutoff.

Due to these different use cases and the complexity in relation to the differences between DRP plans, ASX proposes two methods of communication.

Note: the proposal to store a single Bank Account or DRP preference against the HIN would not be carried forwards.

RETAIL SHAREHOLDERS:
Standing Instruction

- The Holding Advice (EIS 757 replacement) could be enhanced to include an optional DRP flag - this message can be sent at any time, typically on acquisition of a new holding

- Only a full DRP or full cash elections should be supported via this method - partial elections would not be supported

- Holder Advice responses would allow a Registry to inform of the status of both the bank account and DRP instructions – allowing validation against plan availability.
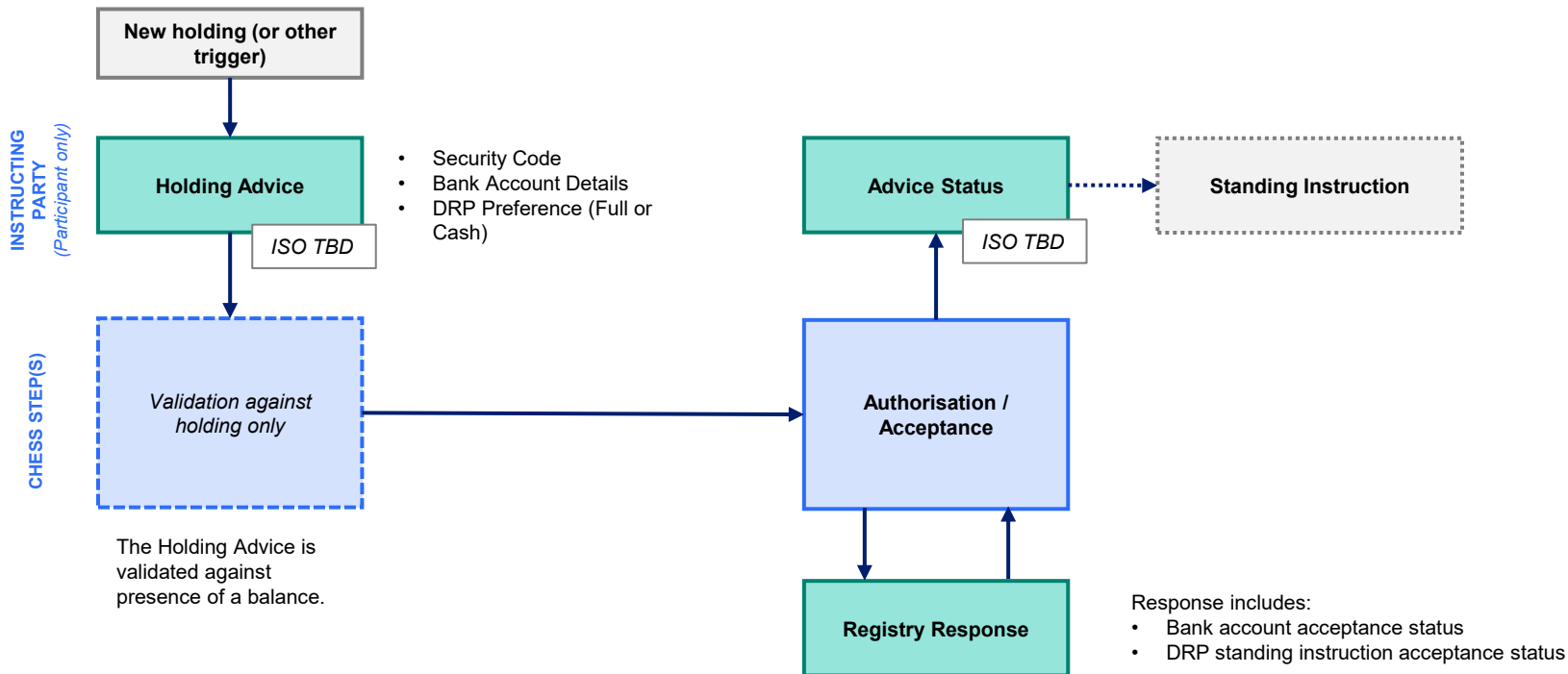
OMNIBUS HOLDERS:
Event-specific Instruction

- The Option Instruction process could also support an event specific elections equivalent to Takeovers, Buybacks and Rights

- Partial elections would be supported and result in the blocking of a specific quantity of units

- Multiple Partials Instructions could be supported, which would be aggregated and sent to Registries at the cutoff

- All options could be supported (e.g. Foreign Currency, BSP, etc…)

