

# Trade Acceptance Service (TAS)

Practice Note 23

Issued: 2021



# Trade Acceptance Service (TAS)

---

## Practice Note #23

---

**The purpose of this Practice Note** This practice note outlines the process from trade execution, to clearing (if applicable) to settlement.

---

- The main points**
- Overview
  - Rule Framework
  - Trade Flow
  - Cancellations
  - Further Information
- 

- Related materials**
- NSX Business Rules
  - ASX Operating Rules
  - NSX Practice Note 13 – Settlement of Certificated Securities
- 

## Guidance

---

The NSX issues practice notes to promote commercial certainty, reduce costs to business and assist market participants, and we are available to discuss any questions you have in relation to a practice note.

NSX may replace practice notes at any time. Participants and Issuers should contact NSX to ensure that they have the latest version of a practice note. NSX cannot give legal advice to Issuers or Participants and recommends that they consider taking advice from a qualified professional person.



## Section 1 – Overview

---

1. NSX has appointed ASX Clear Pty Limited as the designated central counterparty.
2. This practice note outlines the process that will occur from trade execution to settlement of the transaction, including trades that are accepted by ASX's Trade Acceptance Service (TAS).
3. NSX currently has 2 types of securities listed on its market, certificated and non-certificated. Securities that are certificated are those where physical certificates represent a holder's holding in a company. Securities that are certificated are settled bilaterally between participants with details on this process found in Practice Note 13. Securities that are non-certificated, are CHES approved securities, and are de-materialised and recorded in ASX's Clearing House Electronic Subregister System (CHES).
4. Trades in CHES approved securities are executed on NSX's NETS trading platform, will flow to ASX CHES for novation and registration, with CHES settlement messages being generated automatically and sent to participants for settlement on T+2.
5. To facilitate this process NSX has access to ASX's Trade Acceptance Service (TAS) which was created in 2011 to allow trades executed on the trading platforms of non-ASX affiliated Approved Market Operators (AMOs) to be cleared and settled by ASX Clear and ASX Settlement on the same basis as trades executed on ASX's cash equity market.

