SECTION 16 COMMUNICATIONS WITH ASX SETTLEMENT

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The purpose of this Section is to set out the requirements and pre-requisites that must be met by Facility Users in order to communicate with the Settlement Facility. It deals with:

(a)   the obligations of Facility Users;

(b)   the power of ASX Settlement to give advice or directions to Facility Users;

(c)   the suspension of processing of Messages;

(d)   the allocation of security keys;

(e)   the transmission, change or cancellation of Messages; and

(f)   the processing and encryption of Messages.

16.1   FACILITY USER OBLIGATIONS

16.1.1   Obligations in relation to CHESS interface

Each Facility User must:

(a)   establish and maintain an interface with CHESS in accordance with the EIS;

(b)   ensure that no person other than an Authorised Person has access to that interface with CHESS;

(c)   provide Notice to ASX Settlement as soon as practicable if it is aware of any fact or matter or intends to take any action that will or may affect its capacity to communicate reliably with CHESS in accordance with the EIS, including (without limitation):

    (i)   any change to its interface with CHESS;

    (ii)   a change in any Third Party Provider; or

    (iii)   any changes to that Facility User's interface with CHESS or computing environment, including any change that may be made by a Third Party Provider that alters or may alter its capacity, or the Third Party Provider's capacity, to communicate with CHESS; and

(d)   observe and give effect to any advice or directions given by ASX Settlement under Rule 16.3.

Introduced 11/03/04 Origin SCH 4.1.1, 4.1.2, 4.1.5 Amended 15/06/15

16.2   NOTICE TO FACILITY USERS

16.2.1   ASX Settlement to give Notice

ASX Settlement must promptly give Notice to a Facility User if ASX Settlement's ability to communicate with that Facility User in accordance with the EIS is or may be impaired, except when the impairment will or may result from action taken under Rule 16.21.

Introduced 11/03/04 Origin SCH 4.1.3

16.3   ASX SETTLEMENT MAY GIVE ADVICE OR DIRECTIONS OR SUSPEND PROCESSING OF MESSAGES

16.3.1   Facility User's capacity to communicate with CHESS impaired

If:

(a)   a Facility User gives Notice to ASX Settlement under Rule 16.1(c);

(b)   ASX Settlement gives Notice to a Facility User under Rule 16.2; or

(c)   ASX Settlement has required a Facility User to undertake additional testing by providing Notice under Rule 16.9 and:

   (i)   the Facility User has undertaken the testing as required by ASX Settlement; or

   (ii)   the Facility User has not complied with the Notice from ASX Settlement requiring it to undertake further testing within the time specified by ASX Settlement,

and ASX Settlement reasonably believes that the Facility User's capacity to communicate reliably with CHESS in accordance with the EIS is or will be impaired, then ASX Settlement may take such steps as it considers necessary or desirable for the integrity or orderly operation of CHESS, including:

(d)   giving advice or directions to the Facility User to:

   (i)   restore communications; or

   (ii)   prevent or minimise impairment to communications,

   between ASX Settlement and that Facility User, as the case requires; and

(e)   suspending processing of Messages or classes of Messages between ASX Settlement and the Facility User.

Introduced 11/03/04 Origin SCH 4.1.4 Amended 18/12/06

16.4 NOTICE TO BE GIVEN OF THE SUSPENSION OF PROCESSING OF MESSAGES

16.4.1 Effect of suspension

Where ASX Settlement has suspended processing of Messages or classes of Messages under Rule 16.3(e):

(a)   the suspension takes effect immediately;

(b)   ASX Settlement must promptly give Notice of the suspension, including reasons, to:

    (i)   the Facility User; and

    (ii)   where the Facility User is:

        A.   a Clearing Participant, to the Approved Clearing Facility;

        B.   a participant of an Approved Market Operator, to the relevant Approved Market Operator; or

        C.   an Issuer, to the Approved Listing Market Operator; and

(c)   ASX Settlement may, to the extent that it considers reasonably necessary, give Notice of the suspension to other Facility Users; and

(d)   subject to Rule 16.7, the suspension will continue until ASX Settlement is satisfied that the circumstances that gave rise to the suspension no longer exist.