Registries should always consider the most recently received election via any channel. Any event-based elections should also be retained in keeping with the specifics of the DRP Plan Rules.
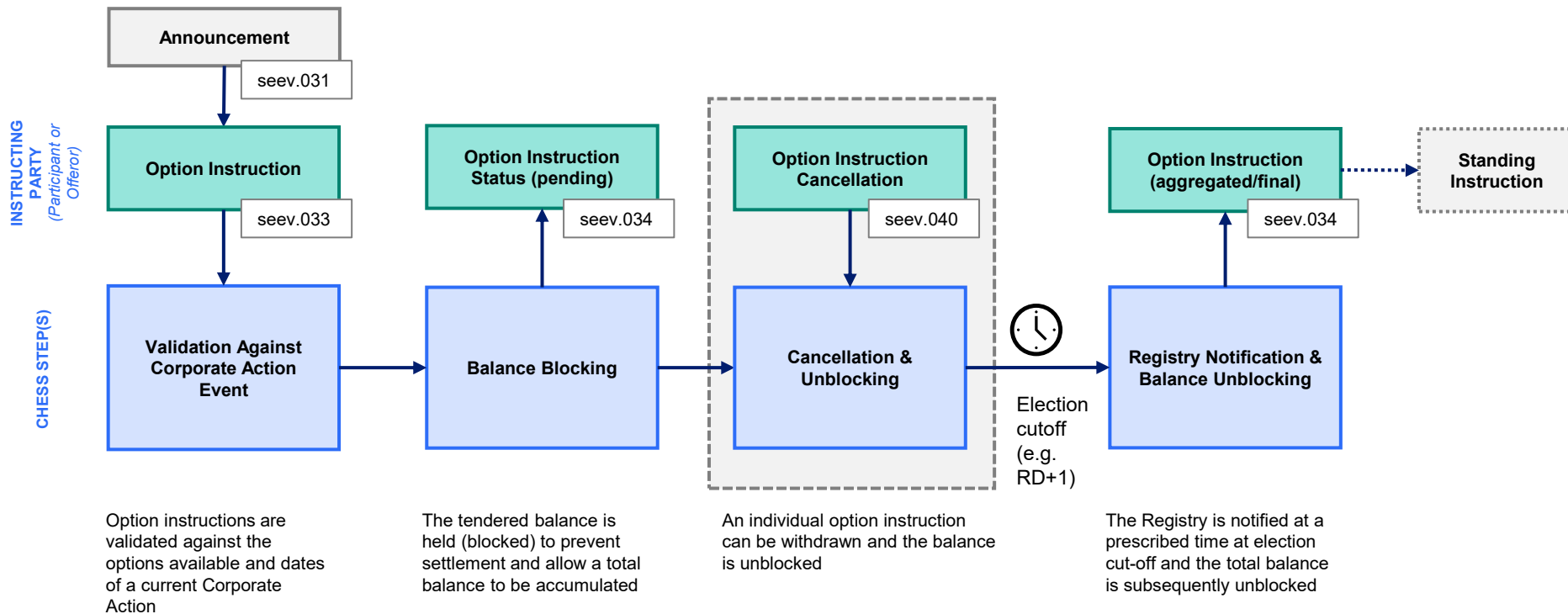
? **The proposed Nominee flag could be utilised to control or determine what kinds of elections to expect**

ASX

07 - High Level Process (Standing Instructions)

INSTRUCTING PARTY *(Participant only)*

New holding (or other trigger)

Holding Advice

ISO TBD

- Security Code
- Bank Account Details
- DRP Preference (Full or Cash)

Advice Status

ISO TBD

Standing Instruction

CHESS STEP(S)

Validation against holding only

The Holding Advice is validated against presence of a balance.

Authorisation / Acceptance

Registry Response

Response includes:
- Bank account acceptance status
- DRP standing instruction acceptance status

Is there any additional standing information that would be valuable to pass in the Holding Advice?

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07 - High Level Process (Dividend - Event)

INSTRUCTING PARTY *(Participant or Offeror)*

CHESS STEP(S)

Announcement

seev.031

Option Instruction

seev.033

Option Instruction Status (pending)

seev.034

Option Instruction Cancellation

seev.040

Option Instruction (aggregated/final)

seev.034

Standing Instruction

Validation Against Corporate Action Event

Balance Blocking

Cancellation & Unblocking

Election cutoff (e.g. RD+1)

Registry Notification & Balance Unblocking

Option instructions are validated against the options available and dates of a current Corporate Action

The tendered balance is held (blocked) to prevent settlement and allow a total balance to be accumulated

An individual option instruction can be withdrawn and the balance is unblocked

The Registry is notified at a prescribed time at election cut-off and the total balance is subsequently unblocked

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08
Next Steps

ASX

08 – Next Steps & Future Topics

ASX will prepare a summary of this session for the Technical Committee including any actions.

