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Proposed New Pricing model ASX Issuer Services

AIRA Webinar | 23 March 2022



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Welcome

IAN MATHESON

CEO | Australasian Investor Relations
Association (AIRA)



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Questions?

Attendees are encouraged to fully participate

To ask a question please click either the **Q&A** or **Raise Hand** button on the Zoom Webinar screen.

If you use the Raise Hand option, please remember to switch OFF the mute function on your microphone and switch on the camera as you are brought to screen. Once the question has been completed, you will be returned participant mode.





ASX Issuer Services – new pricing

23 March 2022



Andrew Jones

General Manager,
Issuer Services,
Securities and Payments



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Senior Manager,
Issuer Services,
Securities and Payments

Acknowledgement of Country

We acknowledge the Gadigal people of the Eora Nation as the Traditional Custodians of the Country we are meeting on today.

We recognise their continuing connection to the land and waters, and thank them for protecting this coastline and its ecosystems since time immemorial. We pay our respects to Elders past and present, and extend that respect to all First Nations people present today.

Agenda

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- What is Issuer Services
-
- Proposed new fee model
 - New Subscription fee
 - Changes to CHESS Holding Statement fee
 - Holding Adjustments fee
 - Discounts
 - Fees changed/replaced or no change
-
- Tools and fee calculator demonstration
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- Electronic holding statements
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-
- Q&A
-

What is Issuer Services?





Issuer Services

- ASX Issuer Services provides services to issuers on Australian markets (ASX, Cboe, NSX, SSX).
- CHESS is the core technology providing Issuer Services including:



CHESS register setup

Unique identifiers, assigned share registry



Legal title holder register

Holder detail changes, holder information communication



Holding balance tracking

Notification to investors and issuers (e.g. holding statements)



Issuer announcements

E.g. issuer name and code changes, change of share registry



Entitlement tracking

Corporate action events



Holding adjustments

Holding balance changes



Primary Market Facility

Capital raising

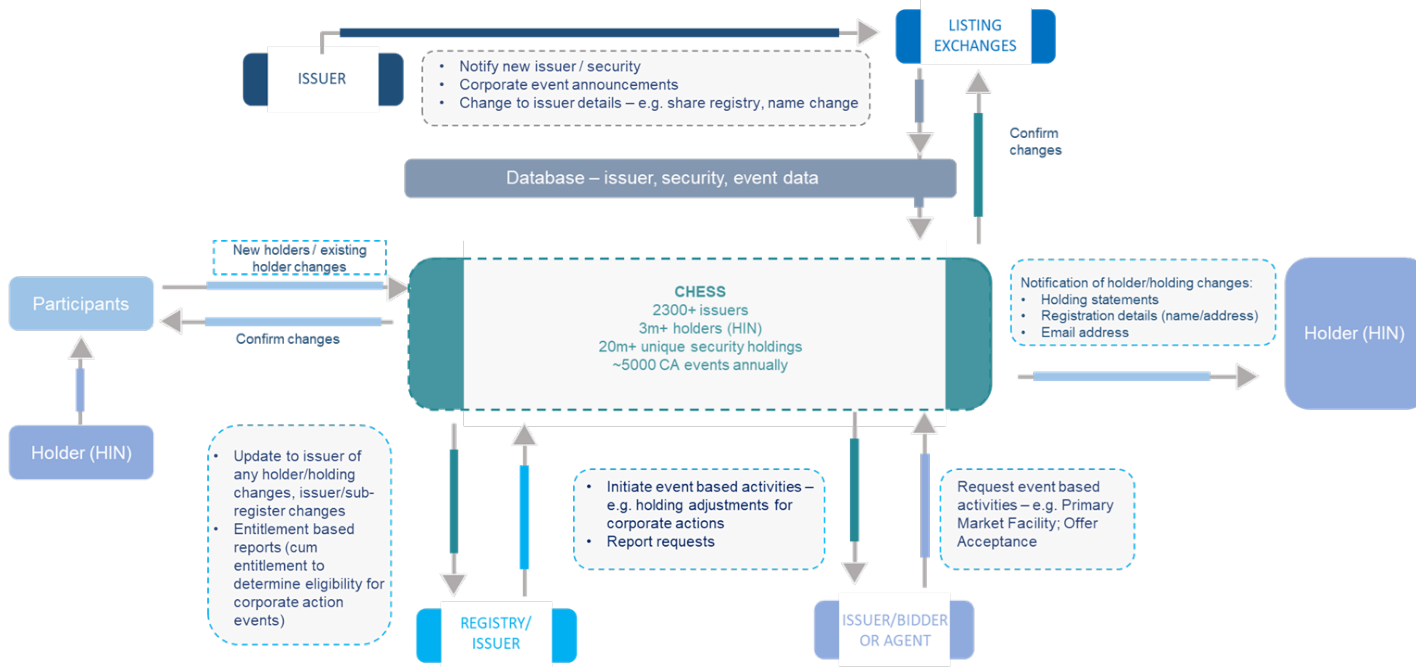


Offer acceptance

Takeovers, buy-backs, reinvestment offers

Interactions with CHESS

- The update of issuer and holder information and management of events in CHESS relies on interactions with each listing exchange, participants, entities acting on behalf of an issuer or bidder and an issuer's share registry.