Introduced 11/03/04 Origin SCH 4.1.6, 4.1.7 Amended 27/06/11

16.5 APPEAL AGAINST THE SUSPENSION OF THE PROCESSING OF MESSAGES

16.5.1 Facility user may Appeal

If ASX Settlement suspends processing of Messages or classes of Messages between ASX Settlement and a Facility User under Rule 16.3(e), the Facility User may appeal against the suspension in accordance with the provisions of the ASX Enforcement and Appeals Rulebook.

Introduced 11/03/04 Origin SCH 4.1.8, 4.1.9, 4.1.10 Amended 31/03/08, 01/08/10

16.6 DATE FOR THE HEARING OF THE APPEAL – [DELETED]

16.6.1 Chairman to appoint date – [Deleted]

Introduced 11/03/04 Origin SCH 4.1.11 Deleted 31/03/08

16.7 DECISION OF THE APPEAL TRIBUNAL – [DELETED]

16.7.1 Power of Appeal Tribunal – [Deleted]

Introduced 11/03/04 Origin SCH 4.1.12, 4.1.15 Deleted 31/03/08

16.8   RESPONSE OF ASTC – [DELETED]

16.8.1   ASTC to give effect to Tribunal's directions – [Deleted]

Introduced 11/03/04 Origin SCH 4.1.13, 4.1.14 Deleted 31/03/08

16.9   ADVICE OR DIRECTIONS GIVEN BY ASX SETTLEMENT

16.9.1   Copy of advice or directions to be given to Third Party Provider

If:

(a)   ASX Settlement gives advice or directions to a Facility User under the Procedures relating to Rule 4.7; and

(b)   the advice or directions relate to an aspect of the Facility User's:

(i)   communications with CHESS; or

(ii)   generation, receipt or processing of Messages,

which is performed on the Facility User's behalf by a Third Party Provider,

then:

(c)   ASX Settlement may give a copy of the advice or directions to the Third Party Provider; and

(d)   whether or not ASX Settlement does so, the Facility User must ensure that the Third Party Provider observes and gives effect to that advice or those directions, as the case requires.

Introduced 11/03/04

16.9.2   ASX Settlement may require Facility User to undertake additional testing

Without in any way limiting the advice or directions that may be given by ASX Settlement to a Facility User, ASX Settlement may on reasonable Notice require a Facility User to undertake additional testing of the Facility User's ability to meet the Technical and Performance Requirements if:

(a)   ASX Settlement reasonably believes that the number of erroneous Messages Transmitted by, or electronic communications problems with, that Facility User warrants such action; or

(b)   ASX Settlement introduces significant new CHESS Software changes that will or may affect that Facility User's ability to meet those Technical and Performance Requirements;

(c)   the Facility User gives Notice to ASX Settlement under Rule 16.1(c);

(d)   the Facility User fails to give Notice to ASX Settlement under Rule 16.1(c) but ASX Settlement becomes aware that the Facility User has effected or proposes to effect:

(i)   any change to its interface with CHESS;

(ii)   any change of Third Party Provider; or

(iii)   any changes to its interface with CHESS or computing environment, including any change that may be made by a Third Party Provider that alters or may alter its capacity, or the Third Party Provider's capacity, to communicate with CHESS; or

(e)   ASX Settlement reasonably believes that there is some fact or matter that may impair the Facility User's capacity to communicate reliably with CHESS in accordance with the EIS and the Facility User has failed to give notice to ASX Settlement under Rule 16.1(c).

Introduced 11/03/04 Origin SCH 4.2.4, 4.2.5 Amended 04/04/05

16.10   UNDERTAKING OF ADDITIONAL TESTING

16.10.1 Facility User must undertake additional testing

Where ASX Settlement has given Notice to a Facility User under Rule 16.9, the Facility User must undertake additional testing of its ability to meet the Technical and Performance Requirements as required by ASX Settlement.

