

## SECTION 6 RIGHTS AND OBLIGATIONS OF PARTICIPANTS

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## SECTION 6 RIGHTS AND OBLIGATIONS OF PARTICIPANTS

This Section sets out Participants' rights and obligations:

- (a) to comply with the Rules and, in particular, to continue to comply with the admission requirements of Section 4 and to be responsible for any Third Party Providers used by the Participant;
- (b) in relation to the establishment of Payment Facilities and Direct and Sponsored Holdings, the operation of Settlement and Accumulation accounts, the Transfer of Financial Products to facilitate settlement of Cash Market Transactions, access to Holdings and the collection and content of Messages and Instructions; and
- (c) to keep accurate records and provide accurate information to ASX Settlement.

### 6.1 GENERAL OBLIGATIONS OF A PARTICIPANT

#### 6.1.1 Participant must continue to satisfy requirements and comply with Rules

A Participant must at all times:

- (a) continue to satisfy the applicable requirements for that Participant set out in Section 4; and
- (b) comply with these Rules and the Procedures and any rules, practices, directions, decisions and requirements of ASX Settlement.

Nothing in paragraph (b) is intended to make a breach of a Procedure a breach of these Rules, except where Rule 1.4.2 or another provision of these Rules makes it a breach.

Introduced 11/03/04 Origin ASX 5B.1.1

### 6.2 PARTICIPANT RESPONSIBILITY FOR INDIVIDUALS INVOLVED IN ITS BUSINESS AND ACCURACY OF INFORMATION

#### 6.2.1 Responsibility for individuals involved in business

A Participant is responsible for all actions and omissions of persons involved in its business as a Participant including, without limitation, its Employees.

Introduced 11/03/04 Origin ASX 5B.1.2 Amended 15/06/15

#### 6.2.2 Information given by Participant

A Participant must ensure that all information which the Participant gives to ASX Settlement is complete, accurate and not misleading. If a Participant becomes aware that information which it, has given previously to ASX Settlement was or has become incomplete, inaccurate or misleading, the Participant must promptly notify ASX Settlement in writing.

Introduced 11/03/04 Origin OCH 18.13.1 Amended 25/05/15, 15/06/15

## **6.3 HOLDINGS UNDER A PARTICIPANT'S CONTROL**

### **6.3.1 Establishment of Holdings on a CHESSE Subregister**

A Participant may only establish and maintain a Holding on a CHESSE Subregister in accordance with this Rule 6.3.

Introduced 11/03/04

### **6.3.2 Direct and Sponsored Holdings**

A Participant may establish and maintain on a CHESSE Subregister:

- (a) Direct Holdings; and
- (b) if the Participant is a Sponsoring Participant, Participant Sponsored Holdings.

A Sponsoring Participant must not establish or maintain a Participant Sponsored Holding on a CHESSE Subregister unless the Sponsoring Participant and the Holder have entered into a Sponsorship Agreement in accordance with Section 7 of the Rules.

Introduced 11/03/04 Origin SCH 9.2.1, 10.2.1

### **6.3.3 Holding under the control of a Participant**

Subject to Rule 6.3.3A, a Participant may only control a CHESSE Holding on behalf of another person if:

- (a) the Holding is designated in CHESSE as a Direct Holding and the person is a Related Body Corporate of the Participant; or
- (b) the Participant is a Sponsoring Participant and:
  - (i) the Holding is designated in CHESSE as a Participant Sponsored Holding; and
  - (ii) the Sponsoring Participant has a Sponsorship Agreement in place which complies with Section 7.

*Note: Notwithstanding that a Clearing Holding may include Financial Products held in trust for the benefit of a client, for the purposes of this Rule 6.3.3 the Participant will not be considered to control that Clearing Holding on behalf of that client.*

Introduced 11/03/04 Origin SCH 10.2.1A 10.2.1B Amended 21/03/14, 28/04/14

### **6.3.3A AQUA Products under the control of a Product Issuer Settlement Participant**

A Product Issuer Settlement Participant may only control a CHESSE Holding on behalf of another person if:

- (a) the Holding is designated in CHESSE as a Holding of the person who is the Issuer of the AQUA Products;
- (b) the Holding is of AQUA Products; and

- (c) the relevant quantities of the AQUA Products' underlying securities are held by the Issuer's agent prior to the creation of the AQUA Products.

Introduced 21/03/14

#### **6.3.4 Settlement and Accumulation Accounts**

A Settlement Participant:

- (a) must unless otherwise agreed by ASX Settlement or specified in the Procedures, establish:
- (i) one Settlement Account and one Accumulation Account to facilitate the settlement of transactions in Approved Financial Products; and
  - (ii) where a Settlement Participant provides settlement services on behalf of Clearing Participants, one Settlement Account and one Accumulation Account for and in the name of each Clearing Participant to facilitate the settlement of transactions in Approved Financial Products;
- (b) unless otherwise agreed by ASX Settlement or specified in the Procedures, must establish one Settlement Account and one Accumulation Account with a Residency Indicator of "F" to facilitate Foreign to Foreign Allocations;
- (c) may establish the Settlement Account and Accumulation Account in the name of the same Nominee Company; and
- (d) except as provided for in Rule 6.3.5, must not, without ASX Settlement's written consent, use a Settlement Holding or an Accumulation Holding for Custodial Purposes. Where ASX Settlement provides such consent, the Settlement Participant must comply with any terms or conditions imposed by ASX Settlement and any failure by the Settlement Participant to do so will constitute a breach of this Rule.