Topics will be progressed via the ISO Working Group with further Business Design Working Groups in 2026, if necessary.

Registries Focus Group:

4 March 2026

- Dedicated Registries Focus Group to discuss and progress any registry specific matters.

Business Design Working Group:

1 April 2026

- Further discussions on new Corporate Actions functionality
- Collateral for ETOs
- Cash Market Margining

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Questions

Business Design Working Group | 4 February 2026 | Public

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Appendix

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Holding Adjustment Reason Codes Mapping to Existing

CHESS Code	Description	ISO Code	CA Id	Additional Code
ADJ	Adjustment	MKUP / MKDW	NA	CORR - Correction
ALT	Miscellaneous Allotment	MKUP	NA	CORR - Correction
ALT	Adjustment for Foreign Ownership	MKDW	NA	DIVE – Divestment
BON	Bonus Issue Allotment	CORP	Mandatory	BONU – Bonus Issue
BSP	Bonus Plan Allotment	CORP	Mandatory	BONU – Bonus Issue
BYB	Buy-back	CORP	Mandatory	BIDS – Buyback
CAL	Call Paid	CORP	Mandatory	PPMT – Call / Part Payment
CAQ	Compulsory Acquisition by Offeror	CORP	Mandatory	TEND – Takeover
CNA	Convertible Note Allotment	ISSU	NA	ISSU – Issuance
CNR	Convertible Note Redemption / Maturity	MKDW	NA	EXPI – Expiry
CNV	Miscellaneous Conversion	MKUP / MKDW	NA	CORR - Correction
CRI	Security No Longer Meets Criteria for Eligibility as Collateral	*Non-registry code*		
CSC	CHESS Subregister Closed	*Non-registry code*		
DIS	Distribution in Specie	CORP	Mandatory	BONU – Bonus Issue
DRP	Dividend Plan Allotment	CORP	Mandatory	DRIP – Dividend Reinvestment Plan
DVM	Divestment	MKDW	NA	DIVE – Divestment
EXP	Imminent Expiry of Security used as Collateral	Non-registry code, TBD		
FLT	Float	ISSU	NA	ISSU – Issuance
FOR	Forfeiture of Partly Paid Shares	MKDW	NA	EXPI – Expiry
IDA	Income Distribution Allotment	CORP	Mandatory	DVSC – Scrip Dividend
MER	Company Merger	CORP	Mandatory	MRGR – Merger
NCN	Convertible Note Conversion	MKDW	NA	CONV - Conversion
NRE	Non-Renounceable Issue Allotment	CORP	Mandatory	RHDI – Rights Distribution
OCN	Options Conversion	MKDW	NA	CONV - Conversion
ODR	ASX Clear Directive	*Non-registry code*		
OEX	Option Exercised	MKDW	NA	EXER - Exercise
OLP	Option Lapsed	MKDW	NA	EXPI – Expiry
OPT	Option Allotment	ISSU	NA	ISSU – Issuance
PLC	Placement	PLAC	NA	PLAC – Placement / Primary Market Facility usage
PRI	Non Pro Rata Balance	CORP	Mandatory	PRIO – Priority Issue

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Holding Adjustment Reason Codes Mapping to Existing

CHESS Code	Description	ISO Code	CA Id	Additional Code
REC	Reconstruction	CORP	Mandatory	SPLR / SPLF – Split / Consolidation
RED	Miscellaneous Redemption	MKDW	NA	EXPI – Expiry
REV	Allotment Reversal	MKDW	NA	CORR - Correction
RHA	Renounceable Rights Accepted	CORP	Mandatory	EXRI – Rights Exercise
RHE	Renounceable Rights Entitlement Allotment	CORP	Mandatory	EXRI – Rights Exercise
RHT	Renounceable Rights Issue Allotment	CORP	Mandatory	RHDI – Rights Distribution
SAR	Subregister Archived	*Non-registry code*		
SCD	Scrip Dividend	CORP	Mandatory	DVSC – Scrip Dividend
SOA	Scheme of Arrangement	CORP	Mandatory	MRGR – Merger
STP	Share Top-up Plan	CORP	Mandatory	PRIO – Share Purchase Plan
TKA	Takeover Consideration Allotment	CORP	Mandatory	TEND - Takeover
WAL	Warrant Allotment	ISSU	NA	ISSU - Issuance
WDL	Warrant Delivery	ISSU	NA	ISSU – Issuance
WEX	Warrant Exercise	MKDW	NA	EXER – Exercise
WRL	Warrant Rollover Application	MKDW	NA	CONV – Conversion
WUX	Warrant Underlying Exercise	MKDW	NA	EXER - Exercise