Introduced 11/03/04 Origin SCH 4.2.6

16.11   SECURITY KEYS

16.11.1 ASX Settlement to distribute Security Keys

To enable a Facility User to:

(a)   encrypt and decrypt Messages;

(b)   generate MACs to append to outgoing Messages; and

(c)   authenticate MACs specified in incoming Messages,

ASX Settlement will distribute two different sets of Security Keys in respect of each AIC allocated to that Facility User by ASX Settlement.

Each Facility User must ensure that the person who holds Security Keys on behalf of that Facility User has procedures in place to:

(d)   store those Security Keys in a secure location; and

(e)   restrict access to those Security Keys.

Introduced 11/03/04 Origin SCH 4.3.1, 4.3.3

16.12   ENCRYPTION OF MESSAGES

16.12.1   Faculty User to encrypt Message

Each Facility User must, prior to Transmitting a Message to ASX Settlement:

(a)   encrypt; and

(b)   append a MAC to,

the Message in the manner specified in the EIS.

Introduced 11/03/04 Origin SCH 4.3.2

16.13   ALLOCATION OF UIC

16.13.1   ASX Settlement to allocate UIC's to Participants and Issuers

ASX Settlement will allocate at least one UIC to:

(a)   a Participant on admission to participate in CHESS; and

(b)   an Issuer, on the first occasion that any class of Financial Products of that Issuer becomes Approved under Rule 8.1.

Introduced 11/03/04 Origin SCH 4.4.1

16.14   ALLOCATION OF AIC

16.14.1   ASX Settlement to allocate an AIC for each Recognised Physical Access Point

ASX Settlement will allocate an AIC for each Recognised Physical Access Point of a Facility User's interface with CHESS.

Introduced 11/03/04 Origin SCH 4.4.2 Amended 23/10/09

16.15   TRANSMISSION OF VALID MESSAGES

16.15.1   Messages must comply with EIS

A Facility User must only Transmit Messages that comply with the Message requirements specified in the EIS.

ASX Settlement must accept for processing any Valid Message Transmitted to ASX Settlement by a Facility User.

An Issuer must accept for processing any Valid Message Transmitted to the Issuer by ASX Settlement.

Introduced 11/03/04 Origin SCH 4.4.3, 4.4.4, 4.4.5

16.16   INVALID AND UNACTIONED MESSAGES

16.16.1   Issuer must reject invalid Message

If a Message Transmitted to ASX Settlement by a Facility User is not Valid, or if a Message Transmitted to an Issuer by ASX Settlement is not Valid, ASX Settlement and the Issuer must:

(a)   reject the Message;

(b)   in the case of ASX Settlement, notify the Facility User of that rejection and the reason for the rejection; and

(c)   in the case of an Issuer, notify ASX Settlement of that rejection and the reason for the rejection.

Introduced 11/03/04

16.16.2   ASX Settlement may purge unactioned Messages

If a Message Transmitted by a Facility User is not responded to by another Facility User within the relevant Scheduled Time for response, ASX Settlement may purge the unactioned Message from the Settlement Facility.

Introduced 11/03/04 Origin SCH 4.4.6, 4.4.7

16.17   SOURCE OF A TRANSMISSION ON CHESS

16.17.1   Messages taken to be Transmitted by ASX Settlement or a Facility User

If a Valid Message identifies the source of the Message:

(a)   as ASX Settlement, by specifying the UIC of ASX Settlement; or

(b)   as a Facility User, by specifying the UIC of the Facility User,

that Message is taken for all purposes under these Rules to have been Transmitted by ASX Settlement or that Facility User, as the case requires.

Introduced 11/03/04 Origin SCH 4.5.1

16.18   ASX SETTLEMENT-INITIATED REPORTING IN RELATION TO MATCHING

16.18.1   ASX Settlement to notify Participants of Messages

If ASX Settlement:

(a)   receives either:

    (i)   a Valid Dual Entry Demand Message;

    (ii)   a Valid Dual Entry Batch Message;

    (iii)   a Valid Dual Entry RTGS Message;

<div align="right">(iv)   a Valid Dual Entry Switch to RTGS Message; or</div>

<div align="right">(v)   a Valid Dual Entry Switch to Batch Settlement Message;</div>

<div align="right">(vi)   a Valid Dual Entry Payment Batch Message; or</div>

(b)   Matches a valid Dual Entry Batch Message, a Valid Dual Entry RTGS Message or a Valid Dual Entry Payment Batch Message with another Transmitted by the counterparty Participant,

ASX Settlement must notify:

(c)   the Participant that Transmitted the Message; and

(d)   the counterparty Participant

of the fact.