ASX Settlement will not provide consent under paragraphs (d) above to the use of Settlement Holding or Accumulation Holding for Custodial Purposes if in its opinion a lessening of investor protection may result.

*Note: ASX Settlement may, at its discretion, exempt a Settlement Participant from the requirement to operate "Foreign" entrapot accounts where ASX Settlement is satisfied that the Settlement Participant will not participate in "Foreign to Foreign" trades.*

Introduced 11/03/04 Origin SCH 9.2.2, 9.2.3, 10.2.2, 10.2.3

#### **6.3.5 Financial Products in a Settlement or Accumulation Holding**

A Settlement Participant may not hold the same Financial Products in a Settlement Holding or an Accumulation Holding for a period greater than 2 Business Days except if, in the case of Financial Products in an Accumulation Holding:

- (a) a current sell order from a client in respect of those Financial Products remains outstanding;

- (b) where the Financial Products comprise AQUA Products, a request for redemption in respect of those Financial Products remains outstanding;
- (c) the Financial Products were acquired by the Settlement Participant on the instructions of a client and that client has not paid the purchase price for those Financial Products; or
- (d) each of the following apply:
  - (i) the constitution of the Issuer of the Financial Products does not permit Holdings of less than a marketable parcel;
  - (ii) only some of the Financial Products acquired by the Settlement Participant on the instructions of the client have been Transferred to the Settlement Participant; and
  - (iii) Transfer by the Settlement Participant of those Financial Products to a Holding would contravene Rule 8.10.2.

Introduced 11/03/04 Origin SCH 9.2.4 Amended 21/03/14, 07/03/16

### **6.3.6 Transfer out of an Accumulation Holding**

If Financial Products are being held in an Accumulation Holding of a Settlement Participant for a period greater than 2 Business Days other than where permitted under Rule 6.3.5 and where no consent has been given by ASX Settlement under Rule 6.3.4(d) the Settlement Participant must initiate a Message to Transfer those Financial Products to the Holding of a client within 2 Business Days of the date upon which the last of the circumstances in Rule 6.3.5 ceases to apply.

Introduced 11/03/04 Origin SCH 9.2.5 Amended 07/03/16

### **6.3.7 Account Participant not to establish Accounts for settlement**

An Account Participant must not establish a Settlement Account or an Accumulation Account.

Introduced 11/03/04 Origin SCH 9.2.2A

## **6.3A RECONCILIATION OF ACCUMULATION ACCOUNT HOLDINGS**

### **6.3A.1 Client Financial Products in Accumulation Account**

Financial Products received by the Settlement Participant from a client (or from a person acting on behalf of the client) or for the benefit of the client in connection with dealings in Cash Market Transactions (including Financial Products to which Division 3 of Part 7.8 of the Corporations Act applies) which are held in an Accumulation Account established by the Settlement Participant are held on trust for the benefit of the client.

*Note: This Rule 6.3A.1 applies whilst such Financial Products are held in the Settlement Participant's Accumulation Account and does not preclude the Settlement Participant transferring such Financial Products into its Settlement Account for the purpose of facilitating settlement of transactions in those Financial Products.*

Introduced 28/04/14

### **6.3A.2 Documenting Financial Products in Accumulation Account**

A Settlement Participant must maintain accurate documented records of the Financial Products held in an Accumulation Account established by the Settlement Participant which identify:

- (a) each person on whose behalf Financial Products in the Accumulation Account are held (including if Financial Products are held on its own behalf, the Settlement Participant); and
- (b) the number of Financial Products in the Accumulation Account held on behalf of each of those persons.

Introduced 28/04/14

### **6.3A.3 Reconciliation of Accumulation Account**

A Settlement Participant must perform a reconciliation, in the time, form and manner set out in the Procedures of the aggregate balance of Financial Products held at the close of business on each Business Day in an Accumulation Account established by the Settlement Participant and the corresponding balance of Financial Products in the Accumulation Account held on behalf of each person as recorded in the Participant's accounting records, that:

- (a) is accurate in all respects; and
- (b) contains a statement signed by an authorised person, stating that the signatory believes, and has no reason not to believe, that the reconciliation is accurate in all respects.

Introduced 28/04/14

### **6.3A.4 Obligation to notify ASX Settlement in respect of reconciliation**

A Settlement Participant must notify ASX Settlement within 2 Business Days in the manner set out in the Procedures if:

- (a) a reconciliation has not been performed in accordance with Rule 6.3A.3 and the Procedures under that Rule; or
- (b) according to a reconciliation performed pursuant to Rule 6.3A.3, there is a deficiency of Financial Products in an Accumulation Account established by the Settlement Participant or if it is unable to reconcile an Accumulation Account established by it pursuant to Rule 6.3A.3.

