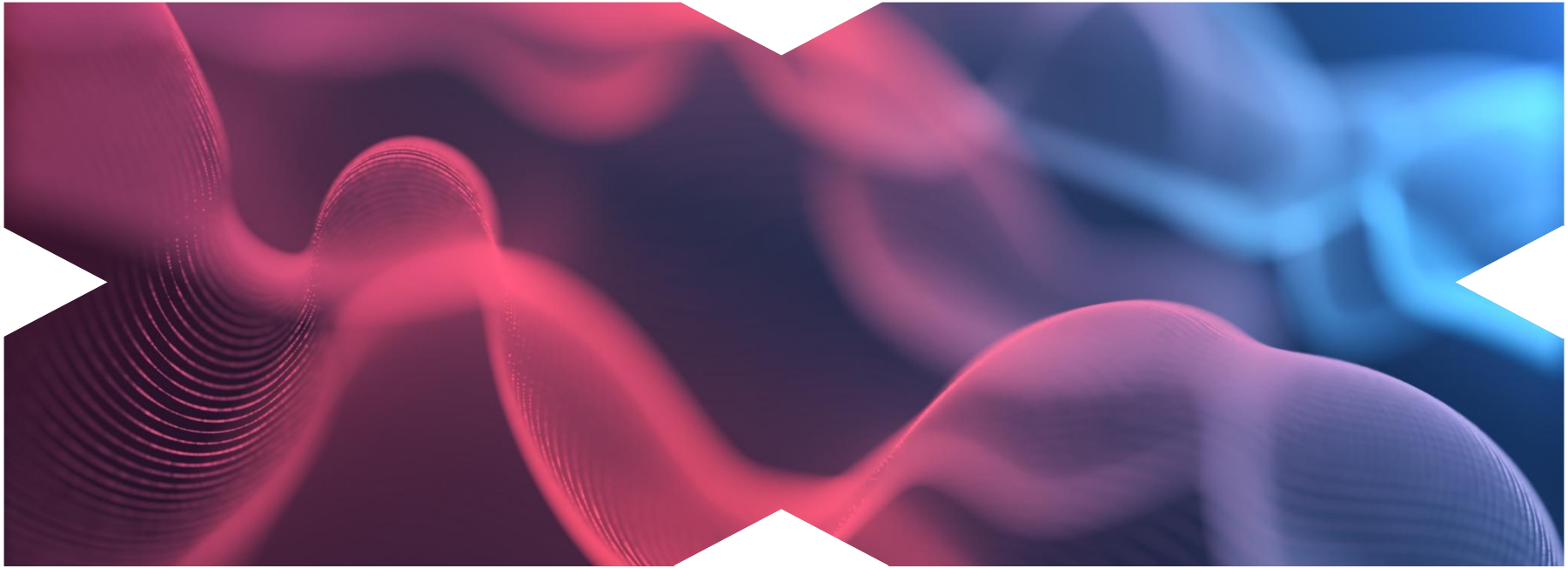
CHESS PROJECT ISSUER NEWSLETTER

For Issuers with financial products in CHESS

October 2026



Release 2 of the CHESS Project is of relevance for Issuers, particularly through Share Registry processes and related arrangements

WHAT THIS UPDATE COVERS

- The current status of the CHESS Project and why Release 2 matters to Issuers
- Planned changes to investor records, Issuer Sponsored Holdings and Corporate Actions

WHO IS THIS UPDATE FOR

- Company secretaries
- Investor relations
- Corporate actions, finance and operations teams at Issuers with financial products in CHESS
- Anyone who works with your Share Registry.

KEY TAKEAWAYS FOR ISSUERS

- Current CHESS continues to operate
- Release 1 is complete
- Release 2 is underway and is relevant to Issuers
- Issuers will receive plenty of notice before any action or deadline affects them.

CHESS and Issuer Connection

How CHESS supports holdings and connects with an Issuer's Share Registry

What CHESS does

CHESS supports the clearing and settlement of cash equity transactions and records holders and their holdings on the CHESS sub-register.

Clearing and Settlement

Facilitates post trade activities including the exchange of securities and funds.

Holding Records

Maintains the CHESS sub-register as part of the broader system of ownership records.

How holdings and Investor information flows today

Investors hold securities on either the CHESS sub-register or the Issuer sponsored sub-register.

Sponsoring Participant

Establishes and manages the investor's CHESS account

CHESS Sub-register

Records CHESS-sponsored holdings using a Holder Identification Number (HIN).

Share Registry

Maintains the Issuer's register, including Issuer-sponsored holdings recorded against a Security Reference Number (SRN).

An Issuer's Share Registry maintains the register of members and supports corporate actions and investor communications.

CHESS Project - Two releases, one journey

Release 1 laid the foundation. Release 2 has broader relevance for Issuers.

RELEASE 1 | COMPLETE

The foundation

Went live in April 2026 and modernised the clearing component of CHESS, introducing Financial Information eXchange (FIX) messaging for trade registration for all approved market operators.

