

SECTION 18 SETTLEMENT OF AQUA PRODUCTS

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SECTION 18 SETTLEMENT OF AQUA PRODUCTS

This Section contains rules relating specifically to the settlement of AQUA Products including:

- (a) processing of requests for issue and redemption of AQUA Products and requests to Switch between AQUA Products;
- (b) cancellation of requests for issue or redemption or Switch;
- (c) notification of changes to details for requests for issue or redemption or Switch of AQUA Products;
- (d) actions that ASX Settlement may take in the event of failure by a Product Issuer Settlement Participant to settle issues and redemptions of AQUA Products; and
- (e) the provision of distribution and re-investment advices to Holders of AQUA Products.

18.1 APPLICATION OF RULES TO AQUA PRODUCTS

18.1.1 Application of Section 18

This Section 18 applies to the processing of requests for issue and redemption of AQUA Products as a class of transaction in Batch Settlement. AQUA Products must be settled in accordance with this Section 18. This Section 18 does not apply in relation to Financial Products which are not AQUA Products.

18.1.2 Compliance with Rules other than Section 18

Subject to the modifications specified in Rule 18.13, a Facility User must, in respect of AQUA Products, comply with all Rules to the extent those Rules apply to AQUA Products.

18.1.3 Conflict between Rules

If there is a conflict between a provision of this Section 18 and any other provision of these Rules, the provision of this Section 18 will prevail to the extent of the conflict.

18.2 SETTLEMENT PROCESS

18.2.1 Transactions

Transactions in relation to AQUA Products which may be settled through the Settlement Facility in Batch Settlement are payments in respect of the issue or redemption of AQUA Products.

18.2.2 Process

Payments in respect of the issue or redemption of AQUA Products are to be settled in Batch Settlement as follows:

- (a) for issue of AQUA Products, on a 'payment then delivery' basis; and
- (b) for redemption of AQUA Products, on a 'delivery then payment' basis,

in accordance with the provisions of this Section 18 and all other applicable provisions of these Rules.

18.3 REQUESTS FOR ISSUE OR REDEMPTION OF AQUA PRODUCTS

18.3.1 Initiation of request

A Settlement Participant may initiate a request for issue or redemption of AQUA Products by Transmitting to ASX Settlement a Valid Originating Message before Fund Request Cut-Off in accordance with the Procedures. In addition to the matters specified in the Procedures the Valid Originating Message in respect of an application for issue of AQUA Products must include:

- (a) confirmation that the requirements of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) have been satisfied; and
- (b) confirmation that the Holder has received a copy of the Product Disclosure Statement or Combined Product Disclosure Statement (as applicable) for the AQUA Products referred to in Rule [4652] of the ASX Operating Rules and the date of that Product Disclosure Statement or Combined Product Disclosure Statement (as applicable).

Amended 06/02/17

18.3.2 Initiating Settlement Participant to be Controlling Participant

A Settlement Participant may only initiate a request for redemption of AQUA Products in a CHESS Holding in respect of which it is the Controlling Participant.

18.3.3 Product Issuer Settlement Participant to accept or reject request

If a Valid Originating Message Transmitted to ASX Settlement complies with Rule 18.3.1:

- (a) ASX Settlement must, within the Scheduled Time, Transmit a Message to the relevant Product Issuer Settlement Participant to notify it of the details of the request specified in the Valid Originating Message;
- (b) the Product Issuer Settlement Participant must, subject to Rule 18.3.3(c) and within the Scheduled Time, Transmit a Valid Message to ASX Settlement accepting or rejecting (or, in the case of requests for redemption only, deferring) the request and specifying the information required by the Procedures; and
- (c) the Product Issuer Settlement Participant must reject a request for issue of AQUA Products pursuant to Rule 18.3.3(b) where the AQUA Product Issuer must not issue the AQUA Products pursuant to Rule 10A.5.4(c)(v) of the ASX Operating Rules.