Introduced 28/04/14

## **6.3B TRANSFERS TO FACILITATE SETTLEMENT**

### **6.3B.1 Transfers or Conversions of Financial Products from a Holding to Settlement Account**

Subject to Rule 6.3B.7, a Settlement Participant must not Transfer or Convert Financial Products from a Holding to its Settlement Account in connection with the sale of Financial Products under a Cash Market Transaction, other than where:



- (a) for Financial Products in any Holding (including a CHES Holding), the Settlement Participant:
  - i. Transfers or Converts (as applicable) the Financial Products from the Holding to its Accumulation Account prior to being Transferred to the Settlement Account; and
  - ii. complies with Rule 6.3B.2 when Transferring the Financial Products from its Accumulation Account to the Settlement Account; or
- (b) for Financial Products in a CHES Holding (other than its Accumulation Account), the Settlement Participant complies with Rule 6.3B.3 when Transferring the Financial Products from the CHES Holding to the Settlement Account.

The Settlement Participant can satisfy the requirements under this Rule 6.3B.1 by complying with either paragraph (a) or (b) above, as applicable.

Introduced 25/05/15

### **6.3B.2 Transfer of Financial Products from Accumulation Account to Settlement Account**

Subject to Rule 6.3B.7, in order to Transfer Financial Products from its Accumulation Account to its Settlement Account in connection with the sale of Financial Products under a Cash Market Transaction, a Settlement Participant must Transmit a Valid Single Entry Batch Message that contains the Client Trust Receivable Amount in respect of those Financial Products, in the manner set out in the Procedures.

If there are sufficient Available Financial Products in the Accumulation Account and ASX Settlement treats the Message as a Single Entry Batch Instruction which it schedules for settlement in accordance with Rule 10.9.11, such Client Trust Receivable Amount will be scheduled to be paid by the Settlement Participant to the Client Trust Account on the relevant Settlement Date in accordance with Rule 10.10A.

Introduced 25/05/15

### **6.3B.3 Transfer of Financial Products from a CHES Holding (other than Accumulation Account) to Settlement Account**

Subject to Rule 6.3B.7, in order to Transfer Financial Products from a CHES Holding (other than its Accumulation Account) to its Settlement Account in connection with the sale of Financial Products under a Cash Market Transaction, a Settlement Participant must Transmit a Valid Single Entry Batch Message that contains the Client Trust Receivable Amount in respect of those Financial Products, in the manner set out in the Procedures.

If there are sufficient Available Financial Products in the CHES Holding (having regard to other Batch Instructions affecting the CHES Holding scheduled for settlement on or prior to the relevant Settlement Date) and ASX Settlement treats the Message as a Single Entry Batch Instruction which it schedules for settlement in accordance with Rule 10.9.11, such Client Trust Receivable Amount will be scheduled to be paid by the Settlement Participant to the Client Trust Account on the relevant Settlement Date in accordance with Rule 10.10A.

Introduced 25/05/15

#### **6.3B.4 Transfer of Financial Products from Settlement Account to a Holding other than Accumulation Account**

Subject to Rule 6.3B.7, a Settlement Participant may use a Valid Single Entry Batch Message to Transfer Financial Products from its Settlement Account to a CHES Holding (other than its Accumulation Account) in connection with the purchase of Financial Products under a Cash Market Transaction which includes the Client Trust Deductible Amount (or part thereof) in respect of those Financial Products, in the manner set out in the Procedures.

If there are sufficient Available Financial Products in the Settlement Account (having regard to other Batch Instructions affecting the Settlement Account scheduled for settlement on or prior to the relevant Settlement Date) and ASX Settlement treats the Message as a Single Entry Batch Instruction which it schedules for settlement in accordance with Rule 10.9.11, the Client Trust Deductible Amount specified in the Valid Single Entry Batch Message will be scheduled to be receivable by the Settlement Participant from the Client Trust Account on the relevant Settlement Date in accordance with Rule 10.10A.

Subject to Rule 6.3B.4A, a Settlement Participant must not specify a Client Trust Deductible Amount in a Message under this Rule 6.3B.4 which exceeds the Client Trust Deductible Amount which applies in respect of the Transfer of those Financial Products at the time of transmitting that Message.

*Note: Pursuant to the definition of Client Trust Deductible Amount in Rule 6.3B.8, in order for a Client Trust Deductible Amount to be included in a Message under this Rule 6.3B.4 this money must have been received and be held in the Client Trust Account at the time of Transmitting the Message. Rule 6.3B.4A provides an exception for cash contra transactions where the Client Trust Deductible Amount specified in a Message Transmitted under Rule 6.3B.4 relies on the future payment of monies into the Client Trust Account pursuant to a Message under Rule 6.3B.2 to move Financial Products from the Participant's Accumulation Account to its Settlement Account which is settling on the same day.*

Introduced 25/05/15 Amended 18/04/16

#### **6.3B.4A Client Trust Deductible Amount under Rule 6.3B.4 in respect of cash contra transactions**

Where a Settlement Participant (or, if the Settlement Participant is acting as a Settlement Agent for a Clearing Participant for settling Cash Market Transactions, the Clearing Participant) is relying on the consideration from the sell side of a cash contra transaction in order to be able to withdraw money from the Client Trust Account in connection with the buy side of the cash contra transaction, and each of the following requirements are satisfied:

- (a) the sell side and the buy side of the cash contra transaction are:
  - (i) undertaken for the same client;
  - (ii) in respect of different Financial Products; and
  - (iii) to be settled on the same day;