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Design Considerations for Drop 5 (1 of 5)

Business Design Document	Reference	Design Consideration	Slide Reference
Settlement Design	SETT_1.6.1	ASX and CHESS Users involved in the ETF lifecycle should explore enhancements that would improve the ability for Fund Custodians to automate the allocation of newly allotted ETF units to a client account and generate a settlement instruction to the Authorised Participant (AP). This could include inclusion of additional client account information from the Fund Registry in the message, including a specific ETF reason code and/or generating a settlement message rather than an adjustment message to the Fund Custodian.	Slide 17
Registration Details & Investor Information	REG_3.3.1	The CHESS replacement system should support the ability to add a single nominated bank account to be recorded against a HIN in CHESS on an optional basis.	Slide 36 (to be descoped)
Registration Details & Investor Information	REG_3.3.2	The CHESS replacement system should support a workflow that allows bank details that are recorded against a HIN to be used as a default value which is relayed to Share Registries upon the acquisition of a new holding, when details are updated by an Investor or other applicable scenarios.	Slide 36 (to be descoped)
Registration Details & Investor Information	REG_3.3.3	The CHESS replacement system should support a workflow that allows Participants or CHESS to continue to share bank account details to an Issuer where a holding has a zero balance for an agreed timeframe.	No further discussion required
Registration Details & Investor Information	REG_3.3.4	The CHESS replacement system should support a workflow that allows Participants or CHESS to share bank account details in scenarios such as: - takeover acceptances - compulsory acquisitions - other corporate action use cases as appropriate.	Slide 25
Registration Details & Investor Information	REG_3.3.5	The CHESS replacement system should support the ability to add foreign bank account details for payments in foreign currencies to be recorded against a HIN in CHESS on an optional basis.	Slide 25
Registration Details & Investor Information	REG_3.3.6	The CHESS replacement system should support a workflow that allows a Share Registry to accept or reject the additional information from CHESS.	Slide 37

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Design Considerations for Drop 5 (2 of 5)

Business Design Document	Reference	Design Consideration	Slide Reference
Corporate Actions	CA_1.1	The CHESS replacement system should support a straight through process for option instructions to be submitted by a Participant and for option instructions requests to be accepted or rejected by the share registry on a per holding basis.	Slide 27
Corporate Actions	CA_1.2	The solution should consider that acceptance or rejection may be based on preliminary acceptance/rejection process and not be fully validated by the Share Registry if the request does not meet plan rules.	Slide 27
Corporate Actions	CA_1.3	The CHESS replacement system should support option instructions (without cash) for all applicable events currently structured in the ReferencePoint® ISO20022 signal, including: Dividends (DVCA – CashDividend, DVOP – DividendOption, DRIP – DividendReinvestment), Interest Payments (INTR – InterestPayment, PRII - InterestPaymentWithPrincipal).	Slide 38
Corporate Actions	CA_1.4	The CHESS replacement system should support the ability to instruct against options contained within the Corporate Action Notification, and which would include: - Full or partial acceptance of a DRP or BSP option (with a cash default) - Full or partial acceptance of a cash option (where DRP or BSP is the default) - Full or partial acceptance in an eligible foreign currency (where AUD cash or DRP is the default).	Slide 38
Corporate Actions	CA_1.5	The CHESS replacement system should support the transmission of bank account details with a Corporate Action Option Instruction (where applicable), including foreign accounts where eligible and announced, including the option to retain bank account details as a default value.	Slide 25
Corporate Actions	CA_1.7	The CHESS replacement system should support acceptances outside of the Corporate Action announcement period (submitted with a blank value in Corporate Action ID). Acceptances of which would need to be determined by the Issuer / Share Registry.	Slide 37
Corporate Actions	CA_1.8	ASX should consider if the CHESS replacement system should complete a balance check to validate the holding balance prior to sending an election to the Share Registry, noting this will require further discussion with the industry.	Slide 37

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Design Considerations for Drop 5 (3 of 5)

