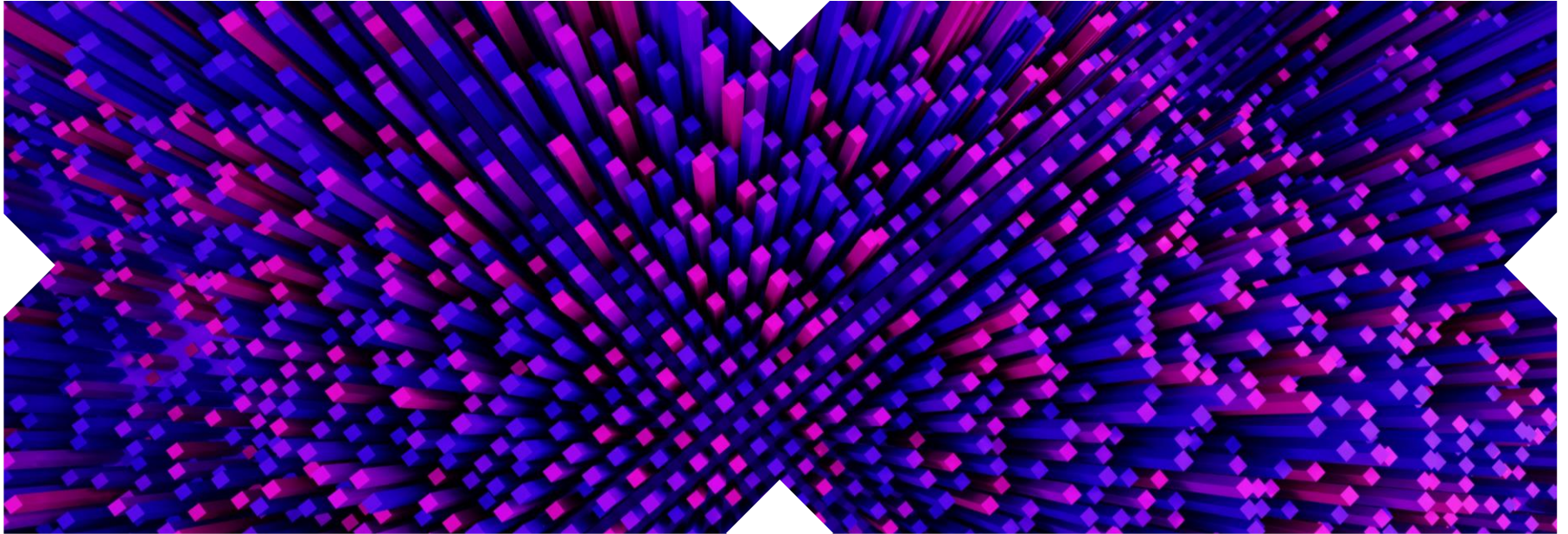


CHESS PROJECT BUSINESS DESIGN WORKING GROUP



NON-BATCH PAYMENTS FOCUS GROUP
9 SEPTEMBER 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
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- Please introduce yourself when talking for the benefit of all members
- Meeting is being recorded for the purposes of capturing decisions and actions
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- Presentation materials were distributed before the meeting and will be published on the website.

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Agenda

01	Introduction and Objectives	15 min
02	Non-Batch Payment Use Cases	15 min
03	Payment Services Landscape	20 min
04	CHESS-RTGS	20 min
05	NPP PayTo	20 min
06	Payment Facility Considerations	15 min
07	Next Steps	15 min

01 Introduction and Objectives

Workshop Objectives and Outputs

The purpose of this Business Design Working Group session is to inform selection of the channel to be used for non-batch payments.