- (b) the Settlement Participant has Transmitted a Valid Single Entry Batch Message under Rule 6.3B.2 in connection with the sell side of the cash contra transaction and the Message is treated by ASX Settlement as a Single Entry Batch Instruction which has been scheduled for settlement in accordance with Rule 10.9.11; and
- (c) the Settlement Participant seeks to Transmit a Valid Single Entry Batch Message under Rule 6.3B.4 in connection with the buy side of the cash contra transaction which specifies the date on which the Single Entry Batch Instruction referred to in paragraph (b) is scheduled for settlement as the scheduled Settlement Date in respect of the Transfer of Financial Products under the Batch Instruction arising from that Message,

then for the purposes of the Client Trust Deductible Amount which may be specified in the Message referred to in paragraph (c), the consideration from the sell side of the cash contra transaction included in the Client Trust Receivable Amount contained in the Message referred to in paragraph (b) is deemed to have been received by the Settlement Participant (or, if the Settlement Participant is acting as a Settlement Agent for a Clearing Participant for settling Cash Market Transactions, the Clearing Participant) and be held in the Client Trust Account at the time of Transmitting the Message referred to in paragraph (c), notwithstanding that Batch Settlement in respect of the Message referred to in paragraph (b) above has yet to occur.

Where the Message referred to in paragraph (b) is cancelled by the Settlement Participant pursuant to Rule 10.9.12 and the Settlement Participant had included in the Message referred to in paragraph (c) a Client Trust Deductible Amount which pursuant to this Rule 6.3B.4A relied on consideration from the sell side of the cash contra transaction, the Settlement Participant must cancel the Message referred to in paragraph (c) pursuant to Rule 10.9.12 prior to Batch Settlement on the scheduled Settlement Date for that Message.

*Note: The ability to include in a Valid Single Entry Batch Message under Rule 6.3B.4 the Client Trust Deductible Amount (or part thereof) in connection with the buy side of the cash contra transaction pursuant to this Rule 6.3B.4A remains subject to the Settlement Participant (or if the Settlement Participant is acting as a Settlement Agent for a Clearing Participant for settling Cash Market Transactions, the Clearing Participant) also being entitled to withdraw that amount from the Client Trust Account under ASX Clear Operating Rule 4.24 in accordance with the ordinary operation of the definition of Client Trust Deductible Amount.*

Introduced 18/04/16

### **6.3B.5 Payment to Client Trust Account for Transfers from Accumulation Account to any Holding**

Subject to Rule 6.3B.7, a Settlement Participant must ensure for any Financial Products held in its Accumulation Account, that where those Financial Products are Transferred to:

- (a) its Settlement Account in connection with the sale of those Financial Products under a Cash Market Transaction, that the Client Trust Receivable Amount in respect of those Financial Products under Rule 6.3B.2 is paid to the Client Trust Account concurrent with Batch Settlement on the day of the Transfer (and by

no later than the completion of Batch Settlement on that day) in accordance with Rule 10.10A; or

- (b) a Holding (other than the Settlement Account) in connection with the sale of those Financial Products under a Cash Market Transaction, that the Client Trust Receivable Amount in respect of those Financial Products is paid to the Client Trust Account on the day of the Transfer.

For the purposes of Rule 6.3B.5(a), a Client Trust Receivable Amount included in a Message under Rule 6.3B.2 can be set-off against a Client Trust Deductible Amount included in a Message under Rule 6.3B.4 which is scheduled for settlement on the same day, in accordance with Rule 10.10A.

Introduced 25/05/15

### **6.3B.6 Payment to Client Trust Account for Transfers from CHESS Holding (other than Accumulation Account) to Settlement Account**

Subject to Rule 6.3B.7, a Settlement Participant must ensure for any Financial Products held in a CHESS Holding (other than its Accumulation Account), that where those Financial Products are Transferred to its Settlement Account in connection with the sale of those Financial Products under a Cash Market Transaction, that the Client Trust Receivable Amount in respect of those Financial Products under Rule 6.3B.3 is paid to the Client Trust Account concurrent with Batch Settlement on the day of the Transfer (and by no later than the completion of Batch Settlement on that day) in accordance with Rule 10.10A.

For the purposes of this Rule 6.3B.6, a Client Trust Receivable Amount included in a Message under Rule 6.3B.3 can be set-off against a Client Trust Deductible Amount included in a Message under Rule 6.3B.4 which is scheduled for settlement on the same day, in accordance with Rule 10.10A.

Introduced 25/05/15

### **6.3B.7 Certain Transfers not subject to above requirements**

Rules 6.3B.1 to 6.3B.6 do not apply to a Transfer of Financial Products effected:

- (a) by a Settlement Participant from one of its Accumulation Accounts to another of its Accumulation Accounts;
- (b) by a Settlement Participant from one of its Settlement Accounts to another of its Settlement Accounts; or
- (c) between two Participants as result of giving effect to a Dual Entry Demand Transfer, a Dual Entry Batch Instruction or a Dual Entry Payment Batch Instruction.

Introduced 25/05/15

### **6.3B.8 Client Trust Receivable Amount and Client Trust Deductible Amount**

For the purposes of these Rules, the 'Client Trust Receivable Amount' in respect of Financial Products is the consideration for the sale of those Financial Products under the relevant Cash Market Transaction other than to the extent that:

- (a) the relevant Financial Products were not Financial Products of a client (or from a person acting on behalf of a client) or for the benefit of a client;
- (b) the Client Trust Receivable Amount has already been paid to the Client Trust Account; or
- (c) the Settlement Participant, or, if the Settlement Participant is acting as a Settlement Agent for a Clearing Participant for settling Cash Market Transactions, the Clearing Participant, is entitled to deduct from the consideration remuneration payable to it in connection with the sale of the Financial Products under that Cash Market Transaction and the Settlement Participant or the Clearing Participant (as applicable) deducts such amount.