Current CHESS, high level view only, not all detailed workflows included

Proposed new fee model

Proposed new fee model

Discussion paper released 3 March 2022

- Outline proposed changes to existing issuer services fees
- 6 week review period
- New fee model proposed to commence 1 July 2022



<https://www2.asx.com.au/content/dam/asx/issuers/issuer-services/issuer-services-discussion-paper-new-pricing.pdf>

Why propose a change?

- The current fees charged by ASX Issuer Services have been in place for a number of years and have become complex and difficult to reconcile for issuers
- Refer sections 4 and 5.2 of [Clearing, Settlement & Issuer Administration Schedule of Fees](#) for existing fees
- The fees charged for these services range from ad valorem, message based and fees for CHESSE statements; mix of annual and monthly fees with many different charging points
- The fees should better reflect the services provided by ASX Issuer Services and scale appropriately to factors within the control of issuers
- Allow for simpler pricing model for issuers to budget
- Provide greater certainty to issuers around costs
- All fees to be invoiced monthly

Subscription fee rate cards

Tiering, targeted rate cards deliver the fairest outcome

- Corporate Issuers* and Listed Investment Companies and Trusts** (annual rates)

Number of HINs	Rate per HIN	Flat Fee	+	Additional per HIN fee
1 to 1,000	\$3.50	\$1,500	+	\$3.50 for each HIN
1,001 to 5,000	\$3.00	\$2,400	+	\$3,500 plus \$3.00 for each HIN above 1,000
5,001 to 50,000	\$1.90	\$4,800	+	\$15,500 plus \$1.90 for each HIN above 5,000
50,001 to 100,000	\$1.50	\$4,800	+	\$101,000 plus \$1.50 for each HIN above 50,000
>100,000	\$1.30	\$6,000	+	\$176,000 plus \$1.30 for each HIN above 100,000

- Investment product issuers*** (annual rates)

Number of HINs	Rate per HIN	Flat Fee	+	Per HIN fee
1 to 50,000	\$3.00	Nil	+	\$3.00 for each HIN
50,001 to 150,000	\$2.00	\$12,000	+	\$150,000 plus \$2.00 for each HIN above 50,000
150,001 to 300,000	\$1.00	\$12,000	+	\$350,000 plus \$1.00 for each HIN above 150,000
>300,000	\$0.50	\$12,000	+	\$500,000 plus \$0.50 for each HIN above 300,000

* Includes equity and debt listed issuers, AGBs

** Includes Listed Investment Companies and Listed Investment Trusts (“LICs” and “LITs”). These entities are listed via the ASX admission criteria of “+investment entity”.

*** Includes issuers of ETFs, mFunds, XTBs, managed funds, warrants and structured products

Subscription fee examples – corporate issuer

- Example calculation – for three different corporate issuers

# of holders on HIN	Annual flat fee	Annual per HIN fee	Total annual fee	Total paid monthly
500	\$1,500	\$1,750	\$3,250	\$271
7,500	\$4,800	\$20,250	\$25,050	\$2,088
110,000	\$6,000	\$189,000	\$195,000	\$16,250

- Multiple classes of securities:
- Holder in each different class counted as a separate investment on HIN, however
 - Flat fee only charged once per parent issuer
 - Total # of HINs aggregated under parent issuer – benefit from lower tier charges

Account / HIN	Classes of Securities per issuer held in HIN	Count of HIN for fee calculation
Joe Smith (123456789)	1, e.g. security code ABC	1
Joe Smith (123456789)	2, e.g. security code ABCO	2
Joe Smith (123456789)	3, e.g. security code ABCPA	3

Subscription fee examples – investment product issuers

- Example calculation – for three different investment product issuers

# of holders on HIN	Annual flat fee	Annual per HIN fee	Total annual fee	Total paid monthly
5,000	-	\$15,000	\$15,000	\$1,250
55,000	\$12,000	\$160,000	\$172,000	\$14,333
350,000	\$12,000	\$525,000	\$537,000	\$44,750

- Multiple classes of securities:
 - Holder in each different product or class counted as a separate investment on HIN, however
 - Flat fee only charged once per parent issuer (i.e. fund manager)
 - Total # of HINs aggregated under parent issuer – benefit from lower tier charges

