

7.14. Change to Broker / Broker Transactions

7.14.1. If:

- (a) the selling Broker and the buying Broker under a Broker / Broker transaction that has not been included in a Net Broker Settlement Instruction notified under Rule 7.9, Transmit a Valid Message to SCH within the Scheduled Time that requests a change to the settlement obligations under a transaction; and
- (b) the Messages are Matched,

SCH shall:

- (c) change the settlement obligations in accordance with the Matched Messages;
- (d) within the Scheduled Time, notify the selling Broker and the buying Broker that the change has been effected; and
- (e) include the transaction in a Surveillance Report of changed Broker / Broker transactions.

7.14.2. If a Message Transmitted under Rule 7.14.1 has not been Matched, the Broker that Transmitted the Message may cancel the request by Transmitting a further Valid Message to SCH revoking the initial request.

7.14.3. If SCH receives a Valid Message under Rule 7.14.2, SCH shall:

- (a) cancel the initial request; and
- (b) notify the Broker that the request has been cancelled.

7.14.4. SCH may provide the Surveillance Report to ASX or as required by these Rules or the law.

7.33. Suspension of Participation if Payment Obligation is not Authorised

7.33.1. In addition to any rights or powers that SCH or the Board may have under Section 19 of these Rules, if, within the Scheduled Time, a Payments Provider does not authorise:

- (a) a net obligation to make payment from a Payment Facility of a Participant identified in a DvP Settlement Instruction included in Scheduled Settlement on that Business Day; or
- (b) an increased net obligation to make payment from a Payment Facility of a Broker identified in a DvP Settlement Instruction included in Scheduled Settlement on that Business Day,

SCH may suspend the participation of the Participant for a period not exceeding 10 Business Days.

7.33.2. If SCH suspends the participation of a Participant under Rule 7.33.1:

- (a) the suspension will take effect immediately; and
- (b) SCH shall give Notice of the suspension to:
 - (i) the Participant;
 - (ii) if the Participant is a Broker, ASX and SEGC, or in the case of a participating organisation of an Exchange other than ASX, that Exchange; and
 - (iii) if the Participant is a clearing participant of ASX under ASX Business Rule 2.1A.3, each trading participant of ASX with whom the Participant has entered into a Clearing Agreement.

7.33.3. If a Notice is given under Rule 7.33.2 SCH shall, within the Scheduled Time, give Notice of the suspension to all Participants.

7.33.4. If SCH suspends the participation of a Participant under Rule 7.33.1, SCH may take any action referred to in Rule 19.5.

7.33.5. If the Board takes any action under Rule 19.2, (including a determination not to suspend, restrict or terminate the participation of a Participant) the suspension by SCH under Rule 7.33.1 is terminated with effect from the time the decision of the Board takes effect.

Note: Participants should refer to Section 19 of the Rules for details of the powers conferred on the Board.

SECTION 7A: REAL TIME GROSS SETTLEMENT

7A.1. Scope

7A.1.1. All CHESSE Approved Financial Products are eligible to be settled in Real Time Gross Settlement on and from the RTGS Commencement Date.

7A.1.1A. A transaction is eligible for Real Time Gross Settlement under Section 7A if, in accordance with the EIS, it may be processed for Real Time Gross Settlement and:

- (a) it does not belong to a class of transaction that has been determined as ineligible for, or has been removed from, Real Time Gross Settlement under Rule 7A.1.2; and
- (b) in the case of a DvP RTGS Transaction, it relates to RTGS Eligible Financial Products.

7A.1.2. SCH may at any time determine that a class of transactions is not eligible for Real Time Gross Settlement in CHESSE, or may at any time remove a class of transactions from Real Time Gross Settlement if:

- (a) SCH forms the reasonable opinion that Real Time Gross Settlement of the class of transactions is unlikely to be commercially viable for SCH;
- (b) SCH reasonably considers it necessary in order to maintain the orderly operation or integrity of CHESSE or the efficiency of Real Time Gross Settlement in CHESSE;
- (c) it is requested to do so by ASX in order to ensure the efficiency and integrity of the market or the proper functioning of SEATS;
- (d) it is requested to do so by a market operator other than ASX in order to ensure the proper functioning of that market; or
- (e) it is requested to do so by the Reserve Bank of Australia in order to ensure the proper functioning of RITS/RTGS.

7A.1.3. If SCH makes a determination or removes a class of transactions from Real Time Gross Settlement under Rule 7A.1.2, SCH shall give Notice of the removal to:

- (a) the Entity that applied for admission of the relevant CHESSE Approved Financial Products, giving reasons for the removal; and
- (b) CHESSE Participants.

7A.1.4. The relevant Entity or any Participant (as applicable) may appeal against the decision of SCH to:

- (a) not admit a class of transactions into Real Time Gross Settlement; or
- (b) remove a class of transactions from Real Time Gross Settlement,

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by serving an Appeal Notice on SCH within 10 Business Days of receipt from SCH of Notice under Rule 7A.1.3.

- 7A.1.5. If SCH receives an Appeal Notice under Rule 7A.1.4, it shall promptly give a copy of the Appeal Notice to the President of the Appeal Tribunal.
- 7A.1.6. Upon receipt of the Appeal Notice from SCH under Rule 7A.1.5, the President shall convene an Appeal Tribunal in accordance with Rules 18.7.6 and 18.7.7, and the Appeal shall be conducted in accordance with Rule 18.10, with such modifications as are appropriate in the circumstances.
- 7A.1.7. The Appeal Tribunal may in the case of a decision to:
- (a) not admit the class of transaction to Real Time Gross Settlement:
 - (i) affirm the decision; or
 - (ii) direct SCH to admit the class of transactions to Real Time Gross Settlement; or
 - (b) remove a class of transaction from Real Time Gross Settlement:
 - (i) affirm the decision; or
 - (ii) direct SCH to readmit the class of transactions to Real Time Gross Settlement.
- 7A.1.8. The determination of the Appeal Tribunal, including any determination as to costs payable by the applicant or SCH, shall be final and binding.
- 7A.1.9. After consultation with the Reserve Bank of Australia, SCH may determine that, in order to address settlement risk in CHESS reasonably and appropriately, a particular class of RTGS Transaction (which may, but need not, be classified in terms of value) shall, to the extent it settles in CHESS after a date specified by SCH, settle on a Real Time Gross Settlement basis.
- 7A.1.10. Subject to Rule 7A.1.11, each Participant that is obliged to deliver or receive Financial Products that are RTGS Eligible, and the obligation is in respect of a transaction that is RTGS Mandatory, shall deliver or receive those Financial Products in Real Time Gross Settlement in accordance with this Section 7A.