For the purposes of these Rules, subject to Rule 6.3B.4A the 'Client Trust Deductible Amount' in respect of Financial Products is the money received by the Settlement Participant, or, if the Settlement Participant is acting as a Settlement Agent for a Clearing Participant for settling Cash Market Transactions, the Clearing Participant, in connection with the purchase of the Financial Products under the relevant Cash Market Transaction held in the Client Trust Account which the Settlement Participant or the Clearing Participant (as applicable) is entitled to withdraw from the Client Trust Account under ASX Clear Operating Rule 4.24.

Introduced 25/05/15 Amended 18/04/16

### **6.3B.9 Notification of non-compliance**

Without limitation to Rule 12.18, a Settlement Participant must notify ASX Settlement immediately upon it becoming aware that it has breached any of Rules 6.3B.1 to 6.3B.6.

Introduced 25/05/15

## **6.4 HOLDER IDENTIFICATION NUMBERS**

### **6.4.1 Participant to include HIN**

A Participant which has established a Holding on the CHESSE Subregister must include the relevant HIN allocated by ASX Settlement in Messages.

Introduced 11/03/04

### **6.4.2 Participant may nominate a Standing HIN for Messages**

A Participant may by Notice to ASX Settlement nominate one Standing HIN for each Message type listed in Appendix 2 of these Rules.

Introduced 11/03/04 Origin SCH 9.3.1, 10.4.1

## **6.5 COLLECTION OF MESSAGES FROM ASX SETTLEMENT**

### **6.5.1 Participant must collect Messages**

A Participant must collect Messages from ASX Settlement at least once each Business Day.

Introduced 11/03/04 Origin SCH 9.4.1, 10.5.1

## **6.6 INSTRUCTIONS TO ACCESS HOLDING**

### **6.6.1 Instructions to access Holding – Controlling Participant**

A Participant must not instruct an Issuer or a Product Issuer Settlement Participant to:

- (a) Transmit a Message that initiates a Holding Adjustment or a Financial Products Transformation in relation to a Holding for which it is the Controlling Participant; or
- (b) take any other action that has the effect of deducting a number of Financial Products from, or transferring Financial Products to a Holding for which it is the Controlling Participant,

without the consent or acquiescence of the relevant Holder.

Introduced 11/03/04 Origin SCH 9.11A, 10.10A Amended 21/03/14

### **6.6.2 Instructions to access Holding – Non-Controlling Participant**

A Participant must not instruct an Issuer to:

- (a) Transmit a Message that initiates a Holding Adjustment or a Financial Products Transformation in relation to a Holding for which it is not the Controlling Participant; or
- (b) take any other action that has the effect of deducting a number of Financial Products from, or transferring Financial Products to a Holding for which it is not the Controlling Participant,

without the consent or acquiescence of the Controlling Participant of the Source Holding, the Controlling Participant of the Target Holding or, where relevant, the Controlling Participant of both Holdings.

Introduced 11/03/04 Origin SCH 9.11B, 10.10B

## **6.7 ELECTRONIC ACCESS TO HOLDING BALANCE AND SRN DETAILS BY PARTICIPANTS**

### **6.7.1 Participant must have valid Sponsorship Bond**

Only a Sponsoring Participant that has lodged with ASX Settlement a valid Sponsorship Bond may request Issuer Sponsored Holding Balance and SRN Details by CHES Message.

Introduced 11/03/04 Origin SCH 10.7A.1

## **6.8 IDENTIFICATION OF ON-MARKET AND OFF-MARKET TRANSFERS**

### **6.8.1 Participant to specify in every Message**

In every Message to Transfer Financial Products Transmitted by a Participant, the Participant must specify in the Message whether the transaction giving rise to the Transfer is an On Market Transaction or an Off Market Transaction.

Introduced 11/03/04 Origin SCH 9.12, 10.11

## **6.8A IDENTIFICATION AND REPORTING OF SECURITIES LENDING ACTIVITY**

### **6.8A.1 Participant to specify in every Message**

In every Message to Transfer Financial Products Transmitted by a Participant, the Participant must specify in the Message whether the transaction giving rise to the Transfer is a Securities Lending Transaction.

Introduced 02/11/09

### **6.8A.2 Identity of client in a Securities Lending Transaction**

Where a Participant has Transmitted a Message to Transfer Financial Products and the transaction giving rise to the Transfer is a Securities Lending Transaction, the Participant must, on request by ASX Settlement, disclose to ASX Settlement within the Scheduled Time and in the manner specified in the Procedures, the name and contact details of the entity or entities on whose behalf or on whose instructions the Participant effected the Transfer.

Introduced 02/11/09

### **6.8A.3 Disclosure of information**

Without limiting Rule 3.8, ASX Settlement may disclose any information provided by a Participant to ASX Settlement pursuant to Rule 6.8A.2 to the Commission and the Reserve Bank of Australia.

Introduced 02/11/09

### **6.8A.4 Registering as a Securities Lending Participant**

A Participant must inform and keep informed ASX Settlement in the manner specified in the Procedures of whether or not it is a Securities Lending Participant.