Amended 15/08/16, 06/02/17, 15/04/24

18.3.4 ASX Settlement to notify Settlement Participant

If ASX Settlement receives a Valid Message from a Product Issuer Settlement Participant in accordance with Rule 18.3.3(b), ASX Settlement must Transmit a Message to the Settlement Participant that initiated the request notifying it that the request has been accepted or rejected (or, in the case of requests for redemption only, deferred), as the case requires.

Amended 15/08/16

18.3.5 Deemed rejection of request – [Deleted]

Deleted 15/08/16

18.3.6 Accepted request to result in AQUA Payment Batch Instruction and Holding Adjustment

If ASX Settlement receives a Valid Message from a Product Issuer Settlement Participant in accordance with Rule 18.3.3(b) accepting a request for issue or redemption of AQUA Products:

- (a) ASX Settlement must:
 - (i) schedule an AQUA Application Payment Batch Instruction or AQUA Redemption Payment Batch Instruction, as the case requires, for settlement in Batch Settlement on the Settlement Date as determined by ASX Settlement (in the case of an AQUA Application Payment Batch Instruction) or as specified in the Valid Message Transmitted by the Product Issuer Settlement Participant in accordance with Rule 18.3.3(b) (in the case of an AQUA Redemption Payment Batch Instruction); and
 - (ii) Transmit a Message to the Settlement Participant that initiated the request and the Product Issuer Settlement Participant notifying them that an AQUA Application Payment Batch Instruction or AQUA Redemption Payment Batch Instruction, as the case requires, has been scheduled for settlement; and
- (b) the Product Issuer Settlement Participant must, within the Scheduled Time (or, in the case of a request for issue only, by the rescheduled date (if any) notified in accordance with Rule 18.7), Transmit to ASX Settlement a Valid Message in accordance with the Procedures that initiates a Holding Adjustment to increase or decrease, by the number of AQUA Products determined by the Product Issuer Settlement Participant in respect of the request for issue or redemption, as the case requires, the Holding Balance of the CHESS Holding specified in the Originating Message.

Amended 15/08/16

18.3.6A Product Issuer Settlement Participant to provide certain information prior to issue or redemption of AQUA Products

If the Product Issuer Settlement Participant accepts a request for issue or redemption of AQUA Products in accordance with Rule 18.3.3(b):

- (a) the Product Issuer Settlement Participant must, within the Scheduled Time, Transmit a Valid Message to ASX Settlement notifying it of the information specified in the Procedures; and
- (b) ASX Settlement must, within the Scheduled Time, Transmit a Message to the Settlement Participant that initiated the request for issue or redemption of AQUA Products notifying it of the information received from the Product Issuer Settlement Participant in accordance with Rule 18.3.6A(a).

Introduced 15/08/16

18.3.7 Notifications to prospective investor clients

If a Settlement Participant receives a Message under Rules 18.3.6(a)(ii), 18.3.6A(b), 18.4.4(a), 18.5.1, or 18.7.2(a), it must:

- (a) where the Settlement Participant is also the Trading Participant through which the request for issue or redemption of AQUA Products was initiated on behalf of the client investor, promptly communicate the relevant information to the client; or
- (b) where the Settlement Participant is acting as Settlement Agent for the Trading Participant through which the request for issue or redemption of AQUA Products was initiated on behalf of the client investor, promptly communicate the relevant information to that Trading Participant.

Amended 15/08/16

18.3.8 Obligations of Participants in relation to AQUA Payment Batch Instructions

The obligation or entitlement, as the case requires, of a Settlement Participant that initiates a request for issue or redemption of AQUA Products and the Product Issuer Settlement Participant that accepts the request for issue or redemption, to pay or receive an amount in accordance with the AQUA Application Payment Batch Instruction or AQUA Redemption Payment Batch Instruction scheduled in accordance with Rule 18.3.6(a)(i), are owed to each other as principals, even if one or both of the Participants is acting on behalf of another person in relation to the instruction.