Introduced 11/03/04 Origin SCH 4.6.1, 4.6.2

16.19   CANCELLATION OR CHANGE OF A VALID MESSAGE OR INSTRUCTION

16.19.1   ASX Settlement to notify of changed or cancelled Messages and Instructions

Except as provided by Rules 10.9.5, 11.12.6 and 11.16.4, if in accordance with these Rules:

(a)   a Participant; or

(b)   ASX Settlement,

cancels or changes either:

(c)   a Valid Message; or

(d)   an Instruction,

ASX Settlement must notify:

(e)   the delivering Participant; and

(f)   the receiving Participant

of that fact.

Introduced 11/03/04 Origin SCH 4.22.19, 4.6.3

16.20   REPORTING UNDER CHESS

16.20.1   ASX Settlement to provide Report

If:

(a)   a Facility User requests a Report in accordance with the EIS and the Procedures; or

(b)   an Issuer requests a Holding Net Movement Report or a Total Security Balance Report in accordance with the EIS and the Procedures,

ASX Settlement must promptly provide the Report to the Facility User or the Holding Net Movement Report or Total Security Balance Report to the Issuer as the case may be in accordance with the EIS and the Procedures.

Introduced 11/03/04 Origin SCH 4.8.1., 4.8.2

16.21   PROCESSING MESSAGES WITHIN SCHEDULED TIME

16.21.1   ASX Settlement may vary times or suspend processing of Messages

ASX Settlement will process within the Scheduled Time, a Valid Message that is not a Message requesting a Standing Report or a Demand Report but may without Notice:

(a)   vary the times specified in these Rules for Start of Day or End of Day, as the case requires; and

(b)   suspend processing of Messages under this Rule 16.21,

if ASX Settlement reasonably believes that it is necessary to do so in order to protect the integrity or orderly operation of CHESS.

Introduced 11/03/04 Origin SCH 4.9.1, 4.9.2, 4.9.7

16.22   PROCESSING MESSAGES DURING THE SETTLEMENT PROCESSING PHASE

16.22.1   ASX Settlement will not process Messages

ASX Settlement will not process during the Settlement Processing Phase:

(a)   a Message requesting a Demand Report or a Standing Report; or

(b)   a Message that will effect a change to the Holding Balance of any CHESS Holding other than a Message that initiates a Settlement Transfer,

Messages that initiate Settlement Transfers in connection with Batch Settlement will only be processed by ASX Settlement during the Settlement Processing Phase.

If, on any Business Day, ASX Settlement receives between Start of Day and Settlement Cut-off:

(c)   a Valid Message Transmitted by an Issuer to effect a Financial Products Transformation or a Holding Adjustment; or

(d)   a Valid Message Transmitted by ASX Clear or a CHESS Offeror to effect a Transfer of Financial Products reserved in a Subposition from a CHESS Holding,

ASX Settlement will not process the Message until after that day's Settlement Processing Phase has been completed.

If ASX Settlement receives a Valid Message Transmitted by a Facility User after End of Day on a Trading Day, ASX Settlement will not process that Message until after Start of Day on the following Trading Day.

Introduced 11/03/04 Origin SCH 4.9.3, 4.9.4, 4.9.5, 4.9.6 Amended 19/08/09

16.23   INSTRUCTIONS TO CHANGE OR CANCEL A VALID MESSAGE

16.23.1   ASX Settlement to act only on Transmission of further Valid Messages

ASX Settlement will not act upon any instructions from a Facility User to change or cancel a Valid Message once that Message has been Transmitted to ASX Settlement unless such instructions are Transmitted to ASX Settlement in the form of a further Valid Message or Valid Messages that when processed will have the effect of changing or cancelling the original Valid Message.