Introduced 14/12/09

### **6.8A.5 Reporting of securities lending activity**

A Securities Lending Participant must advise ASX Settlement, at the time and in the manner specified in the Procedures, of:

- (a) its Securities On Loan Position;
- (b) its Securities Borrowed Position; and
- (c) its Securities Committed Position,

for each class of Approved Financial Products.

Introduced 14/12/09

## **6.9 TRANSFERS OF FOR FINANCIAL PRODUCTS**

### **6.9.1 Participant to advise Issuer of number of units**

If a Participant:

- (a) controls a Holding which has a Residency Indicator of “M”; and
- (b) FOR Financial Products are entered into that Holding,

the Participant must advise each relevant Issuer of FOR Financial Products, at intervals determined by the relevant Issuer, of:

- (c) the aggregate number of units in the Holding which is beneficially owned by a Foreign Person; and
- (d) the level of increase or decrease in the number of units, whichever is relevant, which are beneficially owned by a Foreign Person:
  - (i) since the previous report to the relevant Issuer;
  - (ii) if no previous report was submitted, since the FOR Financial Products were entered into the Holding.

*Note: Beneficial ownership by a foreign person will be determined by reference to the relevant Issuer’s constitution or governing legislation.*

Introduced 11/03/04 Origin SCH 9.12A, 10.11A

## **6.10 DEADLINE FOR DELIVERY TO OTHER PARTICIPANTS**

### **6.10.1 Participant not to initiate Transfer after the Schedule Time**

A Participant must not Transmit an Originating Message that initiates a Transfer of Financial Products to a CHESS Holding after the Scheduled Time on any Business Day without the consent of the Participant that controls that Holding.

Introduced 11/03/04 Origin SCH 9.14, 10.13

## **6.11 CORPORATE ACTIONS**

### **6.11.1 Cum Entitlement Financial Products**

A Participant must not designate a Message to Transfer or Convert Financial Products as Cum Entitlement after End of Day on the Record Date for that entitlement.

Introduced 11/03/04 Origin SCH 9.15.1, 10.14.1

### **6.11.2 Exercise of conversion or other rights**

A Participant must use:

- (a) a Standard Conversion Form to give Notice of exercise of a right to convert convertible Financial Products;
- (b) a Standard Exercise Form to apply for shares on exercise of a company option; and



- (c) a Standard Acceptance Form to give Notice of acceptance in respect of an issue of rights, unless an entitlement and acceptance form has been issued to the Holder of those rights.

Introduced 11/03/04 Origin SCH 9.15.2, 10.14.2

## **6.12 PARTICIPANT WARRANTIES AND INDEMNITIES – GENERAL**

### **6.12.1 Participant warranty and indemnity**

In addition to any statutory warranties and indemnities in Part 7.11 of the Corporations Regulations, a Participant that Transmits a Message in relation to Financial Products or in relation to payment for Financial Products:

- (a) warrants to ASX Settlement and every other Participant and the Issuer of the Financial Products, that the Message is accurate; and
- (b) indemnifies ASX Settlement and every other Participant and the Issuer of the Financial Products against all losses, damages, costs and expenses that they may suffer or incur as a result of any inaccuracy in the Message.

Introduced 11/03/04 Origin SCH 9.16.1, 10.15.1

### **6.12.2 Payments Provider Messages**

Where a Participant is a customer of a Payments Provider, a Message Transmitted to ASX Settlement by the Payments Provider in accordance with the Rules and, to the extent applicable, the Standard Payments Provider Deed with respect to the Participant's Payment Facilities is taken for the purposes of Rule 6.12.1 to be a Message Transmitted to ASX Settlement by the Participant.

Introduced 11/03/04 Origin SCH 9.16.2, 10.15.2

### **6.12.3 Subrogation**

If a Participant makes a payment to ASX Settlement, CCP, another Participant or the Issuer of the Financial Products in discharge of its liability under Rule 6.12.1, the Participant is subrogated to all rights that ASX Settlement, CCP the Participant or the Issuer of the Financial Products may have against any other person with respect to the matter that was the subject of the claim against the Participant.

Introduced 11/03/04 Origin SCH 9.16.3, 10.15.3

### **6.12.4 Participant's duty of care**

Each Participant owes a duty of care to ASX Settlement and other Facility Users with respect to its participation in the Settlement Facility, and is liable to compensate any of those persons who suffer loss because of any negligent act or omission of the Participant with respect to its participation in the Settlement Facility.

Introduced 11/03/04 Origin SCH 9.16.4, 10.15.4

## **6.13 PARTICIPANTS' IDENTIFICATION CODES UNDER THE LAW**

### **6.13.1 ASX Settlement to allocate PID**

ASX Settlement will allocate to each Participant a unique code which will be that Participant's PID which:

- (a) must be used by that Participant in accordance with these Rules; and
- (b) is that Participant's identification code for the purposes of Division 4 of Part 7.11 of the Corporations Regulations.

*Note: Where a Settlement Participant acts as a Settlement Agent on behalf of a Clearing Participant, ASX Settlement will allocate that Settlement Agent a PID in the name of each Clearing Participant for which it acts as Settlement Agent.*

Introduced 11/03/04 Origin SCH 9.17

## **6.14 REPORTING AND RECORD KEEPING OBLIGATIONS**

### **6.14.1 Keeping Records**

A Participant must keep accurate Records in connection with:

- (a) the performance of any obligations of the Participant under these Rules; or
- (b) any actions taken or required to be taken by the Participant under these Rules.