Objectives

- Collect expertise and input to understand existing and future payment processes to inform selection of the non-batch payment channel for the CHES Project
- Determine and refine what functional scope is required in the CHES system to support the selected payment channel

Outputs

- Summary of the session and any applicable actions prepared for the Technical Committee
- Updates to the Business Design Documents (as necessary)
- 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	19 August 2025	Complete
20	Non-Batch Payments Focus Group	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

Non-Batch Payment Use Cases

Non-Batch Payment Use Cases - Overview

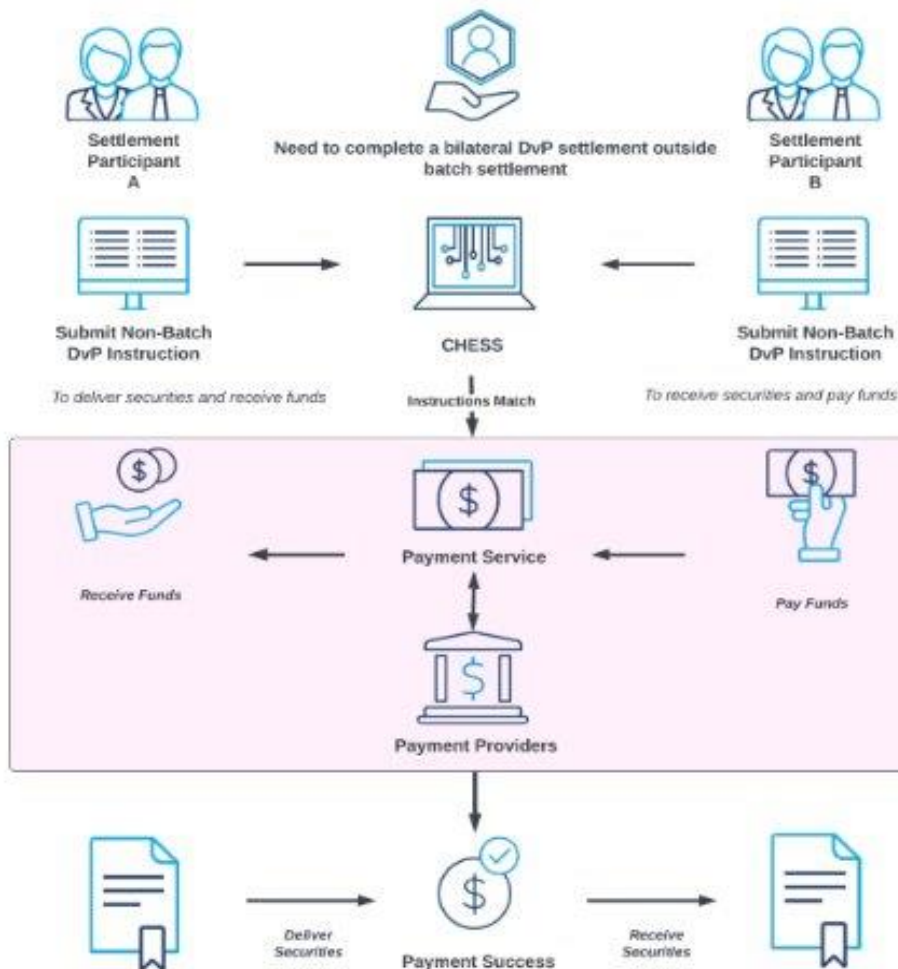
Functionality	Description	Notes
Non-Batch DvP Bilateral Settlement	<ul style="list-style-type: none">• The ability to settle bilateral DvP transactions on an intra-day, gross basis• Settlements are facilitated between two Settlement Participants	<ul style="list-style-type: none">• Identified in the T+1 Whitepaper responses as a key enabler for T+1 and a preferred alternative to a second batch• May be considered as a contingency approach for default management or other exceptions
Corporate Action Election and Acceptance Processing	<ul style="list-style-type: none">• For Corporate Action events requiring a payment from the holder to participate, the election may need to be accompanied by a payment facilitated by CHES• Payments will be sent from the Participant to the Issuer via their Share Registry	<ul style="list-style-type: none">• CHES does not currently facilitate payments between Participant and Issuer• Further details on the specific workflows will be discussed in a dedicated BDWG
Future Considerations	<ul style="list-style-type: none">• Cash market margining payments, including intra-day margin• Overnight margin call (ASXCL Futures)*• Future settlement models and services (e.g. T+0, atomic settlement)	<ul style="list-style-type: none">• The selected non-batch payment channel could also be used to support other current or future use cases.

