

# Stakeholder Feedback and ASX Response – Settlement

## 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.

## Settlement

Focus Group	12 November 2019
Technical Committee	26 November 2019
Number of respondents (on final proposal)	0
Related presentation materials	<a href="https://www.asx.com.au/services/iso20022-technical-committee.htm">https://www.asx.com.au/services/iso20022-technical-committee.htm</a>

Settlement and Netting Workflow changes have been released. Refer to [June 2021 - Documentation Release Notes](#) and [Netting and Settlement Workflow Changes](#) for further details.

Topics	Stakeholder Feedback	ASX Response
Early Settlement	Participants highlighted (in bilateral meetings on the topics of settlement) that it would be challenging to operationalise early settlement for CHES Replacement day 1, and proposed this is deferred for post go live.	As a result of bilateral feedback received from Participants ASX had made a decision to defer the Early Settlement functionality proposed for Day 1 to a future date.

## ASX Documentation

---

<p><a href="#">Diary Adjustments</a></p>	<p>Participants were supportive of the minor changes to Diary Adjustments, with no adverse feedback provided in the Focus Group discussion.</p>	<p>ASX noted there had not been a Focus Group in relation to Diary Adjustments, due to only minor changes to current process;</p> <ul style="list-style-type: none"><li>• For “value adjustments” transactions CHES Replacement will use the most up to date information available at end of day Record Date (including estimates and latest FX rates where applicable).</li><li>• CHES Replacement plans on removing the “cash diary adjustment” on accrual transactions, typically rights, bonus and attaching options; noting;<ul style="list-style-type: none"><li>• The cash adjustments is a legacy delivery incentive workflow introduced prior to the advent of fail fees.</li><li>• Accruals will be a Free of Payment transaction going forward though it will require agreement from both parties to cancel them.</li></ul>All other value adjustment accruals will be unchanged.</li></ul>
--	---	--

<p>Settlement Processing for Unit Failure</p>	<p>A Participant noted that the proposed solution was a more efficient process, which was broadly supported by the other Focus Group Participants</p> <p>Participants raised questions in relation to:</p> <ul style="list-style-type: none"> <li>• whether failed transactions, both NBO and GMT, would be rescheduled and kept separate as occurs today in CHESSE, or be included in the netted settlement obligation.</li> <li>• whether it would continue to be possible to identify the underlying counterparty of failed NBOs and GMTs to enable the identification of the counterpart in order to claim protection for corporate events.</li> <li>• clarification on the impact of the new netting flows on “as-at” transactions was sought as it relates to settlement failures.</li> </ul>	<p>ASX presented the proposed solution for settlement processing for unit failures; noting the key changes to existing processes being:</p> <ul style="list-style-type: none"> <li>• To improve efficiency, unit failures for novated settlement instructions will be rescheduled (in aggregate) to the next business day for settlement.</li> <li>• Novated Rescheduled Instructions and Novated Settlement Failure will be revalued and an SSP adjustment will be applied.</li> <li>• The SSP reference price, will change to as at Trade Date End of Day rather than Settlement Date -1 business date.</li> <li>• The Settlement Movement Confirmation and Effected Funds Movement must be read in conjunction with NBOs and GMTs (subject to Novated Settlement Failure (NSF)) to understand the total quantity settled.</li> <li>• Novated Rescheduled Instructions from previous settlement days will be settled on a line-by-line basis to ensure their priority within the settlement algorithm.</li> <li>• Non-novated settlement instructions will continue to be settled on a line-by-line basis (no change).</li> </ul> <p>ASX responded to questions raised:</p> <ul style="list-style-type: none"> <li>• Rescheduled transactions will be aggregated as a Novated Rescheduled Instruction (NRI), revaluation using SSP will occur and the NRI will be scheduled for next day settlement; allowing the rescheduled transactions to be applied a higher priority for the settlement algorithm calculations.</li> <li>• To identify counterparties the Isolate Counterparty message should be utilised by Participants – this process will persist as is today.</li> <li>• “As-at” trades are currently excluded from netting and settled as GMT, however for efficiency purposes in the future they will be grouped together to calculate a single delivery/receipt position in settlement failures.</li> </ul>
---	---	---

**Related Pages:**

There are no related labels.

**Browse Popular Pages:**

No labels match these criteria.

This document provides general information only. ASX Limited (ABN 98 008 624 691) and its related bodies corporate (“ASX”) makes no representation or warranty with respect to the accuracy, reliability or completeness of the information. To the extent permitted by law, ASX and its employees, officers and contractors shall not be liable for any loss or damage arising in any way (including by way of negligence) from or in connection with any information provided or omitted or from anyone acting or refraining to act in reliance on this information.

© 2022 ASX Limited ABN 98 008 624 691