18.3.9 Representation by Settlement Participants

Where a Settlement Participant Transmits a Valid Originating Message to ASX Settlement under Rule 18.3.1, the Settlement Participant is taken to represent for the benefit of the relevant AQUA Product Issuer that:

- (a) where the Settlement Participant is also the Trading Participant through which the request for issue of AQUA Products was initiated on behalf of the client investor:
 - i. the Settlement Participant gave the Product Disclosure Statement or Combined Product Disclosure Statement (as applicable) referred to in Rule 18.3.1(b) to the client;

- ii. the requirements of Part 2 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) in relation to the client investor have been satisfied; and
- iii. the Settlement Participant has complied with any other matters as set out in the Procedures,

prior to accepting the client's instruction to initiate the request; or

(b) where the Settlement Participant is acting as Settlement Agent for the Trading Participant through which the request for issue of AQUA Products was initiated on behalf of the client investor, the Settlement Participant has received confirmation from the Trading Participant that:

- i. the Trading Participant gave the Product Disclosure Statement or Combined Product Disclosure Statement (as applicable) referred to in Rule 18.3.1(b) to the client;
- ii. the requirements of Part 2 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) in relation to the client investor have been satisfied; and
- iii. the Trading Participant has complied with any other matters as set out in the Procedures,

prior to accepting the client's instruction to initiate the request.

Amended 06/02/17

18.4 REQUESTS TO SWITCH BETWEEN AQUA PRODUCTS

18.4.1 Initiation of request

A Settlement Participant may initiate a request to Switch between AQUA Products by Transmitting to ASX Settlement a Valid Originating Message before Fund Request Cut-Off in accordance with the Procedures. In addition to the matters specified in the Procedures the Valid Originating Message must include confirmation that the Holder has received a copy of the Product Disclosure Statement or Combined Product Disclosure Statement (as applicable) for the AQUA Products referred to in Rule [4652] of the ASX Operating Rules and the date of that Product Disclosure Statement or Combined Product Disclosure Statement (as applicable).

Amended 06/02/17

18.4.2 Initiating Settlement Participant to be Controlling Participant

A Settlement Participant may only initiate a request to Switch between AQUA Products in CHESS Holdings which are referable to the same Holder and in respect of which it is the Controlling Participant.

18.4.3 Product Issuer Settlement Participant to accept or reject request

If a Valid Originating Message Transmitted to ASX Settlement complies with Rule 18.4.1:

- (a) ASX Settlement must, within the Scheduled Time, Transmit a Message to the relevant Product Issuer Settlement Participant to notify it of the details of the request specified in the Valid Originating Message;
- (b) the Product Issuer Settlement Participant must, subject to Rule 18.4.3(c) and within the Scheduled Time, Transmit a Valid Message to ASX Settlement accepting, rejecting or deferring the request and specifying the information required by the Procedures; and
- (c) the Product Issuer Settlement Participant must reject a request for Switch between AQUA Products pursuant to Rule 18.4.3(b) where the AQUA Product Issuer must not issue the AQUA Products pursuant to Rule 10A.5.4(c)(v) of the ASX Operating Rules.

Amended 15/08/16, 06/02/17, 15/04/24

18.4.4 ASX Settlement to notify Settlement Participant

If ASX Settlement receives a Valid Message from a Product Issuer Settlement Participant in accordance with Rule 18.4.3(b):

- (a) ASX Settlement must Transmit a Message to the Settlement Participant that initiated the request notifying it that the request has been accepted, rejected or deferred, as the case requires; and
- (b) if the request has been accepted, the Product Issuer Settlement Participant must, within the Scheduled Time, Transmit to ASX Settlement Valid Messages in accordance with the Procedures that initiate Holding Adjustments to increase and decrease, by the number of AQUA Products determined by the Product Issuer Settlement Participant in respect of the request to Switch between AQUA Products, as the case requires, the Holding Balance of each CHESS Holding specified in the Valid Originating Message.