Note: the effect of Rule 7A.1.10 is that Real Time Gross Settlement is optional in CHESS except for any class of transaction that SCH declares to be RTGS Mandatory.

- 7A.1.11. If a Participant that is obliged to deliver or receive Financial Products:
- (a) wishes to use an Acceptable Clearing and Settlement Service other than CHESS to settle a transaction that is RTGS Mandatory; and
 - (b) obtains the consent of the counterparty to the transaction,
- the Participant may:
- (c) deliver or receive the Financial Products using a Demand Transfer in accordance with Section 6 of these Rules; and

- (d) use the Acceptable Clearing and Settlement Service to settle that transaction.

7A.2. Administration of and participation in Real Time Gross Settlement

7A.2.1. SCH is the administrator of Real Time Gross Settlement in CHESSE, and it may act in this capacity through the Board.

7A.2.2. A Participant is only eligible to participate in the Real Time Gross Settlement of transactions in CHESSE if it is an RTGS Participant.

7A.2.3. An RTGS Payments Provider participates in that capacity in the Real Time Gross Settlement of transactions in CHESSE to the extent it performs, in accordance with Section 7A, any Payment Obligation owed by an RTGS Participant.

7A.2.4. An RTGS Participant shall ensure that, for the purposes of irrevocably settling Payment Obligations in connection with RTGS Transactions, it has at all times:

- (a) an RTGS Payments Provider (which need not be the same Payments Provider it utilises for the purposes of DvP Net Settlement); and
- (b) at least one Payment Facility with an RTGS Payments Provider.

7A.2.5. An RTGS Payments Provider may also be a Participant and may participate in Real Time Gross Settlement in CHESSE in either capacity.

7A.2.6. If an RTGS Participant that has settled a Payment Obligation under the Rules through an RTGS Payments Provider:

- (a) goes into external administration within the meaning of the Payment Systems and Netting Act; and
- (b) fails to fulfil obligations outstanding in relation to the Payment Obligation,

the RTGS Payments Provider shall assume those obligations.

Note: Rule 7A.2.6 addresses the requirements of section 9(1)(g) of the Payment Systems and Netting Act.

7A.2.7. An RTGS Participant that goes into external administration within the meaning of the Payment Systems and Netting Act shall, without in any way limiting its obligation to give Notice to SCH in accordance with Rule 19.1.1, give Notice to any RTGS Payments Provider with which it maintains a Payment Facility for the purposes of Real Time Gross Settlement in CHESSE, as soon as practicable after it becomes aware of the external administration.

7A.2.8. For the avoidance of doubt, an obligation to give Notice arises under Rule 7A.2.7 when a Participant is a partnership or consists of 2 or more trustees, and a partner or a trustee goes into external administration within the meaning of the Payment Systems and Netting Act.

7A.2.9. If an RTGS Payments Provider:

- (a) goes into external administration within the meaning of the Payment Systems and Netting Act;

- (b) becomes aware that an RTGS Participant for which it maintains a Payment Facility for the purposes of Real Time Gross Settlement has gone into external administration within the meaning of the Payment Systems and Netting Act; or
- (c) receives a Notice given by an RTGS Participant under Rule 7A.2.7,

it shall give Notice to SCH as soon as practicable after becoming aware of the relevant external administration.

7A.2.10. Notice given by an RTGS Payments Provider to SCH under Rule 7A.2.9 shall be addressed to the Prescribed Person, and otherwise given in accordance with the Rules.

7A.2.11. For the avoidance of doubt, where the Board exercises its right under Rule 19.2 to impose Restrictions on, suspend or terminate the participation of a Participant that is an RTGS Participant, any such Restriction, suspension or termination applies to Restrict (except to the extent the Board otherwise specifies), suspend or terminate, as the case may be, the ability of that Participant to participate in Real Time Gross Settlement.

7A.2.12. Where SCH receives a Notice under Rule 7A.2.9 that relates to the circumstances set out in Rule 7A.2.9(a) or the Board is otherwise satisfied that an RTGS Payments Provider has gone into external administration within the meaning of the Payment Systems and Netting Act, the Board may for a specified period of time suspend:

- (a) that RTGS Payments Provider; and
- (b) any RTGS Participant which holds its Payment Facilities for the purposes of Real Time Gross Settlement exclusively with that RTGS Payments Provider, from participation in Real Time Gross Settlement in CHES.

Note: Rules 7A.2.7 to 7A.2.12 inclusive address the requirements of sections 9(1)(e) and (f) of the Payment Systems and Netting Act. Refer also to Rule 7A.3.10.

7A.2.13. SCH has no obligation to keep itself informed about the status, financial condition or creditworthiness of any RTGS Participant or RTGS Payments Provider.

7A.3. RTGS payments providers

7A.3.1. An Entity may participate in Real Time Gross Settlement in CHES in the capacity of an RTGS Payments Provider, if it:

- (a) is a Payments Provider;
- (b) is able to comply with the obligations of an RTGS Payments Provider as contemplated by the Rules;
- (c) does not adversely affect the integrity or orderly operation of, or introduce significant new risk into, CHES; and
- (d) is able to meet any technical and performance requirements prescribed by SCH to ensure that an RTGS Payments Provider maintains effective and

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efficient communications with SCH for the purposes of Real Time Gross Settlement.

An RTGS Payments Provider assumes rights and incurs obligations in that capacity under the Rules in its own right and not as trustee for, or agent on behalf of, any other person.

- 7A.3.1A. An Entity may apply to participate in Real Time Gross Settlement in CHESSE in the capacity of an RTGS Payments Provider in the form prescribed by SCH from time to time, and shall provide such information as SCH requires to demonstrate the applicant satisfies the criteria specified in the Rules. SCH may assume the correctness of any representation or warranty made by any applicant and is not required to conduct independent enquires or verification.
- 7A.3.1B. SCH shall admit an Entity to Real Time Gross Settlement in CHESSE in the capacity of an RTGS Payments Provider if the applicant satisfies all applicable participation criteria (including execution and delivery of the application in a manner satisfactory to SCH).
- 7A.3.1C. SCH shall notify a prospective RTGS Payments Provider within 30 days of SCH determining not to accept an application. The notification shall include the reasons for rejection of the application.
- 7A.3.2. Each RTGS Payments Provider covenants with SCH, each CHESSE User and each other RTGS Payments Provider for the time being:
- (a) to observe the Rules and the requirements of the EIS, to the extent and in the manner provided;
 - (b) in the capacity of a member of RITS/RTGS, to comply with the RITS Regulations, to the extent they apply or purport to apply to transactions initiated in, and sent to RITS/RTGS from, CHESSE; and
 - (c) as regards SCH and each RTGS Participant for which it maintains a Payment Facility, to bear risk of loss to the RTGS Payments Provider arising in connection with any breach of the RITS Regulations by any financial institution (including the RTGS Payments Provider) that is a member of RITS/RTGS or the Reserve Bank of Australia as operator of RITS/RTGS, relating to the settlement of a Payment Obligation.