Account / HIN	Product per issuer held in HIN	Count of HIN for fee calculation
Joe Smith (123456789)	1, e.g. fund code ABCZ	1
Joe Smith (123456789)	2, e.g. fund code XYZZ	2
Joe Smith (123456789)	3, e.g. fund code LMNO	3

- If an investment product issuer has products quoted on more than one exchange, all products will be aggregated for the purposes of fee calculation

CHES holding statements

Current charge for mailed statements	New charge for mailed statements	Electronic statements
\$1.25	\$0.50	Unlimited electronic statements covered by subscription fee

Holding adjustments

New tiering rate card

- Holding adjustments - allocations to holders due to corporate actions like DRPs, rights issues resulting in holding balance changes
- New rate card to replace existing \$0.35/message charge
 - Includes CHES message # 421 and 425
 - Now excludes CHES message #512 (notification of holder changes to registry – now included in subscription fee)
 - On average 512 messages made up 80% of this charge (FY20)
- Aggregation of holding adjustments charge for investment product issuers

Number of adjustments (by message #) per month	Rate per Adjustment per security per investor	Total Amount
1 to 500	\$2.50	\$2.50 for each adjustment
501 to 1,250	\$1.50	\$1,250 plus \$1.50 for each adjustment above 500
>1,250	\$0.50	\$2,375 plus \$0.50 for each adjustment above 1,250

Discounts

- Discounts for subscription and paper statement fees only:
 - **Low velocity issuers:** a low velocity user is an issuer that has an annual ratio of CHES holding statements provided to its holders to the number of HINs of less than 1.0 times. This discount will only apply to existing issuers as at 30 June 2022. New issuers established in CHES after 30 June 2022 will not qualify.
 - **Listed Investment Companies (LIC) and Listed Investment Trusts (LIT):** these entities are listed via the ASX admission criteria of “+investment entity”.
- An issuer that is both a LIC/LIT and a “low velocity user” will receive a discount of 25%, and not two discounts of 25%.
- The discount will initially be calculated and rebated following the end of the 2022/2023 financial year.

Fees changed/replaced or no change

Fees removed or replaced by subscription fee:

- Equity & Fund Issuer Annual Operating Charge
- Message based fees related to holder and holding details (CHESS message #s 402, 404, 406, 408, 412, 414, 416, 418, 759, 534, 512)
- Non ASX listing market issuers – corporate action creation

No change – fees continue:

- Issuer & Product establishment fees
- Report request & enquiry output
- Primary Market Facility
- Offer Administration

The new fee model does not relate to ASX listing fees (<https://www2.asx.com.au/listings/how-to-list/listing-fees>)

Tools & fee calculator demonstration

- <https://www2.asx.com.au/issuers/issuer-services/tools-and-resources>

▼ Fee calculator

FEE CALCULATOR ▶

▼ Example Invoices

CORPORATE ISSUER: SAMPLE INVOICE ▶

INVESTMENT PRODUCT ISSUER: SAMPLE INVOICE ▶

▼ Draft Schedule of Fees

DRAFT SCHEDULE OF FEES ▶

TIPs for analysis:

- Fee calculator provides estimates only based on input – annual or monthly value
- For comparison of proposed changes v. existing fees – use full financial year of invoiced fees (to include annual operating charge)
- # HINs - your share registry can advise you of the number of CHES HINs on your register
- # Holding adjustments – refer previous CHES invoices – product code #04900225. Note message# 512 removed, so could assume on average to remove 80% of count of messages. Your share registry may also provide you with guidance on a typical number.
- Assumptions re % of electronic holding statements
- More explanatory text available on the fee calculator page

Tax Invoice



ASX Settlement Pty Ltd
 ABN 49 008 504 532
 PO Box H224 Australia Square
 Sydney NSW 1215
 Enquiries: Accounts Receivable
 Phone: 612 9227 0703 Fax: 612 9227 0553
 Email: ar@asx.com.au

TAX INVOICE

Invoice Number
 Invoice Date
 Customer Number
 Customer ABN
 Due Date

Fees removed

Points of note

- Annual CHES Operator charge is only billed once per year in August
- Holding Adjustments – only count 421 and 425 messages. Contact issuer services for the exact number or use 20% of the total as an estimate
- We can help with your total CHES fees for FY21 - contact us

Product Code	Description	Quantity	Unit Price	Unit	Line Amount (Excl GST)	GST	Amount Due (Incl GST)
Chess Charges							
04900210	CHES & Sub-register Transfer & Conversion	-3,260.00	0.350	EA	1,140.65	114.07	1,254.72
04900215	Notification of Holding Details Update	-1,165.00	0.350	EA	414.75	41.46	456.23
04900220	Notification of Tax File Number	-1,080.00	0.350	EA	374.15	37.42	411.57
04900225	Holding Adjustments & Transformations	1,957.00	0.350	EA	684.95	68.50	753.45
04900200	CHES Holding Statements For Security: QUAL	2,382.00	1.250	EA	2,977.50	297.73	3,275.23
The amount shown on this invoice will be directly debited from your account							
Special Notes: For more details on fees and charges, please refer to the appropriate Fee Schedule: https://www.asxonline.com/public/documents/asx-schedule-of-fees.html/							

Currently includes messages 421, 425 and 512.