Business Design Document	Reference	Design Consideration	Slide Reference
Corporate Actions	CA_2.1	The CHESS replacement system should support option instructions (with a cash payment) for all applicable events currently structured in the ReferencePoint® ISO20022 signal, such as: - Rights Entitlement (RHTS) - Securities Payment Plan, Priority Issue (PRIO) - Call (PPMT) - Company Options Expiry (EXWA).	Slide 27
Corporate Actions	CA_2.2	The CHESS replacement system should support the acceptance of option instructions on a per account basis, or multiple instructions per account basis, with the ability to aggregate instructions into a single payment as part of a daily process.	Slide 29
Corporate Actions	CA_2.3	The CHESS replacement system should support notification to the share registry of elections with have been instructed, both prior to payment (pending) and post payment (paid).	Slide 29
Corporate Actions	CA_2.4	The CHESS replacement system should support notification to the share registry and Participant of a successful aggregate payment, with information that allows the payment to be linked to the individual instructions.	Slide 29
Corporate Actions	CA_2.5	The CHESS replacement system should support the ability to instruct for the exercise of a quantity of securities held in CHESS (such as with renounceable rights issues).	Slide 28
Corporate Actions	CA_2.6	The CHESS replacement system should support the ability to instruct to participate in an event requiring a holding, but no specific allocation of a security (such as share purchase plans).	Slide 28
Corporate Actions	CA_2.7	The CHESS replacement system should support the ability to instruct to participate in an oversubscription (for example rights issues).	Slide 28
Corporate Actions	CA_2.8	The CHESS replacement system should support the ability to restrict holdings where the election is based on an allocated quantity of securities (e.g. rights) in relation to the specific instruction (as is the case currently for takeovers / buybacks).	Slide 28

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Design Considerations for Drop 5 (4 of 5)

Business Design Document	Reference	Design Consideration	Slide Reference
Corporate Actions	CA_2.9	Consideration should be given to whether the ability to process refunds for oversubscriptions or ineligible shareholders needs to be processed through CHESS, or can be refunded directly.	Slide 28
Corporate Actions	CA_2.10	The CHESS replacement system should support the ability to accept instructions in fractions of cents and consider this in the aggregation and payment.	No further discussion required
Corporate Actions	CA_2.11	ASX and Share Registries should develop a process that considers the removal of rights accepted in CHESS, rights accepted outside of CHESS and the removal of lapsed rights that reduces the risk of multiple acceptances and transfer of accepted shares whilst minimising impact on existing Share Registry processes	Slide 28
Corporate Actions	CA_2.12	The CHESS replacement system should optionally support the ability to allow the transmission of beneficial owner information in the Corporate Action option instructions where required for omnibus accounts (for example with share purchase plans).	Slide 30
Corporate Actions	CA_2.14	The CHESS replacement system should facilitate payments in relation to Corporate Actions aggregated and settled as close to end of day as practical, giving consideration to offer close dates & times.	Slide 29
Corporate Actions	CA_2.15	Consideration should be given to the most appropriate payment channel for such Corporate Action payments, including whether this requires the maintenance of payment facilities and/or other bank account information in the CHESS system.	Slide 29
Corporate Actions	CA_2.18	Consideration should be given to payment processing allow for a Share Registry to segregate funds on an individual Corporate Action basis.	Slide 29

ASX

Design Considerations for Drop 5 (5 of 5)

Business Design Document	Reference	Design Consideration	Slide Reference
Corporate Actions	CA_3.1	The CHESS replacement system should support the ability to transmit bank account details (or equivalent) as part of the acceptance message, where the Corporate Action event has a cash payment. If a bank account is associated with the HIN, this can be pre-populated.	Slide 25
Corporate Actions	CA_3.2	The CHESS replacement system should support the ability to allow acceptances against ISO-standardised option codes, as communicated in the ReferencePoint® ISO 20022 Corporate Action messages. This information will also continue to be communicated via ASX market notices (as it is today).	Slide 21
Corporate Actions	CA_3.4	ASX should consider further discussion and alignment with the industry in relation to timing cut-offs for the acceptance of Corporate Action instructions and scheduled operating hours for CHESS.	Slide 29
Corporate Actions	CA_4.1	The CHESS replacement system should optionally support the ability for the transmission of additional information in the securities movements initiated by a Share Registry (replacing the current "Holding Adjustment" and "Securities Transformation" workflows), such as: - Corporate Action identifier & option (as applicable) - Securities Movements - Tax Withholding - Franking/Imputation credits - Units price - Carry forward funds.	Slides 32-34

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