Amended 15/08/16

18.4.5 Deemed rejection of request – [Deleted]

Deleted 15/08/16

18.4.6 Representation by Settlement Participants

Where a Settlement Participant Transmits a Valid Originating Message to ASX Settlement under Rule 18.4.1, the Settlement Participant is taken to represent for the benefit of the relevant AQUA Product Issuer that:

- (a) where the Settlement Participant is also the Trading Participant through which the request to switch between AQUA Products was initiated on behalf of the client investor:
 - i. the Settlement Participant gave the Product Disclosure Statement or Combined Product Disclosure Statement (as applicable) referred to in Rule 18.4.1 to the client; and

- ii. the Settlement Participant has complied with any other matters as set out in the Procedures,

prior to accepting the client's instruction to initiate the request; or

- (b) where the Settlement Participant is acting as Settlement Agent for the Trading Participant through which the request to switch between AQUA Products was initiated on behalf of the client investor, the Settlement Participant has received confirmation from the Trading Participant that:

- i. the Trading Participant gave the Product Disclosure Statement or Combined Product Disclosure Statement (as applicable) referred to in Rule 18.4.1 to the client; and

- ii. the Trading Participant has complied with any other matters as set out in the Procedures,

prior to accepting the client's instruction to initiate the request.

Amended 06/02/17

18.5 CANCELLATION OF REQUESTS BY PRODUCT ISSUER SETTLEMENT PARTICIPANT

18.5.1 Cancellation of accepted issue or redemption requests

If, within the Scheduled Time, a Product Issuer Settlement Participant Transmits to ASX Settlement a Valid Message in accordance with the Procedures that requests cancellation of a request for issue or redemption of AQUA Products that the Product Issuer Settlement Participant accepted (or, in the case of requests for redemption only, deferred) in accordance with Rule 18.3.3(b), ASX Settlement will:

- (a) cancel and remove from Batch Settlement any unsettled AQUA Application Payment Batch Instruction or AQUA Redemption Payment Batch Instruction scheduled in accordance with Rule 18.3.6(a)(i) or rescheduled in accordance with Rule 18.7.2(b)(i) that relates to the request; and
- (b) notify the Settlement Participant that initiated the request for issue or redemption of AQUA Products that the request has been cancelled and that any unsettled AQUA Application Payment Batch Instruction or AQUA Redemption Payment Batch Instruction that relates to the request has been removed from Batch Settlement.

Amended 15/08/16

18.5.2 Cancellation of accepted request to Switch

If, within the Scheduled Time, a Product Issuer Settlement Participant Transmits to ASX Settlement a Valid Message in accordance with the Procedures that requests cancellation of a request to Switch between AQUA Products that the Product Issuer Settlement Participant accepted or deferred in accordance with Rule 18.4.3(b), ASX Settlement will

notify the Settlement Participant that initiated the request to Switch between AQUA Products that the request has been cancelled.

Amended 15/08/16

18.6 CANCELLATION OF REQUEST BY APPLICANT

18.6.1 Cancellation request to be accepted or rejected by Product Issuer Settlement Participant

If, within the Scheduled Time, a Settlement Participant Transmits to ASX Settlement a Valid Message in accordance with the Procedures that requests cancellation of:

- (a) a request for redemption of AQUA Products; or
- (b) a request to Switch between AQUA Products,

that the Settlement Participant initiated and the Product Issuer Settlement Participant deferred in accordance with Rule 18.3.3(b) or Rule 18.4.3(b):

- (c) ASX Settlement must, within the Scheduled Time, Transmit a Message to the Product Issuer Settlement Participant to notify it of the cancellation request; and
- (d) the Product Issuer Settlement Participant must, within the Scheduled Time, Transmit a Valid Message in accordance with the Procedures to ASX Settlement accepting or rejecting the cancellation request and specifying the information required by the Procedures.

Amended 15/08/16

18.6.2 ASX Settlement to notify Settlement Participant

If ASX Settlement receives a Valid Message from a Product Issuer Settlement Participant in accordance with Rule 18.6.1(d), ASX Settlement must Transmit a Message to the Settlement Participant that initiated the cancellation request notifying it that the request has been accepted or rejected.

