

PARTICIPANT BULLETIN

TO ALL NSX / SIMVSE Participants

Re: Settlement of NSX and SIMVSE Securities via Delivery versus Payment (DvP) in CHES

This bulletin is to update participants concerning forthcoming arrangements that NSX and SIMVSE are making to enable the settlement of NSX and SIMVSE securities using CHES DvP.

What Securities are affected?

Only those securities that have been registered as financial products within CHES are included. This includes all securities on the following NETS trading boards.

NETS Board Id	NETS Board Description
SIMV	SIMVSE Cleantech Securities
NCRP	NSX Industrial Securities
NRST	NSX Restricted Securities
NMIN	NSX Mining and Energy Securities
NPRP	NSX Property Securities
NDBT	NSX Debt Securities

What securities are excluded?

Any securities that have been deemed by the exchanges not to be CHES registered for settlement. Currently this includes any of the certificated securities that trade on NSX and SIMVSE. This includes securities on the following NETS trading Boards.

NETS Board Id	NETS Board Description
COMM	Bendigo Community Bank Securities
MAIN	Certificated Corporate Securities
PROP	Certificated Property Securities
SBND	SPSE Debt Securities
SEQY	SPSE Equity Securities
SRST	SPSE Restricted Securities

When will the arrangements start?

Both NSX and SIMVSE are required to complete banking, contractual and set up arrangements with CHES prior to commencement of the facility. CHES has been required to implement technical changes prior to the commencement of the service. NSX and SIMVSE understand that these arrangements are in place and the remaining activities will complete during January 2012.

NSX and SIMVSE expect to be able to make an announcement on the exact start date of the facility on or before 20 January 2012. The facility will then be expected to start by the end of January or first week of February 2012.

How will settlement change?

The Demand Transfers facility will remain.

Currently NSX and SIMVSE settle securities within CHESSE via demand transfers free of payment. Payment is made outside of CHESSE to complete the settlement. As demand transfer is a highly useful mechanism for ad hoc movements of securities within CHESSE this facility will remain available to all participants.

The DvP facility will be activated.

DvP for settlement will be activated from the start date to be announced by NSX and SIMVSE. Participants will be able to schedule settlement based on the trading reports that are currently provided at the end of each day to participants. As NSX and SIMVSE do not currently transmit trade data to CHESSE, automatic scheduling of settlements will not occur. Therefore, Settlement Participants will have to initiate batch settlement.

Batch Settlement

Once securities are scheduled for batch settlement they will settle using the same algorithms that CHESSE currently utilises for settlement. All Settlement Participants must adhere to ASX Settlement operational rules for settlement as well as those of NSX and SIMVSE.

Required Message Format

As advised by ASX Settlement on 2 December 2011, Participants are to note that the required messages for DvP are MT 101 messages.

The settlement participant is required to ensure that each message transmitted to CHESSE for the purpose of settling NSX and SIMVSE transactions uses a transaction basis of "F".

The settlement participant is required to enter the participant reference field in the MT 101 message. Where possible, the contents of this field should be the same as the participant reference field used on NETS when orders are entered.

Accepted Messages

Once the instructions 'match', (including the 'F') they are scheduled for settlement in the CHESSE Batch with all other settlements for that day. Settlement of NSX and SIMVSE listed securities will be part of the same CHESSE Payment Facility approved by Participants' banks as part of the daily CHESSE settlement processing cycle.

Rejected Messages

Where the message is not included in the batch, CHESSE will send a rejection message back to the settlement participant advising that an incorrect transaction basis was applied. The rejection message utilises an existing error code (1645) with a revised description:

"TRANSACTION BASIS MUST BE 'F' FOR THIS TRANSACTION"

Settlement Participants will then need to send a new settlement instruction message with the correct transaction basis to ensure settlement of the transaction.

Failed Settlements

Failed settlements will be rolled over in the batch for the next business day and will continue to be rolled over until settled or as the Exchange determines. Fail fees will be levied for each day and for each settlement fails after T+3.

Back office systems and security data set up

Although NSX and SIMVSE are working with CHESSE to have registered securities delivered via Reference Point, settlement participants will still be required to manually create the relevant security information in their back office systems. NSX and SIMVSE will notify participants when this data is available via Reference Point.

Fees

The current fees charged for CHESSE MT101 messages will apply for transactions of NSX and SIM VSE registered securities.

What happens to current trades and settlements?

Prior to activation of the facility all securities will still settle via demand transfers. On the date of and beyond the activation of the DvP facility all standard settlement will occur via batch DvP.

What if a third party settles my transactions on CHESSE?

Third parties can continue to settle for you as they currently do as long as they are able to do so within the DvP regime of CHESSE. You may need to consult your third party provider about any arrangements or procedures that need to be in place before the activation of the facility.

Further Information

Further Information can be obtained from NSX Trading and Settlement department on (02) 4929 6377 and speaking with either Jane Thorley or Scott Evans.