Introduced 11/03/04 Origin SCH 9.18.1, 10.17.1, 10.20.1

### **6.14.2 Reconciliation of balances**

If a Participant cannot reconcile its records of the balance of a Holding under the Participant's control with a Holding Balance reported by ASX Settlement, the Participant must give Notice to ASX Settlement within 5 Business Days of becoming aware of the inability to reconcile its records.

Introduced 11/03/04 Origin SCH 9.18.2, 10.20.2

### **6.14.3 Anomalies in Holding Statements**

A Participant must assume primary responsibility for resolution of any anomalies reported by a Participant Sponsored Holder of that Participant in respect of Holding statements issued to that Holder by ASX Settlement.

Introduced 11/03/04 Origin SCH 9.18.3, 10.20.3

### **6.14.4 Notice by Participant – [Deleted]**

Introduced 11/03/04 Origin OCH 16.1.10 Deleted 30/06/06

### **6.14.5 Notification of Change of Circumstances – [Deleted]**

Introduced 11/03/04 Origin SCH 9.19, 10.27 Deleted 10/06/04

## **6.15 ESTABLISHING A PAYMENT FACILITY**

### **6.15.1 Payment Facilities**

A Settlement Participant must have in place at all times at least the number of Payment Facilities required under Rule 4.13 to facilitate settlement of Instructions and, in relation to those Payment Facilities:

- (a) the Settlement Participant must give Notice to ASX Settlement in the form prescribed by ASX Settlement from time to time;
- (b) a Payment Facility will not be available to facilitate settlement of Instructions until a Payments Provider acknowledges to ASX Settlement that it will operate the Payment Facility on behalf of the Settlement Participant;
- (c) a separate Payment Facility must be established for each PID allocated by ASX Settlement to the Settlement Participant;
- (d) in relation to DvP Settlement:
  - (i) each Payment Facility must be linked to at least one CHES Holding;
  - (ii) a CHES Holding must not be linked to more than one Payment Facility; and
  - (iii) a Settlement Participant which is a Clearing Participant must use the same Payment Facility to facilitate settlement of all CCP Batch Instructions in respect of a PID. A Settlement Participant that acts for more than one Clearing Participant may use multiple Payment Facilities, but must only maintain one Payment Facility per Clearing Participant on whose behalf it acts; and
- (e) in relation to Payment Batch Instructions:
  - (i) each payment type as determined by ASX Settlement must be linked to a separate Payment Facility; and
  - (ii) unless otherwise agreed in writing by ASX Settlement, a payment type must not be linked to more than one Payment Facility.

Introduced 11/03/04 Origin SCH 9.20, 10.21 Amended 08/08/13, 21/03/14

### **6.15.2 No payment Facility for Account Participant**

An Account Participant must not establish a Payment Facility.

Introduced 11/03/04 Origin SCH 9.20.1A

### **6.15.3 ASX Settlement to reject Messages if no Payment Facility**

If a Settlement Participant Transmits a Valid Message in relation to:

- (a) an Instruction that specifies a HIN or incorporates a Standing Settlement HIN for a CHES Holding and a Payment Facility for that Holding has not been established; or

- (b) a Payment Batch Instruction and a Payment Facility for the relevant payment type has not been established,

ASX Settlement must reject the Message.

Introduced 11/03/04 Origin SCH 9.20.8, 10.21.7

## **6.16 CHANGING A PAYMENT FACILITY**

### **6.16.1 Notice to ASX Settlement**

A Settlement Participant may change a Payment Facility by giving Notice to ASX Settlement in the form prescribed by ASX Settlement from time to time.

Introduced 11/03/04 Origin SCH 9.21.1, 10.22.1

### **6.16.2 When change to Payment Facility is effective**

A Settlement Participant may specify when a change to a Payment Facility is to take effect but a change will not take effect until a Payments Provider acknowledges to ASX Settlement that it will operate the changed Payment Facility on behalf of the Settlement Participant.

Introduced 11/03/04 Origin SCH 9.21.2, 10.22.2

## **6.17 AUTHORITY TO EFFECT SETTLEMENT AND TO INCLUDE A SETTLEMENT PARTICIPANT'S PID IN AN INSTRUCTION**

### **6.17.1 Authority to effect Settlement**

Each Settlement Participant irrevocably authorises ASX Settlement to:

- (a) effect a Transfer of Financial Products in respect of each Instruction; and
- (b) effect payment in respect of each Instruction, to which it is a counterparty.

Introduced 11/03/04 Origin SCH 9.22.1, 10.25.1

### **6.17.2 Participant authority to include PID**

Each Settlement Participant irrevocably authorises ASX Settlement to include its PID or the PID of a Clearing Participant for which it acts as Settlement Agent in each:

- (a) CCP Batch Instruction;
- (b) Accrued Batch Instruction; and
- (c) Accrued RTGS Instruction,

as the PID of the delivering Participant or receiving Participant, as the case requires.