18.6.3 Deemed rejection of request – [Deleted]

Deleted 15/08/16

18.7 NOTIFICATION OF CHANGE OF ISSUE OR REDEMPTION DETAILS BY PRODUCT ISSUER SETTLEMENT PARTICIPANT

18.7.1 Product Issuer Settlement Participant to notify change of details

A Product Issuer Settlement Participant that has accepted:

- (a) a request for issue or redemption of AQUA Products in accordance with Rule 18.3.3(b); or

- (b) a request to Switch between AQUA Products in accordance with Rule 18.4.3(b),

may notify the Settlement Participant that initiated the request of changes to details of matters relating to the request, as specified in the Procedures, by Transmitting to ASX Settlement, within the Scheduled Time, a Valid Message in accordance with the Procedures.

Amended 15/08/16

18.7.2 ASX Settlement to notify applicant and reschedule payment instructions

If ASX Settlement receives a Valid Message from a Product Issuer Settlement Participant in accordance with Rule 18.7.1, ASX Settlement must:

- (a) Transmit a Message to the Settlement Participant that initiated the request notifying it of the changed details advised by the Product Issuer Settlement Participant; and
- (b) if the Product Issuer Settlement Participant has notified a change to the Settlement Date for payment in respect of a request for issue or redemption of AQUA Products:
- (i) reschedule the AQUA Application Payment Batch Instruction or AQUA Redemption Payment Batch Instruction, as the case requires, for settlement in Batch Settlement on the Settlement Date specified in the Message Transmitted by the Product Issuer Settlement Participant in accordance with Rule 18.7.1; and
 - (ii) Transmit a Message to the Settlement Participant that initiated the request and the Product Issuer Settlement Participant notifying them that the AQUA Application Payment Batch Instruction or AQUA Redemption Payment Batch Instruction, as the case requires, has been rescheduled.

18.8 FAILURE TO SETTLE

18.8.1 Reminder notices – Holding Adjustment in respect of request for issue

If a Product Issuer Settlement Participant fails to initiate a Holding Adjustment in respect of a request for issue of AQUA Products in accordance with Rule 18.3.6(b) or a request for to Switch under Rule 18.4.4(b), ASX will, on each Business Day until the Product Issuer Settlement Participant initiates a Holding Adjustment in respect of the request in accordance with Rule 18.3.6(b) or Rule 18.4.4(b), Transmit a Message to the Product Issuer Settlement Participant reminding it of its obligation to initiate a Holding Adjustment.

18.8.2 Fee payable for reminder notice

A Product Issuer Settlement Participant is liable to pay a fee, as specified in the Fees and Charges Schedule, in respect of each Message Transmitted to it by ASX Settlement in accordance with Rule 18.8.1.

18.8.3 Failure to settle – action by ASX Settlement

If a Product Issuer Settlement Participant:

- (a) reschedules in accordance with Rule 18.7:
 - (i) the date for delivery of AQUA Products to an applicant for issue of AQUA Products; or
 - (ii) the Settlement Date for payment in respect of a request for redemption of AQUA Products,on three or more occasions; or
- (b) fails to:
 - (i) initiate a Holding Adjustment in respect of a request for issue of AQUA Products in accordance with Rule 18.3.6(b); or
 - (ii) settle an AQUA Redemption Payment Batch Instruction in Batch Settlement when scheduled for settlement in accordance with Rule 18.3.6(a)(i) or Rule 18.7.2(b)(i),

ASX Settlement may:

- (c) impose Restrictions on;
- (d) suspend for a period; or
- (e) terminate,

the participation of the Product Issuer Settlement Participant in accordance with Rule 10.15 and Section 12 of these Rules (as applicable). ASX Settlement may, in its absolute discretion, impose Restrictions on or suspend the participation of a Product Issuer Settlement Participant generally (that is, in respect of all classes of AQUA Products in relation to which it is authorised) or in respect of one or more classes of AQUA Products in relation to which it is authorised (as specified by ASX Settlement in a Notice to the Product Issuer Settlement Participant).