For the avoidance of doubt, each RTGS Payments Provider acknowledges that its participation in Real Time Gross Settlement in CHESSE constitutes its acceptance of the matters set out in paragraphs (a)-(c) inclusive.

- 7A.3.3. Without in any way limiting Rule 7A.2.12, if an RTGS Payments Provider:
- (a) in the reasonable opinion of SCH:
 - (i) ceases to satisfy any of the applicable criteria for participation set out in Rule 7A.3.1; or
 - (ii) fails to comply with any of its undertakings in Rule 7A.3.2 in a manner which has a material adverse effect on its ability to comply with its obligations in that capacity under the Rules;

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- (b) breaches the Rules and fails to rectify the breach, or provide an explanation satisfactory to SCH within 10 Business Days after receiving Notice from SCH to remedy the breach; or
- (c) has been suspended from participation as a Payments Provider in the arrangements established for DvP Net Settlement under the Standard Payments Provider Deed,

SCH may:

- (d) suspend the RTGS Payments Provider from participation in that capacity in Real Time Gross Settlement in CHESSE for a specified period of time; or
- (e) in lieu of suspending the RTGS Payments Provider, impose conditions on its participation in Real Time Gross Settlement in CHESSE or its provision of services in that capacity to CHESSE Participants.

7A.3.4. If an RTGS Payments Provider is suspended:

- (a) under Rule 7A.2.12; or
- (b) under Rule 7A.3.3,

it is not entitled, from the date that suspension takes effect until the suspension is revoked, to:

- (c) provide services to Participants in the capacity of an RTGS Payments Provider; or
- (d) participate in Real Time Gross Settlement in CHESSE,

except (without imposing an obligation on the RTGS Payments Provider to do so) to the extent, and on such conditions, as SCH may, at its discretion, permit. Nothing in this Rule 7A.3.4 excuses an RTGS Payments Provider to which Rule 7A.3.3(d) or (e) applies from meeting its obligations in that capacity under the Rules, except as expressly provided.

Note: Refer to Rule 7A.14 for the consequences for Settlement Instructions affecting Payment Facilities maintained for broker/NBP customers of that RTGS Payments Provider.

7A.3.5. At any time while an RTGS Payments Provider is suspended from participation in Real Time Gross Settlement in CHESSE, SCH may:

- (a) terminate the suspension; or
- (b) change the period of suspension,

by Notice to that RTGS Payments Provider.

7A.3.6. If:

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- (a) an RTGS Payments Provider is suspended from participation in Real Time Gross Settlement in CHESSE for a period or periods totalling in aggregate 15 Business Days in any period of 12 months; or
- (b) SCH terminates the Standard Payments Provider Deed in force with a Payments Provider that is also an RTGS Payments Provider,

SCH may terminate the participation of that RTGS Payments Provider in Real Time Gross Settlement in CHESSE with immediate effect, by Notice to that Payments Provider.

7A.3.7. If an RTGS Payments Provider:

- (a) is suspended from Real Time Gross Settlement in CHESSE for a continuous period of 15 Business Days on grounds set out in Rule 7A.3.3(a) or (b), or has conditions imposed on its participation in Real Time Gross Settlement in CHESSE pursuant to Rule 7A.3.3(e); or
- (b) has its participation in Real Time Gross Settlement in CHESSE terminated on the grounds set out in Rule 7A.3.6(a),

it is entitled to appeal to an independent tribunal appointed by SCH which may, but need not, be the independent tribunal appointed for the purposes of the Standard Payments Provider Deed, and Rule 7A.3.8 applies.

7A.3.8. An appeal initiated under Rule 7A.3.7 by an RTGS Payments Provider will be taken to be regulated by clause 17 of the Standard Payments Provider Deed as if that Deed were incorporated in this Section 7A, except that:

- (a) a reference to clause 15.5 in clause 17 of the Standard Payments Provider Deed will be taken to be a reference to Rule 7A.3.7(a);
- (b) a reference to clause 15.3 in clause 17 of the Standard Payments Provider Deed will be taken to be a reference to Rule 7A.3.3(e);
- (c) a reference to clause 16.7 in clause 17 of the Standard Payments Provider Deed will be taken to be a reference to Rule 7A.3.7(b);
- (d) a reference to entry into a new Standard Payments Provider Deed will be taken to be a reference to a new obligation on the part of SCH to re-admit the relevant RTGS Payments Provider to participation in Real Time Gross Settlement in CHESSE, on the terms and conditions of these Rules; and
- (e) references to Client Bank or Client Payment Provider and ASTC in that clause 17 will be taken to be references to the relevant RTGS Payments Provider and SCH respectively, and references to CCP will be disregarded.

7A.3.9. If:

- (a) an RTGS Payments Provider:
 - (i) is suspended from participation in Real Time Gross Settlement in CHESSE on the grounds set out in Rule 7A.3.3(c); or
 - (ii) has its participation in Real Time Gross Settlement in CHESSE terminated on the grounds set out in Rule 7A.3.6(b); and
- (b) the independent tribunal appointed for the purposes of the Standard Payments Provider Deed directs SCH in accordance with that Deed:
 - (i) to terminate the Payments Provider's suspension from DvP Net Settlement; or

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- (ii) to enter into a fresh Standard Payment Provider Deed with the Payments Provider,

SCH will be taken to have been further directed by the independent tribunal:

- (c) to revoke the Payments Provider's suspension from participation in Real Time Gross Settlement in CHESSE; or
- (d) to re-admit the Payments Provider as an RTGS Payments Provider, on the terms and conditions of these Rules,

as applicable.

7A.3.10. Without in any way limiting the exercise of SCH's discretion under Rule 7A.2.12(b), where SCH determines to suspend or terminate the participation of an RTGS Payments Provider in Real Time Gross Settlement in CHESSE, SCH may elect to require each RTGS Participant on whose behalf the RTGS Payments Provider operates a Payment Facility for the purposes of Real Time Gross Settlement, to nominate a Payment Facility with another RTGS Payments Provider (in the case of suspension of the first-mentioned Payments Provider, for the period of the suspension) and, if it so elects, shall give Notice to that effect to each such RTGS Participant.

7A.3.11. If SCH gives Notice to an RTGS Participant under Rule 7A.3.10, that Participant shall nominate a Payment Facility with another RTGS Payments Provider within the Scheduled Time.