## Section 2 – Rule Framework

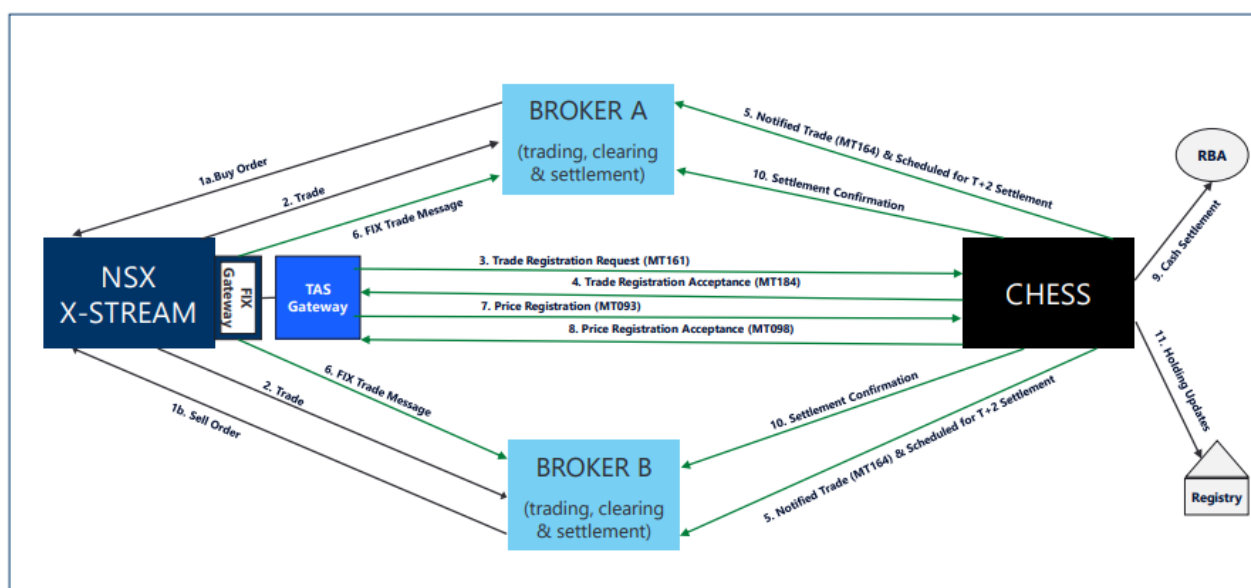
---

1. NSX Business Rule Sub-Part DA are the rules governing the Clearing and Settlement of transactions in CHES approved securities. It allows NSX to send transactions executed on the NSX NETS trading platform to ASX using the TAS for clearing and settlement. Once the trades have been sent to ASX, participants will need to ensure they comply with ASX's Clear and ASX Settlement operating rule framework.
2. Participants, if not already, should familiarise themselves with the ASX Clear and ASX Settlement rule framework to ensure they understand their obligations.
3. Post TAS go-Live, entities seeking admission as an NSX Participant trading CHES approved securities must have an adequate clearing arrangement in place. This can be achieved by being admitted as a clearing participant of ASX Clear or engaging another participant who is eligible in providing third party clearing services.
4. Participant using third party clearing services must notify NSX by providing a copy of any clearing agreement between the Participant and the clearing service provider.



## Section 3 – Trade Flow

- As part of the implementation, NSX has expanded its FIX based technology infrastructure to deliver trade information to the market. NSX has installed a specific AMO gateway to communicate with ASX Clear through CHES messages to send trading and price information.
- The below diagram demonstrates the new process flow with a description that follows. The STP steps which replaces the manual processing points are shown in green arrows.



- The following process will occur for CHES approved securities:

Item	Process description
<b>1a and 1b</b>	Broker A and Broker B submit buying and selling orders onto NSX Electronic Trading System (NETS).
<b>2</b>	The trade occurs and is confirmed to Broker A and Broker B.
<b>3</b>	NSX sends a CHES Trade Registration Request message (MT161) to ASX Clear
<b>4</b>	ASX Clear sends a CHES Trade Registration Acceptance message (MT184) to NSX confirming acceptance of the trade.



Item	Process description
5	ASX Clear sends a CHESSE Notified Trade message (164) to the buying and selling clearing participant confirming the registration of the trade and schedules it for T+2 settlement in CHESSE. Where a third-party clearing and settlement participant is used by the trading broker, this message will be sent by CHESSE to the relevant participant acting for the broker.
6	<p>NSX will send Broker A and Broker B a FIX message through its FIX Gateway. This message will contain the unique Transaction ID from the CHESSE (MT164) message sent in the previous step to provide a cross reference to reconcile the trade scheduled in CHESSE for settlement. Where a third-party clearing and settlement participant is used by the trading broker, the FIX message will be sent to the relevant participant acting for the broker.</p> <p>Alternatively, a Broker who does not wish to receive the information via a FIX message from NSX, can choose to receive an end of day email containing transactions executed by the broker to assist with its internal processes.</p>
7	NSX will send CHESSE Price Registration (MT093) messages to ASX Clear to manage its cash market margining.
8	ASX Clear will send CHESSE Price Registration Acceptance (MT098) messages back to NSX.
9	ASX Settlement will process the CHESSE settlement batch on T+2 and send and receive payment messages with participants' banks and the RBA as part of the normal CHESSE settlement process.
10	<p>ASX Settlement will also send CHESSE messages to the broker as part of the normal CHESSE settlement process.</p> <p><i>Note:</i> Where a third-party clearing and settlement participant is used by the trading broker, the CHESSE message will be sent to the relevant third party acting for the broker.</p>

## Section 4 – Cancellations

1. NSX may cancel a transaction that is rejected by ASX, or which is accepted by ASX then subsequently cancelled by ASX in accordance with their rule framework, in which case the transaction will be deemed to have been cancelled.



## Section 5 – Further Information

---

1. For further information, please contact:

Market Operations

National Stock Exchange of Australia Limited

Email: [trading@nsx.com.au](mailto:trading@nsx.com.au)