18.8.4 Inability to process AQUA Products in Batch Settlement

If:

- (a) ASX Settlement removes one or more AQUA Products, or AQUA Payment Batch Instructions in relation to one or more AQUA Products, from Batch Settlement under Rule 10.4.7; or
- (b) ASX Settlement imposes Restrictions on the participation of a Settlement Participant under Section 12,

and as a result a Settlement Participant is unable to process requests for issue of AQUA Products in Batch Settlement, the Settlement Participant must, subject to applicable law and the instructions of the person entitled to any moneys held or payable by the

Settlement Participant in connection with the request for issue, immediately forward any requests and moneys to the relevant Product Issuer Settlement Participant in order that the Product Issuer Settlement Participant may process those requests.

18.8.5 No interference with Transfer of AQUA Products

Issuers of AQUA Products and Product Issuer Settlement Participants must not prevent, delay or in any way interfere with the Transfer of AQUA Products.

18.9 REQUEST FOR INCOME ADVICE

18.9.1 Initiation of request

A Settlement Participant may initiate a request for income advice for AQUA Products in a CHESS Holding for which it is the Controlling Participant by Transmitting to ASX Settlement a Valid Originating Message in accordance with the Procedures.

Introduced 15/08/16

18.9.2 Product Issuer Settlement Participant to accept or reject request

If a Valid Originating Message Transmitted to ASX Settlement complies with Rule 18.9.1:

- (a) ASX Settlement must, within the Scheduled Time, Transmit a Message to the relevant Product Issuer Settlement Participant to notify it of the details of the request specified in the Valid Originating Message; and
- (b) the Product Issuer Settlement Participant must, within the Scheduled Time, Transmit a Valid Message to ASX Settlement accepting or rejecting the request and specifying the information required by the Procedures.

Introduced 15/08/16

18.9.3 ASX Settlement to notify Settlement Participant

If ASX Settlement receives a Valid Message from a Product Issuer Settlement Participant in accordance with Rule 18.9.2(b), ASX Settlement must Transmit a Message to the Settlement Participant that initiated the request notifying it that the request has been accepted or rejected, as the case requires.

Introduced 15/08/16

18.9.4 Accepted request to result in Product Issuer Settlement Participant providing income advice for each Holding

A Product Issuer Settlement Participant that has accepted a request for income advice in accordance with Rule 18.9.2(b) must advise, for each class of AQUA Products in relation to which it is authorised, details of:

- (a) income distribution entitlements in respect of each CHESS Holding of the AQUA Products where applicable; and
- (b) reinvestment of income distribution entitlements in respect of each CHESS Holding of the AQUA Products where applicable,

by Transmitting to ASX Settlement, within the Scheduled Time after each date for determining distribution entitlements in respect of the AQUA Products, a Valid Message that contains the details specified in the Procedures.

Amended 15/08/16

18.9.5 ASX Settlement to notify Controlling Participant

If ASX Settlement receives a Valid Message from a Product Issuer Settlement Participant in accordance with Rule 18.9.4, ASX Settlement must Transmit a Message to the Controlling Participant for each CHESS Holding of the AQUA Products notifying it of the distribution entitlement and reinvestment details advised by the Product Issuer Settlement Participant in accordance with Rule 18.9.4.

Amended 15/08/16

18.9.6 Cancellation of accepted request

If a Settlement Participant Transmits to ASX Settlement a Valid Message in accordance with the Procedures that requests cancellation of a request for income advice that the Settlement Participant initiated and the Product Issuer Settlement Participant accepted in accordance with Rule 18.9.2(b):

- (a) ASX Settlement must, within the Scheduled Time, Transmit a Message to the Product Issuer Settlement Participant to notify it of the cancellation request; and
- (b) the Product Issuer Settlement Participant must, within the Scheduled Time, implement the cancellation request.

Introduced 15/08/16

18.9A REQUEST TO CHANGE HOLDER'S STANDING INSTRUCTIONS

18.9A.1 Initiation of request

A Settlement Participant may initiate a request to change details of a Holder's standing instructions for the issue or redemption of AQUA Products in CHESS Holdings for which it is the Controlling Participant by Transmitting to ASX Settlement a Valid Originating Message in accordance with the Procedures.