7A.3.12. For the purposes of the operation of Real Time Gross Settlement in CHESSE, each of Rules 4.1.1, 4.1.2, 4.1.4, 4.1.5, 4.2.1, 4.2.2, 4.2.3, 4.2.5, 4.2.6, 4.3, 4.4 (other than 4.4.1), 4.5, 4.9.2, 4.9.6, 4.9.8 and 21.7.2 and 21.7.7 apply to communications between SCH and an RTGS Payments Provider as if incorporated in this Section 7A, on the basis that:

- (a) (except in the case of Rules 4.1.1 and 4.2.1) that RTGS Payments Provider was a CHESSE User;
- (b) in the case of Rules 4.1.1 and 4.2.1, each reference to the EIS was a reference to so much of the EIS as relates to Payments Providers and is applicable in connection with Real Time Gross Settlement, and each reference to a CHESSE User was a reference to an RTGS Payments Provider;
- (c) for the purposes of Rules 4.4.5 and 4.4.7 only, that RTGS Payments Provider was an Issuer; and
- (d) references generally to the EIS were references to those parts of the EIS that are applicable to communications between SCH and the Payments Provider in connection with Real Time Gross Settlement.

7A.3.13. An RTGS Payments Provider:

- (a) may give Notice to SCH that it will cease to participate in CHESSE in that capacity, with effect from a date not earlier than 20 Business Days after giving Notice; and

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- (b) shall also give not less than 20 Business Days' prior written Notice of its ceasing to act as an RTGS Payments Provider to each RTGS Participant for which it maintains a Payment Facility for the purposes of Real Time Gross Settlement.

7A.3.14. A Notice given under Rule 7A.3.13 is irrevocable.

7A.3.15. Each RTGS Participant that receives a Notice under Rule 7A.3.13 shall ensure it has a Payment Facility for purposes of Real Time Gross Settlement in place with another RTGS Payments Provider by the Scheduled Time.

7A.3.16. Any cessation or termination of participation in Real Time Gross Settlement in CHESSE of an RTGS Payments Provider will not affect any right or liability arising:

- (a) under these Rules; or
- (b) in respect of any act, matter or thing occurring,
before that resignation or termination takes effect.

7A.4. RTGS Participants

7A.4.1. For each Participant that:

- (a) is a Settlement Participant;
- (b) has requested SCH to establish at least one Net Position Record to facilitate Real Time Gross Settlement; and
- (c) is RTGS Accredited,

SCH shall, on receipt of a Valid Message Transmitted by an RTGS Payments Provider in accordance with Rule 7A.4.3:

- (d) activate a Net Position Record linked to at least one RTGS Account Identifier; and
- (e) allow that Participant to settle RTGS Transactions in the capacity of an RTGS Participant in Real Time Gross Settlement.

7A.4.2. To be RTGS Accredited, a Participant shall, to the reasonable satisfaction of SCH, as shown by RTGS Pre-commencement Testing, meet the RTGS Participation Requirements.

7A.4.3. SCH will not activate a Net Position Record for a Participant until an RTGS Payments Provider has confirmed to SCH, in the form prescribed by SCH, that that Payments Provider authorises:

- (a) a Net Position Record being:
 - (i) activated with the attributes requested by the Participant under Rule 7A.5.1; and
 - (ii) linked to a Payment Facility maintained or to be maintained by it for that Participant;

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- (b) a Cash Sub-record being established under that Net Position Record, linked to an account designated by the RTGS Account Identifier nominated by that Participant; and
- (c) the Payment Facility linked to the activated Net Position Record being available to settle any payment obligation identified in an Accrued Settlement Instruction that SCH generates in accordance with Rule 7A.29 in connection with a Parent Settlement Instruction:
 - (i) to which the Participant is a counterparty; and
 - (ii) which is Recorded for Real Time Gross Settlement.

Note: An Accrued Settlement Instruction usually involves a low value payment and in the normal course will be settled in DvP Net Settlement under Section 7, but using the Payment Facility used in RTGS to settle the Parent Settlement Instruction.

- 7A.4.4. An active Net Position Record must be linked to one, but not more than one, Payment Facility.
- 7A.4.5. Unless SCH permits otherwise, no more than one active Net Position Record may be linked to a Payment Facility.
- 7A.4.6. An active Net Position Record must be linked to at least one Cash Sub-record.
- 7A.4.7. A Cash Sub-record must be linked to an RTGS Account Identifier.

7A.5. Credit Controls

- 7A.5.1. Each request by a Participant to SCH to create and activate a Net Position Record under Rule 7A.4.1(b), shall:
 - (a) be in the form prescribed by SCH from time to time;
 - (b) indicate whether or not the nominated RTGS Payments Provider will utilise a CHESSE Debit Cap to set its credit exposure in relation to the Payment Obligations to be recorded for that Participant against that Net Position Record; and
 - (c) if a CHESSE Debit Cap is to be utilised (and may optionally, if a CHESSE Debit Cap is not to be activated on creation of the Net Position Record), specify a maximum dollar limit (which may be zero) for its operation.
- 7A.5.2. An RTGS Payments Provider that in accordance with the Rules authorises a Participant's request to SCH to activate a Net Position Record with a CHESSE Debit Cap Status recorded as active will, on creation of that Net Position Record, be taken to have:
 - (a) elected to set its credit exposure, in relation to the Payment Obligations to be recorded against that Net Position Record, by means of a CHESSE Debit Cap; and

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- (b) authorised SCH to allow the Participant's Net Position Record to go into debit up to the CHESSE Debit Limit, at any time on any RTGS Business Day when the CHESSE Debit Cap Status assigned to that Net Position Record is recorded as active.

7A.5.3. An RTGS Payments Provider that in accordance with the Rules authorises a Participant's request to SCH to activate a Net Position Record for which the CHESSE Debit Cap Status has been specified as inactive will, on creation of that Net Position Record, be taken to have elected to determine credit decisions, in respect of any Payment Obligations to be recorded against that Net Position Record, on a case by case basis via its AIF interface.

7A.5.4. An RTGS Payments Provider may Transmit to SCH a Valid Message notifying that, for a Net Position Record that is active in relation to a Payment Facility maintained by it for a particular RTGS Participant, it requires to:

- (a) change the Net Position Record Status to inactive;
- (b) determine credit decisions through:
 - (i) its AIF interface; or
 - (ii) use of an active CHESSE Debit Cap;
- (c) increase or decrease the CHESSE Debit Limit;
- (d) in relation to a linked Cash Sub-record, receive, or not receive, RITS Presettlement Advices of RTGS Instructions that specify a particular RTGS Account Identifier;
- (e) in relation to a linked Cash Sub-record, receive, or not receive, RITS Post settlement Advices of RTGS Instructions that specify a particular RTGS Account Identifier; or
- (f) alter or add any other attributes, as permitted by SCH from time to time.