No Issuer action was required.

RELEASE 2 | IN PROGRESS

Broader relevance

Will modernise the settlement and sub-register functionality, deliver improved corporate action functionality and make further enhancements to clearing. It will also introduce global standard ISO 20022 messaging for Participants, Share Registries and Payment Providers.

Including some changes to clearing.

WHO'S INVOLVED

Issuers

Stay informed, nominate the right contacts and work with your Share Registry.

Share Registries

Lead much of the detailed operational assessment for Issuers.

Participants

Brokers and custodians that clear and settle trades.

Software and Payment Providers

Build, test and support connections.

ASX

Designs, builds, tests and consults with industry.

Shaped with industry: Release 2 scope was refined through industry workshops, with scope objectives endorsed by the ASX Business Committee. Since 2023, 31 Business Design Working Group (BDWG) sessions have been held to support detailed design, alongside monthly Technical Committee meetings since February 2023.

Why we are modernising CHESS – and what will it deliver

Building a stronger foundation for an evolving market

While CHESS continues to serve the Australian market well, ASX is committed to contributing to the future development of Australia's cash equities market through the CHESS Project – to support the market's dynamic nature and respond to evolving needs for scalability, flexibility and innovation.

The CHESS Project is a multi-year Project to upgrade the existing CHESS system through a more resilient platform built on global messaging standards (ISO 20022), with room to introduce new capabilities over time.

BUSINESS AS USUAL

Current CHESS continues to operate while ASX maintains and invests in it, and develops and tests the future platform with industry.

Issuers will receive plenty of notice before any action or deadline affects them.

WHAT THE NEW SYSTEM IS DESIGNED TO DELIVER

Core infrastructure

- ISO 20022 messaging
- FIX messaging
- Scalability
- Resilience and security
- Availability target of 99.95%

Modular architecture

- Clearing
- Settlement
- Subregister
- Corporate actions
- Data platform

Industry-driven improvements

- Investor data
- Corporate action elections
- ETF improvements
- Automated payments

Platform for the future

- Data access enablement
- Regular release model
- T+1 ready

EXPECTED BENEFITS OF THE NEW PLATFORM

Improved scalability

able to support future market growth

Industry investment

reuse of global messaging standards

Interoperability

standardised interfaces

Innovation-ready

connectivity with emerging technologies

What Release 2 means for the market

Most of the technical change sits with CHESS users – including your Share Registry

CHESS user	Proposed change
Approved Market Operators	No major change from Release 1, noting that AMOs will need to be involved in coordinated industry test phases such as Industry Wide Testing.
Clearing Participants	Transition from the current CHESS messaging (EIS) to ISO 20022. Changes to clearing processes, including continuous netting and position accounts with optional segregation.
Settlement Participants	Transition to ISO 20022 and a new CHESS User Interface. Changes to settlement processes, delivering the technical foundations for T+1. New corporate action workflows and non-batch DvP settlement
Share Registries	Enhanced investor and holding data, streamlined Issuer-sponsored processes and improved corporate action workflows.
Payment Providers	A new payment channel for real time gross settlement and automation of payment provider authorisations. Transition to ISO 20022, SWIFT and a new CHESS User Interface.

ISSUER LENS

There is no direct system build for you.

But the changes flagged for Share Registries – Issuer sponsored workflows, Investor information and Corporate Actions – are the ones most likely to touch your business.

That's why your Registry is your most important partner through Release 2.

Release 2 scope at a glance

Five functional areas – two of them are where Issuers are most likely to notice change

Clearing

The processes involved in the validation and registration of trades, including the mechanisms for novation and netting.

MAINLY PARTICIPANTS

Settlement

Activities required to transfer ownership of securities and the corresponding payments.

MAINLY PARTICIPANTS

Subregister

Maintenance of the official record of securities ownership on the CHESS subregister, including recording changes in ownership, managing holdings, interactions with the Issuer sponsored subregister and ensuring the integrity and accuracy of the CHESS subregister.

MOST RELEVANT TO ISSUERS

Corporate action services

The processing of events initiated by Issuers that affect their securities and the holdings of investors. This includes dividends, takeovers and rights issues.

MOST RELEVANT TO ISSUERS

Connectivity interfaces and data access

The connectivity interface and data access options in the new system – ISO 20022 messaging, a CHESS User Interface

MAINLY PARTICIPANTS

Industry workshops (which included Share Registries) focused on three areas to shape the scope.

1. **S**ub-register and Issuer sponsored enhancements and process improvements
2. Settlement improvements and enhancements
3. Corporate Action processing efficiencies.

Given the size and duration of the Project, ASX acknowledges scope may need to be revisited with industry – any changes are progressed through the Technical Committee and/or Business Committee.

Spotlight: Investor Information and Registration Details

Better quality holder data and a more consistent investor experience

Release 2 is intended to upgrade and modernise the CHESS sub-register to provide more structured holder details, with optionality for the capture of additional investor information, to support Share Registry services.