Introduced 15/08/16

18.9A.2 Product Issuer Settlement Participant to accept or reject request

If a Valid Originating Message Transmitted to ASX Settlement complies with Rule 18.9A.1:

- (a) ASX Settlement must, within the Scheduled Time, Transmit a Message to the relevant Product Issuer Settlement Participant to notify it of the details of the request specified in the Valid Originating Message; and

- (b) the Product Issuer Settlement Participant must, within the Scheduled Time, Transmit a Valid Message to ASX Settlement accepting or rejecting the request and specifying the information required by the Procedures.

Introduced 15/08/16

18.9A.3 ASX Settlement to notify Settlement Participant

If ASX Settlement receives a Valid Message from a Product Issuer Settlement Participant in accordance with Rule 18.9A.2(b), ASX Settlement must Transmit a Message to the Settlement Participant that initiated the request notifying it that the request has been accepted or rejected, as the case requires.

Introduced 15/08/16

18.9A.4 Accepted request to result in change to Holder's standing instructions

A Product Issuer Settlement Participant that has accepted a request to change details of a Holder's standing instructions for the issue or redemption of AQUA Products in CHESS Holdings in accordance with Rule 18.9A.2(b) must, within the Scheduled Time, implement the changes specified in the Valid Originating Message.

Introduced 15/08/16

18.10 AQUA PRODUCT HOLDING ADJUSTMENTS

18.10.1 Adjusting the Holding Balance of a CHESS Holding of AQUA Products

If ASX Settlement receives from a Product Issuer Settlement Participant a Valid Message in accordance with the Procedures to effect a Holding Adjustment by increasing or decreasing the Holding Balance of a CHESS Holding of AQUA Products specified in the Message, ASX Settlement must:

- (a) enter or deduct, as the case requires, the number of AQUA Products specified in the Message into or from that CHESS Holding; and
- (b) notify the Controlling Participant of the CHESS Holding that the AQUA Products have been entered into or deducted from the Holding, as the case requires, on the instruction of the Product Issuer Settlement Participant.

Amended 15/08/16

18.10.2 Access to Holdings of AQUA Products by Product Issuer Settlement Participant

A Product Issuer Settlement Participant must not:

- (a) Transmit a Message that initiates a Holding Adjustment in relation to a CHESS Holding of AQUA Products; or
- (b) take any other action that has the effect of deducting AQUA Products from or transferring AQUA Products to a CHESS Holding,

unless it is entitled to Transmit that Message or take that action.

18.10.3 Errors, Anomalies or Irregularities

If a Product Issuer Settlement Participant becomes aware of any errors, anomalies or irregularities in relation to the record of AQUA Products, the Issuer must promptly take such action as is required to correct that error, anomaly or irregularity.

18.11 TECHNICAL ACCREDITATION

18.11.1 Product Issuer Settlement Participants

A Product Issuer Settlement Participant must obtain technical accreditation to facilitate the settlement of AQUA Products in accordance with the Procedures.

18.11.2 Settlement Participants

A Settlement Participant may not establish a CHESS Holding of AQUA Products unless it has obtained technical accreditation in accordance with the Procedures.

18.12 GENERAL

18.12.1 Participant warrants that it holds properly documented instructions

A Settlement Participant that:

- (a) initiates a request for issue or redemption or Switch of AQUA Products;
- (b) requests cancellation of a request for redemption or Switch of AQUA Products;
- (c) initiates a request for income advice for AQUA Products or requests cancellation of a request for income advice for AQUA Products; or
- (d) initiates a request for a change to details of a Holder's standing instructions for the issue or redemption of AQUA Products,

on behalf of another person:

- (e) warrants to the Issuer that the Settlement Participant holds a properly documented instruction from that other person; and
- (f) must retain and produce on request by ASX Settlement copies of such instructions.