7A.5.5. SCH shall:

- (a) be entitled to rely on a Valid Message Transmitted by an RTGS Payments Provider under Rule 7A.5.4 to change any relevant Payments Provider Managed attribute of a Net Position Record; and
- (b)
 - (i) adjust Feeder System records in accordance with the Message; and
 - (ii) within the Scheduled Time, advise each of RTGS Payments Provider and the relevant RTGS Participant of the change, and the time it was made.

Note: The status of a Net Position Record cannot be changed with intra-day effect, but an RTGS Payments Provider may, in respect of a Net Position Record having an active CHESSE Debit Cap, effect an intra-day reduction to zero in the CHESSE Debit Limit, with the effect set out in Rule 7A.5.11.

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7A.5.6. A change made by SCH to any of the Payments Provider Managed attributes of a Participant's Net Position Record in accordance with this Rule 7A.5 does not in any way affect any liability or obligation on the part of the relevant RTGS Payments Provider assumed:

- (a) before the change; and
- (b) in connection with the Real Time Gross Settlement under the Rules of any Payment Obligation of that Participant.

7A.5.6A. For the avoidance of doubt, where:

- (a) an RTGS Payments Provider requests SCH to make a change to a Payments Provider Managed attribute of a Participant's Net Position Record under Rule 7A.5.4;
- (b) before SCH processes that request, an RTGS Instruction that affects that Net Position Record has entered the RTGS Settling Phase; and
- (c) that RTGS Instruction settles under the Rules,

the Payments Provider will be taken, in respect of that RTGS Instruction:

- (d) to be bound by the Payments Provider Managed attributes of that Net Position Record in force before it made that request; and
- (e) to have assumed all relevant obligations and liability on that basis.

Note: Rule 7A.5.6A acknowledges that a Payments Provider cannot change a Net Position Record attribute for an RTGS Instruction in the RTGS Settling Phase, and it recognises SCH's limited ability to recall funds transfer instructions from RITS/RTGS. However a Payments Provider that determines its credit exposure to that Participant via the AIF will retain discretion to decline funding for that instruction.

7A.5.7. Where, in accordance with Rule 7A.5.5, SCH records as inactive the status of a Net Position Record, SCH shall:

- (a) reject any RTGS Message received by it after the time of that recording; and
- (b) within the Scheduled Time, remove any RTGS Instruction that has been Recorded,

that in each case identifies a Cash Sub-record linked to that Net Position Record.

Note: The status of a Net Position Record cannot be changed intra-day. The effect of Rules 7A.5.5 and 7A.5.7 is to ensure that SCH will not process any Settlement Instruction Recorded for settlement, or Message received, on any day subsequent to receipt of such an instruction from the relevant RTGS Payments Provider.

7A.5.8. During any period in which the CHES Debit Cap Status of a Net Position Record is recorded as active, the RTGS Payments Provider that maintains the Payment Facility to which that Net Position Record is linked is taken, for that period, to have made the election and authorisation set out in Rule 7A.5.2(a) and (b) respectively.

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- 7A.5.9. During any period in which the CHESSE Debit Cap Status of a Net Position Record is recorded as inactive, the RTGS Payments Provider that maintains the Payment Facility to which that Net Position Record is linked is taken, for that period, to have made the election set out in Rule 7A.5.3.
- 7A.5.10. If, at any time in respect of a Net Position Record for which the CHESSE Debit Cap Status has been changed to active, no CHESSE Debit Limit is recorded in the CHESSE Feeder System, the CHESSE Debit Limit will at that time be taken to be zero.
- 7A.5.11. Except in the circumstances contemplated by Rule 7A.5.6A, where an RTGS Payments Provider has elected to determine its credit exposure to an RTGS Participant by means of an active CHESSE Debit Cap, SCH will not permit an RTGS Instruction to which that Participant is a counterparty to settle in Real Time Gross Settlement if:
- (a) the CHESSE Debit Limit assigned to the Net Position Record against which the relevant Payment Obligation is to be recorded is reduced;
 - (b) the debit balance recorded against that Net Position Record at the time of the reduction is equal to or greater than the reduced CHESSE Debit Limit; and
 - (c) if the RTGS Instruction were to be settled under these Rules, the result would be to increase the debit balance of that Net Position Record.

Note: Refer to Rule 7A.17.3(b) in connection with the determination of a debit balance for a Net Position Record and to Rules 7A.5.6 and 7A.5.6A in connection with instructions already in the RTGS Settling Phase at the time SCH receives a request to reduce an operative CHESSE Debit Limit.

- 7A.5.12. An RTGS Participant may at any time notify SCH that it requires to:
- (a) cancel any previously nominated, and substitute a replacement, Standing Buy Account Identifier or Standing Sell Account Identifier;
 - (b) cancel any previously nominated, or nominate a new, RTGS Account Identifier;
 - (c) nominate, or cancel any nomination of, a Cash Sub-record as an Excluded Cash Sub-record; or
 - (d) alter or add to any other attributes, as permitted by SCH from time to time,
- that relate to a Net Position Record, or associated Cash Sub-record, maintained in its name.

Note: The facility to nominate a Cash Sub-record as an Excluded Cash Sub-record is directed to accommodating Brokers' trust account obligations in connection with the calculation of available funds within any applicable CHESSE Debit Limit.

- 7A.5.13. On receipt of a Valid Message Transmitted by an RTGS Participant requesting a change to any of the Participant Managed attributes of an active Net Position Record, SCH shall, but if and only if the relevant RTGS Payments Provider has Transmitted a Valid Message acknowledging to SCH that it has authorised the requested change:
- (a) adjust the Feeder System records; and

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- (b) within the Scheduled Time, advise each of the RTGS Participant and RTGS Payments Provider of the change and the time it was made.

7A.5.14. A change made by SCH to any of the Participant Managed attributes of a Participant's Net Position Record in accordance with this Rule 7A.5 does not in any way affect any liability or obligation on the part of that Participant, or the relevant RTGS Payments Provider, assumed:

- (a) before the change; and
- (b) in connection with the Real Time Gross Settlement under the Rules of any relevant obligation of that Participant.