** Additional ASX consideration outside of scope of CHES*

Non-Batch DvP

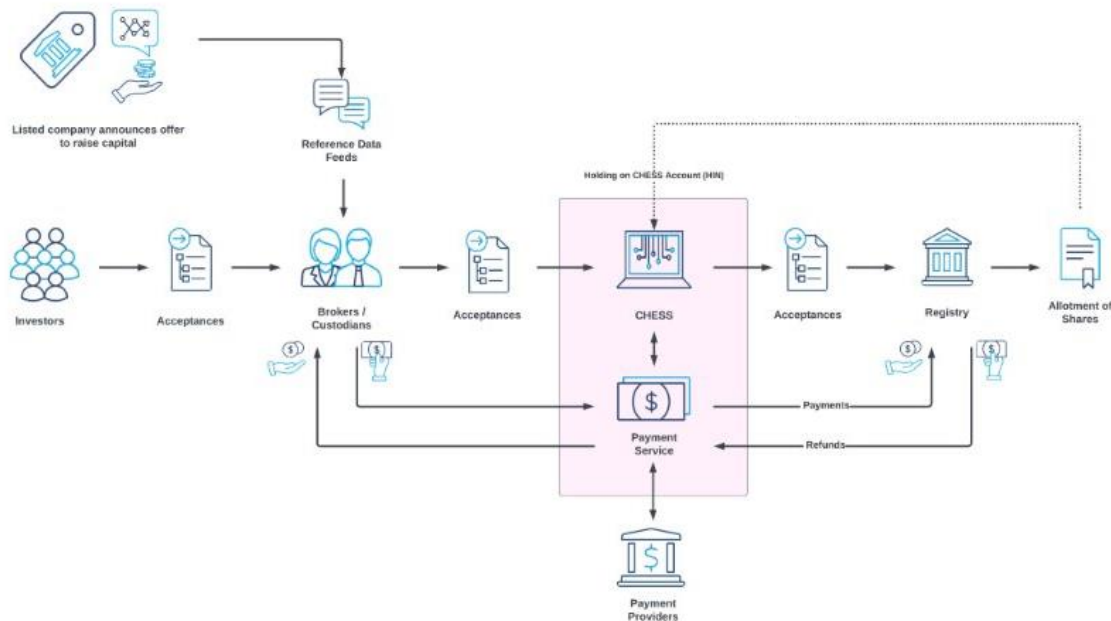
High Level Overview

- As discussed, and presented in previous working groups, non-batch DvP will be enabled using a RTGS Indicator flag in the consolidated settlement instruction messaging
- Rather than scheduling for batch, setting the flag to “true” would trigger a payment obligation, to be generated between the Participants’ Payment Providers
- Participants would be informed of the payment status via settlement instruction status messages
 - Pending Payment (sese.024 - AWMO)
 - Payment Accepted – Confirmed / Settled (sese.025)
 - Payment Rejected – Failed (sese.024 – MONY)
- During payment processing units will be locked, and following payment completion the units will be transferred – achieving DvP.



Corporate Action Payments

High Level Overview



Corporate Action Payment Processing will be discussed in further detail in a dedicated BD WG, including whether it is necessary for the payment to occur in CHESS for Rights and SPPs

- For CHESS payments facilitated by ASX, the following considerations are assumed:
 - Participant acceptance / payment only - not expected to change the existing processes for retail shareholders
 - A single aggregated payment would be facilitated daily at COB for per Participant / Issuer combination (existing practice in BaNCS and CSDs)
 - Each Corporate Action would require a payments to a dedicated bank account of the Issuer (being similar to the existing practice for the Primary Market Facility)
 - A payment reference would be used to associated the payment made with one or more Corporate Action elections
 - Refunds / scale-backs may require payment from Issuer to Participant (further evaluation required).