Amended 15/08/16

18.12.2 Processing of AQUA Products in Batch Settlement

A Settlement Participant that initiates on behalf of another person a request for issue or redemption or Switch of AQUA Products is taken to have agreed with the Product Issuer Settlement Participant that it will pay application moneys to the Product Issuer Settlement Participant and receive redemption moneys from the Product Issuer Settlement Participant in Batch Settlement on behalf of that other person.

18.12.3 Failure to respond to request

- (a) If a Product Issuer Settlement Participant fails to Transmit a Valid Message to ASX Settlement within the Scheduled Time in accordance with Rules 18.3.3(b), 18.4.3(b), 18.6.1(d), 18.9.2(b) or 18.9A.2(b), ASX Settlement may direct the Product Issuer Settlement Participant to Transmit the relevant Valid Message in accordance with Rule 18.3.3(b), 18.4.3(b), 18.6.1(d), 18.9.2(b) or 18.9A.2(b) (as applicable) within the time specified in the direction.
- (b) The Product Issuer Settlement Participant must comply with any direction received from ASX Settlement pursuant to Rule 18.12.3(a) within the time specified in the direction.

Introduced 15/08/16

18.13 SPECIFIC MODIFICATIONS TO RULES

18.13.1 Modifications

The following Rules apply in relation to AQUA Products and Issuers of AQUA Products subject to the modifications specified below:

- (a) Rules 5.12.2 and 5.12.3 apply as if references to “Issuer’s constitution” were references to the constitution or other governing document of the registered scheme under which the AQUA Products are constituted; and
- (b) Rules 5.13.1 and 5.13.3 apply as if references to “total issued capital” for a class of Financial Products were references to the total number of issued Financial Products in a class of AQUA Products.

18.14 LIMITATION OF LIABILITY

18.14.1 ASX Settlement not in control of issue or redemption

Each Settlement Participant acknowledges that ASX Settlement does not control and cannot procure:

- (a) the issue or redemption of AQUA Products by Issuers;
- (b) the processing of requests for issue or redemption of AQUA Products, or requests to Switch between AQUA Products, by Product Issuer Settlement Participants;
- (c) the processing of requests for cancellation of requests for redemption of AQUA Products or a Switch between AQUA Products, by Product Issuer Settlement Participants;
- (d) the processing of requests for income advice for AQUA Products, or the accuracy or completeness of any such income advice for AQUA Products provided by Product Issuer Settlement Participants; or

- (e) the processing of requests for a change to details of a Holder's standing instructions for the issue or redemption of AQUA Products.

Amended 15/08/16

18.14.2 Limitation of ASX Settlement liability

ASX Settlement has no liability to:

- (a) Issuers;
- (b) Settlement Participants;
- (c) any client of a Settlement Participant that has lodged a request for issue or redemption or Switch of AQUA Products;
- (d) Holders of AQUA Products; or
- (e) any other person claiming an interest in AQUA Products,

with respect to any action or failure to take action by an Issuer, Product Issuer Settlement Participant or other Settlement Participant in connection with a request for issue or redemption or Switch of AQUA Products, including (without limitation):

- (f) an Issuer's failure to issue or redeem AQUA Products or to make available redemption moneys;
- (g) failure by a Product Issuer Settlement Participant or other Settlement Participant to deliver AQUA Products or to settle an AQUA Payment Batch Instruction;
- (h) failure by the Product Issuer Settlement Participant to provide an income advice for AQUA Products or the accuracy or completeness of any such income advice for AQUA Products provided by the Product Issuer Settlement Participant; or
- (i) failure by the Product Issuer to process a request for a change to details of a Holder's standing instructions for the issue or redemption of AQUA Products.

Amended 15/08/16

18.14.3 Product Issuer Settlement Participant to indemnify ASX Settlement

Each Issuer, Product Issuer Settlement Participant and other Settlement Participant indemnifies ASX Settlement against all expenses, losses, damages and costs that ASX Settlement may sustain or incur in connection with any action or failure to take action by the Issuer, Product Issuer Settlement Participant or other Settlement Participant, as the case requires, in connection with a request for issue or redemption or Switch of AQUA Products.

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