

Stakeholder Feedback and ASX Response – Transfers and Conversions; SRN Enquiry

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.

Transfers & Conversions; SRN Enquiry

Focus Group	14 February 2019 10 April 2019
Technical Committee	8 February 2019 7 May 2019
Number of respondents (on final proposal)	8
Related presentation materials	https://www.asx.com.au/services/iso20022-technical-committee.htm

Topics	Stakeholder Feedback	ASX Response
Messages required for the provision of registration details to facilitate transfers and SRN enquiry requests	Stakeholders raised some concerns in relation to the initial solution proposal for Registration Standardisation, whereby messages for Account (HIN) and Holder creation formed base messages for transfer and SRN enquiry message flows. This involved one message per Account (HIN) and another message per Holder (where up to four holders per account is supported).	While the initial ASX proposal for separate holder and account messages was consistent with ISO 20022 standards and usage, ASX was able to utilise an alternative ISO 20022 message and revised the proposal such that the account and holder information can be carried in a single message. This resulted in a reduced number of messages required to support transfer and SRN enquiry flows. However, the requirement to continue to separate the transfer request/SRN enquiry from the provision of registration details remained (the rationale for which is provided below).
Multiple messages to facilitate transfer and SRN enquiry requests	Stakeholders expressed concern that it was adding an unnecessary layer of complexity with the introduction of separate messages to carry i) registration details and ii) transfer or SRN enquiry details. This differs to the current practice where flows are initiated with one message.	ASX has designed separate messages carrying registration and transfer request/SRN enquiry details for the following reasons: <ul style="list-style-type: none"> • Maintaining ISO compliant messages; the scope of the ISO base messages used for transfers and conversions does not include attributes to support registration details • Re-usability; we seek to reuse workflows across different clearing and settlement functions (for example, SRN enquiries where registration details must be provided to Issuers to perform matching). In addition, streamlining the Issuer to Participant and Participant to Issuer workflows to ensure consistent details are provided from the requesting Participant regardless of the flow.

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Linking of messages to facilitate transfer and SRN enquiry requests	Stakeholders expressed concern that the requirement to link messages with a unique identifier will prevent a participant from submitting a registration message at the same time as a transfer request/SRN enquiry.	The solution design requires a unique reference to be attached to a message. This can only be supported if messages are sent sequentially and not concurrently. This allows a unique identifier to be generated and used to link with subsequent messages. For example, the same identifier can be used on subsequent multiple transfer requests/SRN enquiries for the same account. This eliminates the need to re-send the registration details which will reduce the overall number of messages required.
Validation of registration details	Some stakeholders acknowledged the improvement to investor protection with validation of registration details in messages performed ahead of the transfer for all participants, as opposed to the current practice of post transfer validation by the requesting market participant or pre-transfer validation of registration details included in signed paper transfer documents provided by non-market participants.	Given the positive the feedback received, no changes were required to the solution design proposed by ASX.
Temporary registration identifier	Stakeholders requested that the time period for temporary registration identifiers be extended beyond the end of day, as is currently proposed. This was on the basis of administrative costs associated with frequently re-creating the registration identifier.	In response ASX has advised that the temporary registration identifier (RGID) will not be archived during the end-of-day process if an in-flight transfer or enquiry continues to reference it. Archiving the identifier will occur during the end-of-day process of the day that the last referring transaction is completed. The objective is to ensure that participants will always perform a 'pre-transfer/enquiry' validation of registration details for a given transaction. This is expected to provide greater investor protection than the current practice of post transfer/enquiry validation by the requesting participant. Archiving the RGID addresses issues related to the storage, maintenance and support of the identifier that would arise if the identifier was to be maintained as a permanent record.
Potential increase in rejections	Stakeholders expressed concern about the potential increase in mismatches with the validation of registration details due to changes to long standing processes required to implement the new requirement.	ASX acknowledges that there is potential for an increase in mismatches initially. However, it is expected that the application of standardisation of registration details across the industry will over the longer term reduce the mismatch rate to levels below those currently experienced.
ISO 20022 message schemas	Stakeholders queried why the receiving account identifier was optional for Issuer to Participant transfers and conversions when it will always be required on the transfer and conversion authorisation request (hold_212).	ASX acknowledged the feedback and applied schema changes that changed optional to mandatory in the transfer and conversion authorisation request (hold_212).

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