



# **Register of ASX Settlement Operating Rule Waivers**

**16 to 30 June 2015**

**The purpose of this register is to record when ASX has exercised its discretion and granted a waiver from the ASX Settlement Operating rules. Waivers are published bi-monthly and include information such as:**

- Organisation**
- Rule Number**
- Decision Details**
- Basis for Decision**

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<b>Rule Number</b>	6.3 B.4
<b>Date</b>	11/06/2015
<b>Participant</b>	Participants (All)
<b>Waiver Number</b>	WPA150008-001
<b>Decision</b>	ASX grants a conditional waiver of ASX Settlement Operating Rule 6.3B.4 pursuant to ASX Settlement Operating Rule 3.3. The waiver means that in circumstances where a particular client has sold one security and bought a different security which are due to settle on the same day, the Client Trust Deductible Amount included in the MT 107 CHESS message sent for the buy transaction in accordance with Rule 6.3B.4 may include monies not yet in the Client Trust Account but that are scheduled to be paid to the Client Trust Account upon settlement of the 'contra' sell transaction pursuant to a MT 107 CHESS message under Rule 6.3B.2.
<b>Basis For Decision</b>	<p><b>Underlying Policy</b>  ASX Settlement Operating Rule 6.3B.4 allows the participant to use the new MT107 CHESS message for the movement of stock from the participant's Settlement Account to a Direct or Sponsored HIN under their control in connection with a client purchase transaction. The MT 107 CHESS message may include a 'Client Trust Deductible Amount' which represents money already held in the Client Trust Account which the Participant is entitled to withdraw in connection with the purchase of Financial Products. This allows a participant to receive monies from (or otherwise reduce the net amount payable to) the Client Trust Account in connection with the CHESS batch settlement process so as not to be required to wait until the end of day banking process to be reimbursed when acting on buy transactions.</p> <p><b>Present Application</b>  ASX received feedback from a small number of participants regarding a possible funding impact the new client asset protection enhancements (which became effective 25 May 2015) may have to their current contra process where a client has sold and bought lines executed on the same day but in different securities. In order to assist participants in managing their intra-day funding requirements ASX provides conditional relief from the prohibition in ASX Settlement Operating Rule 6.3B.4 of a Participant including in a MT107 CHESS message on the transfer of financial products from its Settlement Account, of a Client Trust Deductible Amount (as defined in ASX Settlement Operating Rule 6.3B.8) which exceeds the Client Trust Deductible Amount that applies in respect of those financial products. The relief means that in the circumstances described below, the Client Trust Deductible Amount specified in a MT107 CHESS message under ASX Settlement Operating Rule 6.3B.4 may also include an amount not presently held in the Client Trust Account but that is scheduled to be paid to the Client Trust Account upon settlement of the 'contra' sell transaction pursuant to a MT 107 CHESS message under Rule 6.3B.2.</p> <p>The only circumstance in which the relief applies is as follows:  <b>Contra Scenario Operational Net Trust Movement</b>  1 A client has sold one security and bought a different security .</p>

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MT107 CHES message for the sell and the buy are sent in accordance with the conditions listed below. Initiated by Payment Provider

To be eligible for the relief:

- (i) The sell and the buy must be in respect of the same client;
- (ii) The MT107 CHES message for the 'contra' sell must be sent in respect of transfers from the participant's Accumulation Account under Rule 6.3B.2 (on the basis that CHES validates that the stock is, and remains, available);

(For the avoidance of doubt, the relief does not apply to linked sells involving the transfer of securities directly from a Sponsored or Direct HIN to the Settlement Account under Rule 6.3B.3 since CHES does not validate the holding until batch settlement.

Participants wishing to rely on this relief will be required to first move the stock from the Sponsored or Direct HIN to the Accumulation Account before the buy MT107 CHES message can be sent with the specified Client Trust Deductible Amount);

- (iii) The MT107 CHES message for the 'contra' sell in respect of transfers from the participant's Accumulation Account under Rule 6.3B.2 must be sent before the corresponding buy MT107 CHES message under Rule 6.3B.4 can be sent with the specified Client Trust Deductible Amount; and

(iv) The Client Trust Deductible Amount on the buy MT107 CHES message for that particular client cannot be greater than the Client Trust Receivable Amount on the corresponding MT107 CHES message(s) transmitted under Rule 6.3B.2 for the same particular client in respect of the 'contra' sell (unless the funds for the excess have been received by the Participant in connection with the relevant purchase and are held in Trust in respect of that client).

It is a condition of this relief that:

- (v) Where a participant relies on this relief to include a Client Trust Deductible Amount in a buy MT107 CHES message, then if a corresponding MT107 CHES message under Rule 6.3B.2 for the 'contra' sell is cancelled or amended before CHES batch the participant must cancel the MT107 CHES message for the linked buy or amend the Client Trust Deductible Amount included in the message so as to no longer include an amount which it was relying on being scheduled to be paid to the Client Trust Account upon settlement of the 'contra' sell transaction for the purposes of this waiver.