STANDARDISED REGISTRATION DETAILS (PROPOSED)

Full names

Entry of full names and designations without abbreviations

Joint holders

Support for up to four joint holders (increasing from 3)

Structured addresses

Addresses captured in a structured format with clearly delineated fields

Communication preferences

Including email addresses and mobile numbers

ADDITIONAL INVESTOR INFORMATION (BEING EXPLORED)

Industry has asked whether CHESS could hold and pass additional investor information to Share Registries, where a Participant elects to provide it – so investors don't have to provide the same information to multiple parties.

Information includes:

- Bank account details (including foreign bank accounts)
- Dividend Reinvestment Plans (DRPs)

Why it matters

A standardised format seeks to minimise multiple holdings being created for the same holder with inconsistent details – for example 'Ms Jane A Smith' and 'Ms Jane Amelia Smith'. It would reduce the cost of managing holdings and conversions between subregisters and help identify holders more accurately.

Collection, use and disclosure of Holder information will continue to be governed by the ASX Settlement Operating Rules and applicable laws and regulations.

Spotlight: Issuer Sponsored Processes

Faster, more automated movements between the Issuer sponsored and CHESS subregisters

Transfers and Conversions

- Removing reliance on paper forms and manual processes
- Accelerating transfers and conversions
- Minimising Share Registry rejections
- Richer rejection messages to resolve mismatches

Expected Share Registry response time to reduce from 5 days to the same business day

Faster SRN enquiries

- A single, multi-purpose SRN enquiry workflow
- More detailed SRN and holding information, such as available balances and holder status
- More effective resolution of mismatches
- Increased automation to respond the same business day

Helps resolve SRN and registration mismatches more quickly for investors

Conversion from HIN to SRN

- Including conversions triggered by de-listings
- Share Registries could respond with the SRN allocated, with the participant confirming investor consent
- The SRN would not be stored in CHESS
- Automated information on each security's current subregister status

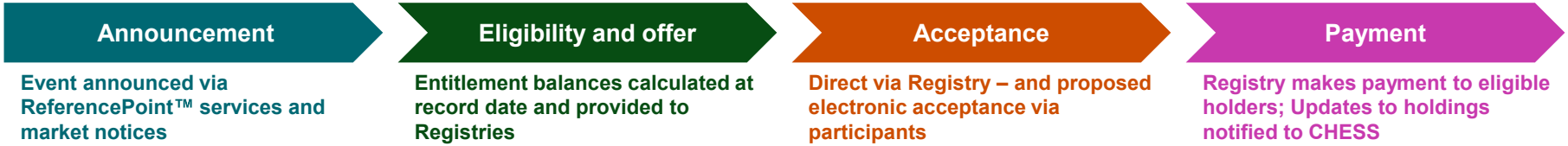
Gives brokers and investors certainty about where the holding now sits

Paperless and digital: Release 2 proposes greater use of digital communications, helping reduce reliance on paper communications and supporting a more efficient experience for Issuers, Participants, Share Registries and Investors.

Spotlight: Corporate Actions

Exploring more straight-through processing between participants and Share Registries

Australia's corporate action ecosystem is complex. Processing is managed by Share Registries with the support of CHESS. Release 2 also aims to provide the technical capabilities for additional corporate action improvements.



Takeovers and buybacks

- **Bank account details sent with acceptances where there's a cash payment**
- Acceptances against global ISO standard option codes, replacing proprietary takeover codes
- Electronic finalisation of takeovers and buybacks, managed directly by the bid offeror

Elections and payments

- Pass-through of elections for optional events such as entitlement issues, share purchase plans and DRPs
- Where payment is needed, it flows from participant to Registry via a real-time payment service.
- Registries remains responsible for managing the corporate action event.

Distribution information

- Standardised electronic distribution details from Registries to eligible holders
- Cash and unit movements
- Cash continues to be paid directly by Issuers (or Registries) to holders, outside CHESS

Good to know: Based on industry feedback, use of some features may commence on a phased basis after Release 2 go-live.

The Journey Ahead For Issuers

2026

Design, build and testing

Stay informed. Confirm contacts and keep your Registry conversation going.

2027

Consultation and planning

Review operating rule and pricing consultation materials when published.

2027-2028

Industry preparation

Assess confirmed impacts and support readiness planning with your Registry.

2029

Indicative implementation

Complete required preparation, rehearsals and transition activities.

Readiness Milestones Along the Way

Industry testing

Share Registries and other CHESS users will complete readiness testing, operational readiness and Industry Wide Testing.

Dress rehearsals

Implementation Dress Rehearsals are mandatory for all CHESS users, rehearsing the go-live weekend end to end.

Rules and fees

ASX proposes to consult on Operating Rule changes in 2027 and to separately engage on fee structures for new and changing services.

Notice of go-live

ASX expects to communicate the target go-live date to the market at least 12 months in advance.

Scope, timing and the implementation approach remain indicative and subject to Project governance, consultation and delivery processes.

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