03 Payment Services Landscape

Payment Service Options

Feeder Option	ASX Payment Initiation	Payment Type	ASX Connectivity	Payment Provider Access	Operating Hours	Liquidity Management	Central Bank Money	Other considerations
CHESS-RTGS	RITS	Gross	Dormant	All (onboarding required)	RITS hours	Yes	Yes	Work required by Payment Providers includes onboarding
NPP (FSS)	NPP Network	Gross	None	2 not currently supported	24x7	No	Yes	Most strategic / long term option
Austraclear	RITS	Gross	Production	All	RITS hours	Yes	Yes	Requires integration into Austraclear
CHESS-Batch	RITS	Net	Single-batch only	All	One-off	Yes	Yes	Whilst it would be technically feasible to run batch more than once per day, industry feedback has previously been strongly against this
PDS (HVCS)	Not supported	Gross	None	All	RITS hours	Yes	Yes	Not available to initiate payments as a third party

Payment Service Options

ASX is currently seeking feedback on two payment services, to be discussed in further detail over the following slides

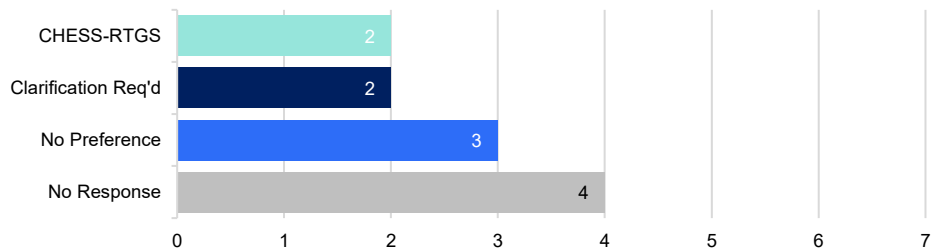
CHESS-RTGS	NPP
<ul style="list-style-type: none">• Integration is likely to be the most straightforward from an ASX development perspective• May require further complex development work based on the approval process (see later slide)• Unclear how much operational and / or technical work by Payment Providers is required• Constrained by current RITS operating hours<ul style="list-style-type: none">• Currently 7:30am to 5:20pm, with an evening session until 10pm available to eligible members	<ul style="list-style-type: none">• ASX would need to become a Connected Institution, more technical and operational work required by ASX as a result• Anticipated to be the more long-term payments infrastructure• Unconstrained by RITS operating hours, supports 24x7 payments in central bank money

Summary of Survey Responses

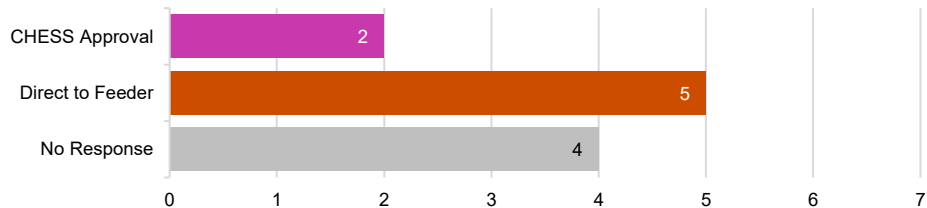
Payment Providers were asked to provide feedback on their preferences around feeders, real-time payment automation and limits