Introduced 11/03/04 Origin SCH 4.9.8

16.24   NOTIFICATION OBLIGATIONS OF ASX SETTLEMENT IN RESPECT OF MESSAGES THAT MAY EFFECT A CHANGE TO A HOLDING BALANCE

Note: Notifications will take place within the time specified for Rule 16.21

16.24.1   ASX Settlement to notify that Demand Transfer or Conversion has been effected

If ASX Settlement processes a Valid Originating Message that complies with Rule 9.4.1 or 9.7.1 from a Participant, ASX Settlement must notify:

(a)   the Participant that Transmitted the Originating Message; and

(b)   if the Originating Message complies with Rule 9.4.1 and the Participant that Transmitted that Message is not the Controlling Participant for the Target Holding specified in that Message, the Controlling Participant for that Target Holding,

that the Demand Transfer or Conversion has been effected.

Introduced 11/03/04 Origin SCH 4.7.2

16.24.2   ASX Settlement to notify that Demand Transfer or Conversion details Transmitted to the Issuer

If ASX Settlement Transmits a Valid Message to an Issuer under Rule 9.8.2, ASX Settlement must notify the Participant that Transmitted the Originating Message that the Demand Transfer or Conversion details have been Transmitted to the Issuer for authorisation.

Introduced 11/03/04 Origin SCH 4.7.3

16.24.3 Processing Valid Message Transmitted to ASX Settlement

If ASX Settlement processes a Valid Message Transmitted to ASX Settlement by an Issuer in accordance with Rule 9.8.6(b), ASX Settlement must notify:

(a)   the Participant that Transmitted the Originating Message that the Demand Transfer or Conversion has been effected; and

(b)   the Issuer to confirm that ASX Settlement has completed processing of the Demand Transfer or Conversion against the Target Holding on the CHESS Subregister.

Introduced 11/03/04 Origin SCH 4.7.4

16.24.4 Rejection of Valid Originating Message

If ASX Settlement rejects a Valid Originating Message that complies with Rule 9.4.1 or 9.7.1 from a Participant because there are insufficient Available Financial Products in the Source Holding ASX Settlement must notify the Participant that Transmitted the Originating Message of the rejection and the reason for the rejection.

Introduced 11/03/04 Origin SCH 4.7.5

16.24.5 ASX Settlement to notify delivering Participant and receiving Participant

If:

(a)   a Dual Entry Demand Transfer is effected;.

(b)   a Settlement Transfer is effected in respect of all the Financial Products specified in the Instruction; or

(c)   a Settlement Transfer is effected in respect of only some of the Financial Products specified in the Instruction,

ASX Settlement must notify the delivering Participant and the receiving Participant and, in the case of paragraph (c) must notify them of:

(d)   the number of Financial Products that have been Transferred; and

(e)   the number of Financial Products that were unable to be Transferred because there were insufficient Available Financial Products in the Source Holding.

Introduced 11/03/04 Origin SCH 4.7.6, 4.7.7, 4.7.8

16.24.6 Rejection of Settlement Transfer

If a Settlement Transfer is rejected, ASX Settlement must notify the delivering Participant and the receiving Participant of the rejection.

Introduced 11/03/04 Origin SCH 4.7.9

16.24.7 Processing of Messages to effect a Holding Adjustment or Financial Products Transformation

If ASX Settlement processes a Valid Message from an Issuer to effect a Holding Adjustment or Financial Products Transformation, ASX Settlement must notify:

(a)   the Issuer that the Holding Adjustment or the Financial Products Transformation has been effected; and

(b)   the Controlling Participant for the affected CHESS Holding of the change to the Holding Balance of that Holding and the reason for the change.

Introduced 11/03/04 Origin SCH 4.7.10

16.24.8 DvP Instructions and Payment Batch Instructions

If a Settlement Transfer is effected in respect of a DvP Instruction, or a payment is effected in respect of a Payment Batch Instruction, ASX Settlement must within the Scheduled Time notify the paying and receiving Participants that a net funds movement has occurred in relation to each active Payment Facility.

Introduced 11/03/04 Origin SCH 4.7.11

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