7A.5.14A. For the avoidance of doubt, where:

- (a) an RTGS Participant requests SCH to make a change to a Participant Managed attribute of a Net Position Record of that Participant under Rule 7A.5.12;
- (b) before SCH processes that request, an RTGS Instruction that affects that Net Position Record has entered the RTGS Settling Phase; and
- (c) that RTGS Instruction settles under the Rules,

the Participant and the Payments Provider will be taken, in respect of that RTGS Instruction:

- (d) to be bound by the Participant Managed attributes of that Net Position Record in force before the Participant made that request; and
- (e) to have assumed their respective obligations and liabilities on that basis.

7A.6. Standing RTGS Account Identifiers

7A.6.1. A Participant may, in connection with any request to SCH to create a Net Position Record under these Rules, nominate no more than:

- (a) one Standing Buy Account Identifier; and
- (b) one Standing Sell Account Identifier,

to be linked to that Net Position Record.

7A.6.2. A Participant may elect to specify the same details for the Standing Buy Account Identifier and the Standing Sell Account Identifier.

7A.7. Part Settlement Not Available

7A.7.1. SCH is not entitled to treat a transaction processed for Real Time Gross Settlement in CHESS as available for settlement in part.

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7A.8. DvP Transactions Transferred from DvP Net Settlement

- 7A.8.1. SCH shall treat Matched Dual Entry Switch to RTGS Messages notified to it in accordance with Rule 7.12A, 7.16A or 7.28.5 as collectively constituting an RTGS Instruction.
- 7A.8.2. If a deemed RTGS Instruction under Rule 7A.8.1 does not specify an RTGS Settlement Date, the counterparties will be taken to have instructed SCH to settle that Settlement Instruction:
- (a) in Real Time Gross Settlement; and
 - (b) on the scheduled Settlement Date, determined in accordance with Section 7.
- 7A.8.3. SCH shall, in respect of each such RTGS Instruction:
- (a) Record it for Real Time Gross Settlement; and
 - (b) within the Scheduled Time, notify each counterparty and advise the applicable RTGS Settlement Date.

7A.9. Switch to Scheduled Settlement

- 7A.9.1. Subject to this Rule 7A.9, SCH shall:
- (a) treat a Valid Switch to Scheduled Settlement Message that:
 - (i) is Transmitted within the Scheduled Time on any RTGS Business Day to SCH by an RTGS Participant, in connection with an RTGS Instruction;
 - (ii) relates to a DvP Transaction;
 - (iii) if the DvP Transaction has been admitted under Rule 7.1.3A identifies it, if applicable, as one to which NGF coverage does not apply; and
 - (iv) does not relate to a transaction that is RTGS Mandatory,as constituting a Scheduled Settlement Instruction;
 - (b) remove the RTGS Instruction from Real Time Gross Settlement; and
 - (c) within the Scheduled Time, notify each counterparty that the transaction has been removed from Real Time Gross Settlement and will be settled in Scheduled Settlement,
- and Section 7 will apply.
- 7A.9.2. SCH has no obligation to act in accordance with a Valid Switch to Scheduled Settlement Message that relates to a Dual Entry RTGS Instruction, unless it has Matched that Message.
- 7A.9.3. A Dual Entry Switch to Scheduled Settlement Message shall:

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- (a) be Transmitted by a Participant to SCH within the Scheduled Time; and
- (b) specify or imply the same mandatory details as the Message Transmitted by the counterparty Participant.

7A.9.4. SCH shall Match Valid Dual Entry Switch to Scheduled Settlement Messages that satisfy Rule 7A.9.3.

7A.9.5. SCH shall treat Matched Dual Entry Switch to Scheduled Settlement Messages notified to it in accordance with Rule 7A.9.3 as collectively constituting a Scheduled Settlement Instruction.

7A.9.6. Subject to this Rule 7A.9, SCH shall schedule each such Scheduled Settlement Instruction for inclusion in Scheduled Settlement on the requested Settlement Date.

Note: A Broker/Broker transaction transferred to Scheduled Settlement under Rule 7A.9 will not be novated to CCP and will only be netted on an administrative basis.

7A.9.7. If a Scheduled Settlement Instruction constituted in accordance with this Rule 7A.9 does not specify a Settlement Date, SCH will be taken to have been instructed to settle the transaction in Scheduled Settlement:

- (a) if the Settlement Instruction is constituted within the Scheduled Time, on the Business Day Recorded as the RTGS Settlement Date; or
- (b) if the Settlement Instruction is not constituted within the Scheduled Time on the Business Day Recorded as the RTGS Settlement Date, on the next Business Day.

7A.9.8. If, within the Scheduled Time, an RTGS Participant Transmits to SCH a Valid Message that requests a change in the HIN to apply for the Source Holding or the Target Holding, as applicable, in connection with a Scheduled Settlement Instruction constituted under this Rule 7A.9, SCH shall:

- (a) record a change to the Settlement Instruction in accordance with the Message; and
- (b) within the Scheduled Time, notify the Participant that Transmitted the Message.

Note: Changes of the kind specified in this Rule are only notified to the Participant that Transmitted the Message: refer to Rule 4.6.3.

Rule 7A.9.8 provides the mechanism by which a Participant may switch between Payment Facilities (and Payment Providers) when switching between settlement modes.

7A.9.9. (a) Each RTGS Participant acknowledges that SCH's ability to process a Switch to Scheduled Settlement Message that requests settlement of a Settlement Instruction (or related HIN change) on the Business Day on which the Message is Transmitted to SCH will depend on system processing demands in CHESS between Start of Day and Settlement Cut-off on that day.

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- (b) Despite any other Rule, while SCH will use reasonable endeavours to process any Message received in terms of Rule 7A.9.9(a), it will have no liability for any failure to process any such Settlement Instruction as requested in that day's Settlement Processing Phase.

Note: CHESSE queuing processes for preparation of the daily net batch settlement under Section 7 will in the ordinary course have priority over Messages requesting switches that are received close to Settlement Cut-off.

7A.10. RTGS Instructions

7A.10.1. Subject to this Rule 7A.10, SCH shall treat a Valid RTGS Message Transmitted to it within the Scheduled Time on any RTGS Business Day as constituting an RTGS Instruction.

7A.10.2. SCH has no obligation to Record or act in accordance with a Valid RTGS Message that relates to a DvP RTGS Transaction, unless it has Matched that Message.

7A.10.3. A Dual Entry RTGS Message shall:

- (a) be Transmitted to SCH by a Participant within the Scheduled Time; and
- (b)
 - (i) specify or imply the same mandatory details; and
 - (ii) specify or imply the same Settlement Amount or a Settlement Amount that differs by no more than the Settlement Amount Tolerance,

as the RTGS Message Transmitted to SCH by the counterparty Participant.