Payment Provider Feedback

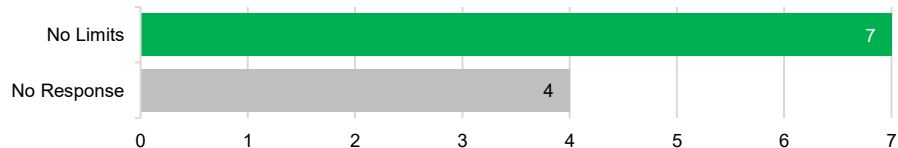
Feeder Preference



Payment Approval Preference



CHES Limits Preference

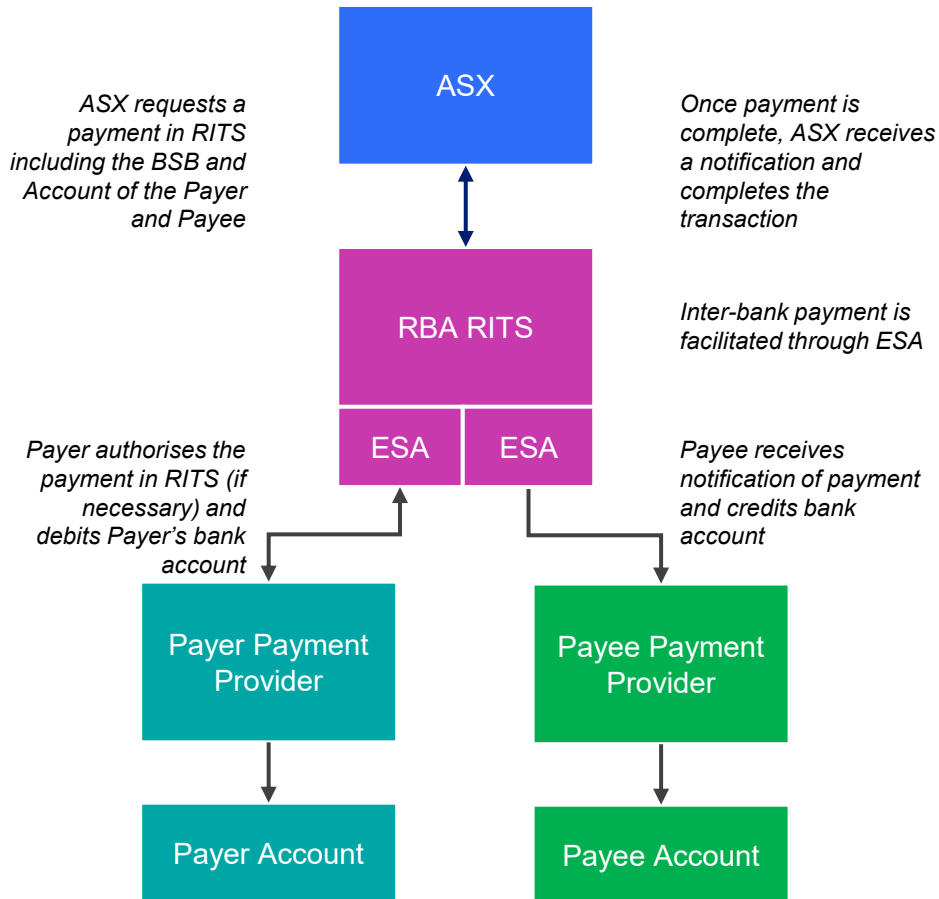


04 CHESS-RTGS

CHESS-RTGS Overview

CHESS-RTGS is a dedicated feeder to the RBA. It is not the same as the RTGS payment service within RITS.

- CHESS-RTGS was developed for current CHESS, though it is currently dormant and hasn't been used in production. It was upgraded to an ISO 20022 interface in the previous iteration of the Project
- Payment Providers are not currently using this service; it is anticipated it would operate in an equivalent way to Austraclear payments from a Payment Provider perspective. This should allow Payment Providers to leverage existing automation (including the AIF)
- The CHESS-RTGS service would be subject to current RITS operating hours
- RITS and Payment Provider transaction fees may apply.



CHESS-RTGS

Approval Process

CHESS-RTGS payments are facilitated in RITS at an inter-bank level. This means the Payer's Payment Provider must confirm that sufficient funds are available.

Options	Action in CHESS	Action in RITS	Considerations
Management of Payment Provider approvals (akin to CHESS Batch workflow)	<ul style="list-style-type: none"> Approve / reject each payment 	<ul style="list-style-type: none"> Payment sent to RITS in an <i>active</i> status No approval required in RITS 	<ul style="list-style-type: none"> Similar to existing batch process Process developed in previous CHESS Project May be received that this would potentially be prohibitive for real-time payments
Limits in CHESS	<ul style="list-style-type: none"> Management of daily limits in CHESS No action per payment if under limit Credit management if limit is reached 	<ul style="list-style-type: none"> Payment sent to RITS in an <i>active</i> status No approval required in RITS 	<ul style="list-style-type: none"> Similar to process used by some Participants in Austraclear Requires material additional build and test by industry and ASX Increased messaging and complexity in for Payment Provider build
Authorisation in RITS only (<i>preferred</i>)	<ul style="list-style-type: none"> No action in CHESS 	<ul style="list-style-type: none"> Payment sent directly to RITS in a <i>deferred</i> status Credit management / approvals managed in RITS 	<ul style="list-style-type: none"> Payment Providers could leverage existing processes and automation (e.g. the AIF)