Will be no charge for 512 messages which on average means this total **reduces** by 80%

Issuers should look at annual costs rather than taking 1 month and multiplying by 12

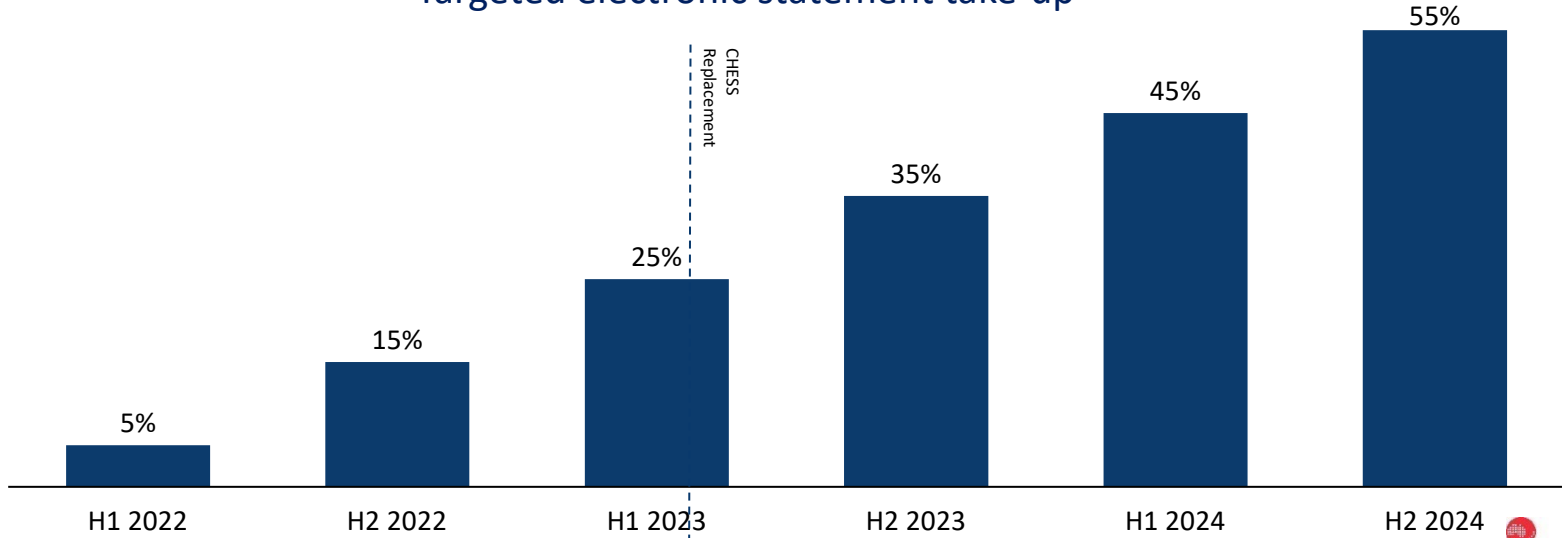
Cost reduced to \$0.50 for paper statements and nil for electronic statements

5,592.00	559.20	6,151.20
	Payment Received	0.00
	Total Amount Due AUD	6,151.20

Electronic holding statements






- Went live on 13 December 2021
- No charge for electronic CHES Holding Statements
- Currently supported by 8 brokers with over 1,000 investors opted in

Targeted electronic statement take-up



Engagement

Issuer engagement plan

ACTIVITY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG
 Discussion paper published / new web page & tools / EDM to all issuers 03/03/2022			○					
 Listed@ASX Compliance update w/c 14/03/2022			○					
 ASX Issuer Services: New Pricing webinar 21/03/2022			○					
 AIRA/ASX Issuer Services: New Pricing Information session 23/03/2022			○					
 GIA/ASX Issuer Services: New Pricing information session 24/03/2022				○				
 Issuer feedback due 14/04/2022				○				
 ASX response to feedback, confirmation of changes 01/06/2022						○		
 Target effective date 01/07/2022							○	
 1st Invoice date for new fees August 2022								○

More information

- Issuer Services web page: <https://www2.asx.com.au/issuers/issuer-services>
 - Discussion paper and tools available on “what’s new’ section:
 - <https://www2.asx.com.au/issuers/issuer-services/our-services?#new>
- Contact us by email:
 - issuers@asx.com.au
- ASX 21 March webinar presentation and recording available here:
 - <https://www2.asx.com.au/issuers/issuer-services/our-services?#engagement>

Q&A

Thank you.



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