7A.10.4. SCH shall:

- (a) Match Dual Entry RTGS Messages that satisfy Rule 7A.10.3; and
- (b) if the amount to be included as the Settlement Amount specified in each such Message differs by no more than the Settlement Amount Tolerance, apply the lower of the two amounts as the Settlement Amount for the relevant RTGS Instruction.

7A.10.5. If, within the Scheduled Time, SCH Matches Valid Dual Entry RTGS Messages, it shall treat the Matched Messages as constituting an RTGS Instruction.

7A.10.6. SCH shall, in respect of each RTGS Instruction:

- (a) Record it for Real Time Gross Settlement; and
- (b) within the Scheduled Time, notify each counterparty and advise the applicable RTGS Settlement Date.

7A.10.7. As between the RTGS Participants that are the counterparties to a particular RTGS Instruction, the obligations of each of them:

- (a) to pay or receive an amount; or
- (b) in the case of a DvP RTGS Instruction, to deliver or receive Financial Products,

are taken to be owed to the other as principal, even if a Participant has a settlement obligation to another person in relation to the underlying RTGS Transaction.

7A.11. Standing Instructions

7A.11.1. If a Valid RTGS Message Transmitted to SCH by the RTGS Participant that is the payer on settlement of the relevant Payment Obligation:

- (a) does not specify an RTGS Account Identifier for the purpose of making the payment required to discharge that Payment Obligation on settlement; and
- (b) the Participant has notified SCH of its Standing Buy Account Identifier,

the Message will be taken to specify that Participant's Standing Buy Account Identifier as the RTGS Account Identifier.

7A.11.2. If a Valid RTGS Message Transmitted to SCH:

- (a) does not specify an RTGS Account Identifier for the purpose of the RTGS Participant that is the payee on settlement of the relevant Payment Obligation receiving payment of that Payment Obligation; and
- (b) the Participant has notified SCH of its Standing Sell Account Identifier,

the Message will be taken to specify that Participant's Standing Sell Account Identifier as the RTGS Account Identifier.

Note: SCH will reject a Message that does not specify, or cannot be taken to specify, an RTGS Account Identifier.

7A.11.3. If a Valid Dual Entry RTGS Message Transmitted to SCH by the Participant that is the delivering Participant on settlement:

- (a) does not specify a HIN for the Source Holding from which the Financial Products are required to be delivered; and
- (b) the Participant has notified SCH of a Standing Settlement HIN pursuant to Section 7 of the Rules,

the Message will be taken to specify that Standing Settlement HIN as the HIN for the Source Holding.

7A.11.4. If a Valid Dual Entry RTGS Message Transmitted to SCH by the Participant that is the receiving Participant on settlement:

- (a) does not specify a HIN for the Target Holding to which the Financial Products are required to be delivered; and
- (b) the Participant has notified SCH of a Standing Settlement HIN pursuant to Section 7 of the Rules,

the Message will be taken to specify that Standing Settlement HIN as the HIN for the Target Holding.

Note: SCH will reject a Message that does not specify, or cannot be taken to specify, a HIN.

7A.12. Recording RTGS Instructions

- 7A.12.1. SCH shall store electronically in CHES details of each RTGS Instruction, or change to an RTGS Instruction, notified to it in accordance with the Rules, for RTGS processing through the Feeder System on the RTGS Settlement Date specified, or taken to be specified, in that RTGS Instruction.
- 7A.12.2. For the avoidance of doubt, Feeder System records constitute confirmation, as between relevant Participants, of the settlement details for an RTGS Transaction, but its formation is determined in accordance with applicable law.

7A.13. Change to RTGS Instructions

- 7A.13.1. Subject to this Rule 7A.13, SCH shall:
- (a) comply with a Valid Message:
 - (i) Transmitted to it by an RTGS Participant within the Scheduled Time on any RTGS Business Day; and
 - (ii) requesting SCH to change any of the details Recorded for an RTGS Instruction to which that Participant is a counterparty;
 - (b) within the Scheduled Time, notify the sender that the change has been made; and
 - (c) if both counterparties are Brokers and the RTGS Instruction relates to an On-Market Transaction, include details of the change in a Surveillance Report of changed Broker/Broker On-Market Transactions.
- 7A.13.2. SCH has no obligation to act in accordance with a Valid Message requesting SCH to change any of the details of a Dual Entry RTGS Instruction, unless it has Matched the Message.
- 7A.13.3. A Message to change the details of a Dual Entry RTGS Instruction shall:
- (a) be Transmitted to SCH by a Participant within the Scheduled Time; and
 - (b) specify or imply the same mandatory details as the Message Transmitted by the counterparty Participant.
- 7A.13.4. SCH shall Match Messages that satisfy Rule 7A.13.3.
- 7A.13.5. If, within the Scheduled Time, a counterparty to a Dual Entry RTGS Instruction Transmits a Valid Message that requests a change to:
- (a) if the Participant is the delivering Participant, the Source Holding; and
 - (b) if the Participant is the receiving Participant:
 - (i) the Target Holding; or

- (ii) in the case of an RTGS Instruction designated as Off Market, any stamp duty details required under the Rules,

SCH shall:

- (c) change the RTGS Instruction in accordance with the Message; and
- (d) notify the Participant that Transmitted the Message within the Scheduled Time.

Note: Changes of the kind specified in this Rule are only notified to the Participant that Transmitted the Message. Refer to Rule 4.6.3 for general rules regarding notifications by SCH.

7A.14. Suspension and Cancellation of RTGS Instructions

7A.14.1. If SCH suspends or terminates the participation of an RTGS Payments Provider in Real Time Gross Settlement in CHESS, SCH may:

- (a) suspend any RTGS Instruction which at that time is:
 - (i) Recorded for Real Time Gross Settlement; or
 - (ii) under processing in the Feeder System Queue; or
- (b) cancel any RTGS Message that at that time has not been Matched or reject any RTGS Message subsequently received from a Participant,

in each case that would affect a Payment Facility maintained by that Payments Provider for the benefit of any RTGS Participant.

7A.14.2. If, under Rule 19.2.1, SCH suspends the participation of any RTGS Participant, SCH shall, subject to Rules 7A.14.8 and 19.5.2:

- (a) suspend any RTGS Instruction to which that Participant is a counterparty and which at that time is:
 - (i) Recorded for Real Time Gross Settlement; or
 - (ii) under processing in the Feeder System Queue; and
- (b) cancel any Dual Entry RTGS Message Transmitted by the Participant that has not at that time been Matched and reject any RTGS Message subsequently received from that Participant.

Note: Refer to Rule 19.7 in relation to the consequences of termination of a Participant.