With the objective of supporting automation of real-time payments, would your organisation prefer approving payments in CHESS, or have the transactions sent directly to the payment feeder for approvals and credit management? Responses: CHESS approval (2), directly to payment feeder (5)
 Would your organisation also benefit from having limits (and limit/credit management) built into CHESS? Responses: No or N/A (7)

05 NPP PayTo

NPP PayTo Overview

NPP Participation Types

NPP currently provides three connectivity options:

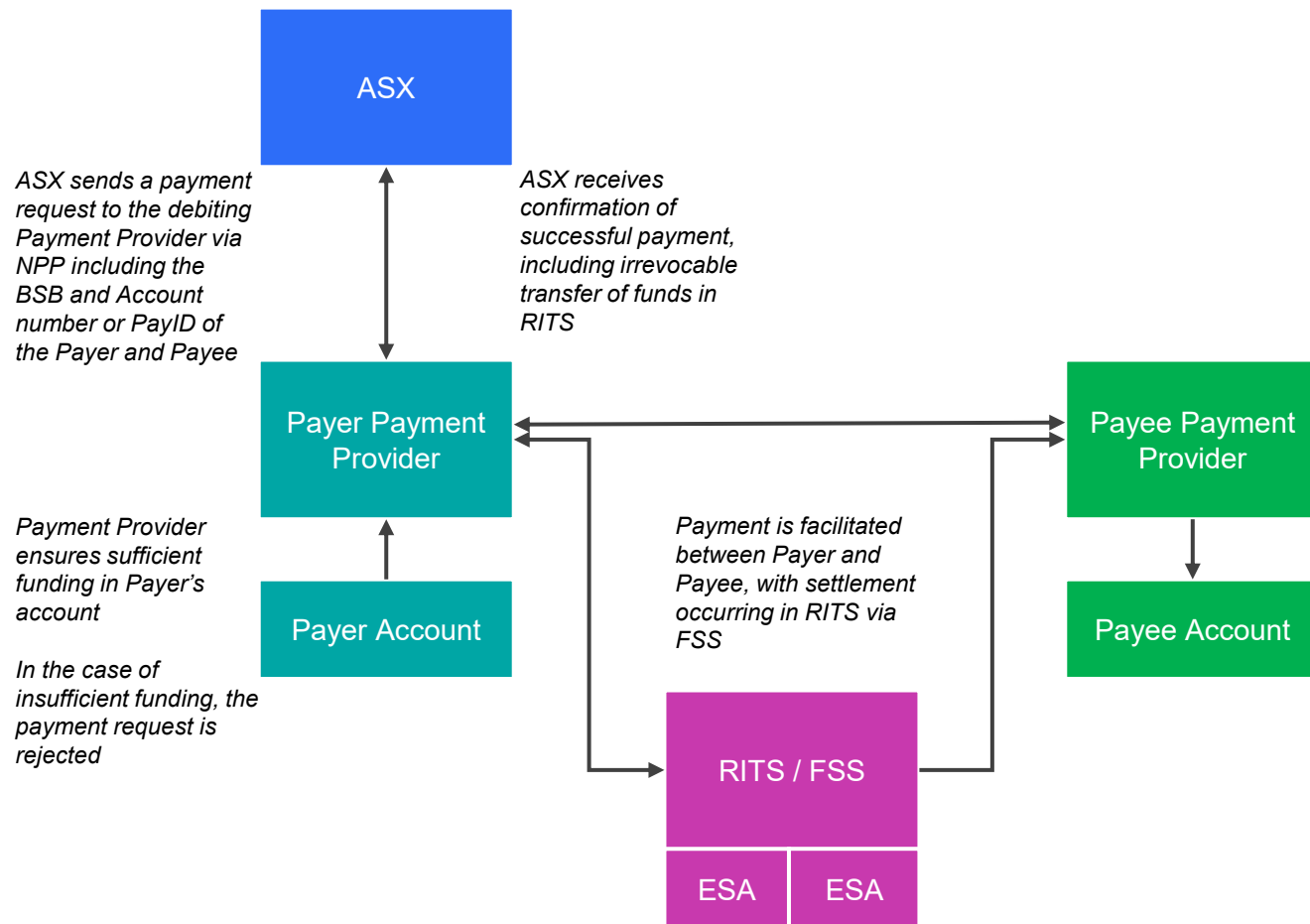
1. **NPP Participant** – suitable for ADIs, not applicable to ASX as a non-ADI
2. **NPP Connected Institution** – direct connection to the NPP to initiate instructions to NPP Participants
3. **NPP Identified Institution** – indirect connection via sponsoring NPP Participant.

