

Stakeholder Feedback and ASX Response – DRP/BSP Elections

Stakeholder Feedback and ASX Response

ASX values the feedback it receives from stakeholders to determine the optimal solution design for each new business requirement. As part of its stakeholder engagement process, ASX has published a summary of the feedback it has received from stakeholders from the relevant Focus Groups and ISO 20022 Technical Committee meetings on the solution design of this new functionality.

This feedback is presented in the form of a table, and lists the key topics raised by stakeholders across both forums. The table provides a summary of stakeholder feedback and ASX's response to that feedback, highlighting where relevant the evolution of the functional specifications of each new business requirement based on stakeholder feedback and further analysis done by ASX. While ASX has considered the issues, comments and suggestions made by each impacted stakeholder, the differing and at times conflicting needs of various stakeholder groups mean that final functional specifications may not support suggestions received or retain aspects notwithstanding concerns raised.

The table does not identify any organisation or individual who raised a particular topic or question for discussion, nor does it intend to capture individual responses received from stakeholders; rather it is intended to be a summary only.

DRP/BSP Elections

Focus Group	18 June 2019 13 August 2019 31 October 2019
Technical Committee	01 November 2019
Number of respondents (on final proposal)	16
Related presentation materials	https://www.asx.com.au/services/iso20022-technical-committee.htm

Topics	Stakeholder Feedback	ASX Response
Dividend Reinvestment Plan and Bonus Share Plan Elections – Mandatory or Optional functionality	Participants and Issuer Registries expressed concern in relation to the potential fragmentation of processes should the use of the CHES Replacement DRP/BSP Electronic elections not be mandated, leading to increased risk and costs.	ASX has announced that Electronic DRP and BSP elections will be optional from Day 1 but mandatory by 31 December 2021. For further information, refer to CHES Replacement Scope .
Dividend Reinvestment Plan and Bonus Share Plan Elections – Rejection of elections where Plan does not exist	Participants and Issuer Registries concurred that CHES Replacement should validate election messages against an active Dividend Reinvestment Plan or Bonus Share Plan.	As a result of industry consultation, CHES Replacement will validate Elections to confirm that a Dividend Reinvestment Plan or Bonus Share Plan is in operation at the Issuer level and reject Elections for Issuers without a Plan. This is consistent with listing rule 3.10.8, and excludes mFunds and ETFs. The Issuer Registry will be responsible for rejecting requests where they invalidate plan rules.
Dividend Reinvestment Plan and Bonus Share Plan Elections – Notifications and updates	Participants and Issuer Registries saw value in the Issuer Registry providing updates to the Participant where an election is notified and updated, based on the Plan rules or when an Election is received via another channel. Participants expressed concern that there is currently a significant corporate action risk whereby an election can be removed if holdings fall to zero. Issuer Registries proposed that reason codes be provided to indicate the reason that the election was updated; for example “removed on zero balance under the plan rules”. An industry group and Issuer registries raised questions regarding the process flows for Elections and cost implications for Issuers. Participants and Issuer Registries raised the question of CHES replacement facilitating an enquiry function.	As a result of market feedback, the original proposal whereby only issuers would receive notification of and updates to Elections, has been enhanced. CHES Replacement will now provide the functionality for both Participants and Issuer Registries to notify each other of Elections, and to receive updates; reason codes will be included in the messages. In line with current practice, Issuer Registry records for DRP & BSP Plan Elections will prevail. ASX will retain a record of the most recent Election with the aim of ensuring consistency of messages to support concurrent DRP/BSP partial Elections. The provision of a DRP Election enquiry function is currently being reviewed with the aim of making this available for Day 1.
mFund Distribution Advice – Extend this message to all listed instruments	Participants and Issuer Registries expressed a number of views on this service provision, noting concerns in relation to: <ul style="list-style-type: none"> • ATO requirements for Issuers to provide distribution information to Investors • Potential cost and duplication of payment advice information 	ASX will build the solution to be asset class agnostic, however for Day 1 requirements this will remain mFund specific and broader usage will be re-assessed post Day 1.
ETF DRP Instructions	Participants requested that ETF DRP instructions to be considered in scope for DRP elections to align the timetables adhered by other Issuers.	While different timetables currently apply for DRP elections for ETFs, CHES Replacement will support DRP elections on ETF securities. The Corporate Actions STP project will review the timetables for ETFs and ascertain if they can be aligned to other listed instruments.

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