7A.14.3. SCH may:

- (a) on each RTGS Business Day on which any RTGS Instruction remains suspended, Record the RTGS Instruction for Real Time Gross Settlement on the next RTGS Business Day; and

- (b) cancel any RTGS Instruction that remains suspended at RTGS End of Day on the 10th consecutive RTGS Business Day after the commencement of suspension.

7A.14.4. Subject to this Rule 7A.14, if within the Scheduled Time a Participant Transmits to SCH a Valid Message requesting cancellation of an RTGS Instruction to which that Participant is a counterparty, SCH shall:

- (a) cancel its Recording of the RTGS Instruction and, if applicable, remove it from the Feeder System Queue;
- (b) within the Scheduled Time, notify the sender that the RTGS Instruction has been removed from Real Time Gross Settlement in CHESSE; and
- (c) if both counterparties are Brokers and the RTGS Instruction relates to an On-Market Transaction, include details of the change in a Surveillance Report.

7A.14.5. SCH has no obligation to act in accordance with a Valid Message requesting cancellation of a Dual Entry RTGS Instruction, unless it has Matched the Message.

7A.14.6. A Message to cancel a Dual Entry RTGS Instruction shall:

- (a) be Transmitted to SCH by a Participant within the Scheduled Time; and
- (b) specify or imply the same mandatory details as the Message Transmitted by the counterparty Participant.

7A.14.7. SCH shall Match Messages that satisfy Rule 7A.14.6.

7A.14.8. Despite any other Rule, SCH has no obligation to suspend settlement processing of, or cancel, an RTGS Instruction that has entered the RTGS Settling Phase except to the extent that the Reserve Bank of Australia, as operator of RITS/RTGS, permits SCH to recall from, or otherwise inactivate in, RITS/RTGS, funds transfer details relating to that RTGS Instruction.

7A.15. Settlement Processing

7A.15.1. On each RTGS Business Day, SCH shall process for Real Time Gross Settlement in accordance with the Rules, RTGS Instructions that have been Recorded for Real Time Gross Settlement on that day.

7A.15.2. For any RTGS Instruction that identifies a Payment Obligation, the details of which are required to be sent across the Feeder System interface with RITS/RTGS for any purpose whatsoever in the course of the RTGS Settling Phase, SCH assumes obligations under Rule 7A.15.1 subject to and conditional on:

- (a) the availability of RITS/RTGS, its feeder interface process with CHESSE and any supporting communications infrastructure;
- (b) the availability of the AIF; and
- (c) without limiting the foregoing, the Reserve Bank of Australia not exercising any discretion, right or duty in accordance with the RITS Regulations to suspend, or vary the operational timetable for, RITS/RTGS operations.

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7A.15.3. SCH is entitled:

- (a) to assume (without independently verifying) the authenticity and correctness of:
 - (i) any electronic message received across the Feeder System interface with RITS/RTGS that meets required specifications; or
 - (ii) any RTGS Contingency Report,in either case that is sent or purports to be sent to it by the Reserve Bank of Australia as operator of RITS/RTGS; and
- (b) to act under the Rules (which may include, but is not limited to, settling any RTGS Instruction) in reliance, in good faith, on any such message or report.

7A.15.4. SCH has no authority to process an RTGS Instruction Recorded for settlement on a particular RTGS Settlement Date until each of:

- (a) the RTGS Participant that is required to perform the relevant Payment Obligation; and
- (b) in relation to a DvP RTGS Instruction, the RTGS Participant that is required to perform the relevant Delivery Obligation,

has, by the Scheduled Time on that day, separately Transmitted a Valid Message to SCH to confirm that the RTGS Instruction is 'ready to settle'.

7A.15.5. An RTGS Instruction that, in accordance with Rule 7A.15.4, has been confirmed as 'ready to settle' on the applicable RTGS Settlement Date, will be sent to the Feeder System Queue for testing in CHES.

7A.15.6. SCH is entitled to:

- (a) determine the operation of the testing procedures in the Feeder System Queue from time to time at its discretion; and
- (b) progress the RTGS Settling Phase for RTGS Instructions held in the Feeder System Queue from time to time, in the order determined by it and notified to Participants from time to time,

in each case having regard to the efficiency and integrity of the Feeder System, and CHES generally.

7A.15.7. SCH may at any time correct any error or omission in a Net Position Record or any Cash Sub-record linked to it, with effect from the time at which the correct, or nil, entry ought to have been made.

7A.15.8. SCH may, when practicable, consult with the affected RTGS Participant and its RTGS Payments Provider before exercising its powers under Rule 7A.15.7, and SCH shall:

- (a) notify each of them before reversing or correcting any such entry; and

- (b) provide to the relevant Payments Provider, details of the adjustment (if any) that that Payment Provider shall make to its records for any corresponding account,

but any failure by SCH to give notification as required will not invalidate its actions under Rule 7A.15.7.

7A.16. Financial Products testing

7A.16.1. If within the Scheduled Time, SCH determines, in relation to a Delivery Obligation identified in a particular RTGS Instruction held in the Feeder System Queue, that:

- (a) the Financial Products specified are Available Financial Products;
- (b)
 - (i) the Source Holding; or
 - (ii) during an Ex Period, a Cum Entitlement Balance for the Source Holding,

specified in the RTGS Instruction will not give rise to an RTGS Delivery Shortfall; and

- (c) if Rule 7A.17.1 applies to the related Payment Obligation, the payment is Debit Cap Compliant,

SCH shall:

- (d) generate an electronic communication to reserve the number of Financial Products required to be delivered from that Holding in Real Time Gross Settlement on that day in order to settle the relevant Delivery Obligation; and
- (e) within the Scheduled Time, notify each counterparty to the RTGS Instruction.

7A.16.2. Any Reservation of Financial Products made by SCH under Rule 7A.16.1 may only be cancelled by SCH in accordance with the Rules.

7A.16.3. SCH has no obligation to cancel a Reservation of Financial Products in connection with an RTGS Instruction, the funds transfer details of which have been sent across the Feeder System interface to RITS/RTGS, unless the Reserve Bank of Australia, as operator of RITS/RTGS, permits SCH to recall the transaction from, or otherwise inactivate it in, RITS/RTGS.

7A.16.4. Subject to Rule 7A.16.3, SCH shall cancel any Reservation of Financial Products if:

- (a) the RTGS Instruction to which the Reservation relates is Failed, cancelled or suspended in accordance with the Rules; or
- (b) the Financial Products so Reserved are no longer Available Financial Products.

Note: Rule 7A.16.4 (b) acknowledges that SCH may be compelled by order of a court of competent jurisdiction to apply a Holding Lock to the Holding from which the Reserved Financial Products are to be delivered in Real Time Gross Settlement.