ASX is evaluating whether to become an NPP Connected Institution

PayTo

- PayTo would be used for the management of authorities for ASX to debit bank accounts
- ASX would request authority to debit the applicable bank accounts of Participants. Participants would need to grant authority using PayTo which could be to a given limit if necessary
- Payment Providers would need to ensure sufficient liquidity available to NPP in their ESA accounts
- It is assumed that authorisation in CHESX would not be required given NPP Participants perform funding checks as part of the process
- NPP does not have the ability to defer or hold payment requests to manage liquidity. If insufficient funding is available, the payment is rejected and must be reinstructed.

NPP PayTo Overview



06 Payment Facility Considerations

Payment Facility Considerations

Current Framework

- Currently ASX uses the concept of Payment Facilities to represent a bank account for settlement purposes. These use Payment Facility IDs as an alias rather than holding bank account details
- Payment Providers currently manage any mappings to underlying bank accounts. It is possible for a Payment Provider to associate a Payment Facility with multiple accounts
- Most Payment Facilities are stable and do not change frequently
- 1-2 Payment Facilities are created per month by ASX Operations, mainly to facilitate the Primary Market Facility

Non-Batch Considerations

- ASX would propose to retain the existing Payment Facility concept, with the following enhancements:
 - A Payment Facility could be flagged as eligible for the non-batch payment service
 - For eligible Payment Facilities, a BSB and Account Number (or alternative such as PayID) would be associated with the account
 - Enhancements would be evaluated in the existing operational process given the potential increase in the creation of Payment Facilities to support Corporate Action payments. In the case of NPP PayTo, mandates could potentially be triggered via CHESS as part of the process.

07 Next Steps

Next Steps and Future Topics

Next Steps

- ASX will prepare a summary of this session for the Technical Committee and ESPPSC
- ASX will be working to formalise a decision on the non-batch payment service based on feedback received and will provide updates in a future Technical Committee and ESPPSC

BDWG 9 October

- Deep dive on Release 2 Drop 4 functionality



Questions

Appendix

Payment Service Options

RITS Schedule of Fees, as sourced from the RBA

- The below Transaction Fees are paid by ESA holders (Payment Providers)
- Payment Providers may have additional fees to charge to their clients
- Billing cycle noted as being monthly, in arrears.

Type of Fee	Fee (exclusive of GST)	Paid by
RITS Volume Fee ^[a]	\$0.67 per settlement	Payer and Receiver
RITS Value Fee ^[b]	\$0.16 per \$1 million of total value settled per month (or part thereof)	Payer and Receiver
FSS Volume Fee ^[c]	\$0.0055 per settlement	Payer and Receiver
^[a] Excludes RITS Low Value Settlement Service.		
^[b] Excludes intraday, Open and Term RBA Repos.		
^[c] Value Fees are not levied on NPP Payments.		

Source: <https://www.rba.gov.au/payments-and-infrastructure/rits/membership/schedule-fees.html>



Thank you

ASX

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