Introduced 11/03/04 Origin SCH 9.22.2, 10.25.2

## **6.18 DEMAND TRANSFER FOLLOWING A FAIL IN ASX SETTLEMENT BATCH SETTLEMENT**

### **6.18.1 Delivery of part settlement**

If a receiving Participant designates an Instruction as not available for settlement in part and in relation to that Instruction:

- (a) the delivering Participant designates the Instruction as available for settlement in part;
- (b) during Batch Settlement the Instruction Fails; and
- (c) the delivering Participant gives Notice to the receiving Participant by the Scheduled Time that it can deliver the number and class of Financial Products specified in the Instruction on that Business Day,

the receiving Participant must, subject to Rule 6.18.2, accept the delivery of Financial Products.

Introduced 11/03/04 Origin SCH 9.23.1, 10.23.1

### **6.18.2 Transmitting Messages to effect part settlement**

If a delivering Participant:

- (a) gives Notice to the receiving Participant under Rule 6.18.1(c);
- (b) Transmits a Message to ASX Settlement within the Scheduled Time to cancel the Instruction that has been rescheduled for settlement on the next Business Day; and
- (c) Transmits a Message to ASX Settlement within the Scheduled Time to initiate a Dual Entry Demand Transfer to Transfer the Financial Products to the receiving Participant under Rule 9.5.4.

the receiving Participant must:

- (d) Transmit a Message to ASX Settlement within the Scheduled Time to enable ASX Settlement to Match the request to cancel the Instruction that has been rescheduled for settlement on the next Business Day;
- (e) Transmit a Message to ASX Settlement within the Scheduled Time to enable ASX Settlement to Match the Dual Entry Demand Message to Transfer the Financial Products to the receiving Participant; and
- (f) pay to the delivering Participant an amount equal to the Settlement Amount specified in the rescheduled Instruction.

Introduced 11/03/04 Origin SCH 9.23.2, 10.23.2

## **6.19 TRANSFERS WITH CONSENT**

### **6.19.1 Participant to have effected Transfer**

For the purposes of Part 7.5 Division 4 and Part 7.11 Division 4 of the Corporations Regulations, and these Rules:

- (a) a Settlement Participant that is a Market Participant (the “first Settlement Participant”) that consents to a Transfer of Financial Products by a Settlement Participant other than a Market Participant (the “second Participant”) to a Clearing Holding under the control of the first Settlement Participant as transferee, is taken to have effected the Transfer to which the consent relates, whether or not the second Settlement Participant has also effected the Transfer;
- (b) the first Settlement Participant’s identification code included in the Message to Transfer Financial Products is taken to be included as the identification code of the first Settlement Participant effecting the Transfer; and
- (c) if the second Participant initiates a Transfer of Financial Products to a Clearing Holding under the control of the first Settlement Participant, the first Settlement Participant is taken to have given its consent to the Transfer unless the contrary is proved.

Introduced 11/03/04 Origin SCH 10.16

## **6.20 REMOVAL OF INSTRUCTION FROM BATCH SETTLEMENT BY ASX SETTLEMENT**

### **6.20.1 Giving notice to ASX Settlement**

If:

- (a) a Settlement Participant (the first Settlement Participant) is a counterparty to an Instruction with a Settlement Participant that owes obligations to the CCP (the second Settlement Participant);
- (b) the first Settlement Participant is acting as an agent for a non Participant in relation to that Instruction;
- (c) the non Participant is a client of the second Settlement Participant; and
- (d) the non Participant becomes externally administered before the Settlement Date of the Instruction,

the first Settlement Participant may by providing to ASX Settlement within the Scheduled Time a Notice in the prescribed form and adequate documentation to evidence the external administration of the non Participant, request ASX Settlement to remove the Instruction to which it is counterparty from Batch Settlement or Real Time Gross Settlement, as the case may be.

Introduced 11/03/04 Origin SCH 9.24.1, 10.24.1

### **6.20.2 Action by ASX Settlement**

If ASX Settlement:

- (a) receives a Notice under Rule 6.20.1; and
- (b) is satisfied that the documentation referred to in that Rule is adequate to evidence the external administration of the non Participant,

ASX Settlement must, subject to the Rules, within the Scheduled Time:

- (c) remove the Instruction from Batch Settlement or, if applicable, Real Time Gross Settlement; and
- (d) give Notice to the Settlement Participant providing the Notice and the counterparty Settlement Participant that the Instruction has been so removed.

Introduced 11/03/04 Origin SCH 10.24.3

### **6.20.3 Warranty and indemnity**

A Settlement Participant that gives a Notice to ASX Settlement under Rule 6.20.1:

- (a) warrants to ASX Settlement and every other Participant and the Issuer of the Financial Products, that the Notice is accurate; and
- (b) indemnifies ASX Settlement and every other Participant and the Issuer of the Financial Products against all losses, damages, costs and expenses that they may suffer or incur as a result of any inaccuracy in the Notice.

Introduced 11/03/04 Origin SCH 10.24.4

## **6.21 DISASTER RECOVERY AND BUSINESS CONTINUITY ARRANGEMENTS**

### **6.21.1 Participant to maintain disaster recovery and business continuity arrangements**

A Participant must at all times have in place and maintain disaster recovery and business continuity arrangements that are adequate to ensure the timely recovery of its usual operations having regard to the nature and extent of the business carried on by that Participant and any matters specified in the Procedures from time to time.

Without in any way limiting ASX Settlement's power to give advice or directions to a Participant under these Rules, ASX Settlement may at any time require a Participant to undertake testing of its disaster recovery and business continuity arrangements at such times and in such manner as may be specified by ASX Settlement.

A Participant must comply with any such advice or directions.

Introduced 11/03/04

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