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## MARKET RELEASE

### Trade Acceptance Service (TAS) : NSXA Go-Live date of 23<sup>rd</sup> November 2020

NSX Limited (ASX: NSX), NSX Limited wishes to advise that the Company has been informed that the ASX Group has today made formal lodgement of the ASX Clear operating rules ("rules") to ASIC.

The rules will enable the Company's wholly owned subsidiary, the National Stock Exchange of Australia Limited ("NSXA") to gain access to the ASX Clear monopoly on a commercial basis, under the TAS and "Open Access" regime

The Council of Financial Regulators approved the "Open Access" regime at their October meeting<sup>1</sup>.

The launch of TAS is now subject to a statutory 28 days disallowance period of the ASX Clear operating rules by ASIC. The NSXA integration to the TAS service is scheduled to go live on the 23<sup>rd</sup> November 2020.

20 October 2020

ASX Company  
Announcements

20 Bridge St,  
SYDNEY NSW 2000

### Digital Exchange Subregister System (DESS)

NSXA has been working towards integration of the NSXA's own internal Digital Exchange Subregister System, which is based upon Distributed Ledger Technology (DLT), into its digital platform being built by iSignthis Ltd.'s subsidiary, Probanx Solutions Ltd. The platform incorporates the NASDAQ trade matching engine, in addition to the DESS, and in future, the ClearPay Delivery versus Payments platform and the Paydentity™ KYC platform from iSignthis.

The NSXA is in consultations with ASIC as to when the DESS can commence service, noting that it is now technically and operationally ready for service to commence data accumulation and writing to the blockchain, contemporaneously with TAS.

Initially, data originating from the NSX's operated NASDAQ trading engine will be written to both DESS and CHESS (in the usual way via TAS for CHESS) in accordance with Australian Market Operators requirements of TAS users.

Following the consultation with ASIC (and any approvals), the commissioning of DESS will mean that NSXA will be able to independently store trading data and create its own user records, in order to provide issuers, registrars, participants and other parties access to the blockchain data, on a permissions basis.

This is a critical first step to allow the NSX to create facilities independent of ASX Clear, consistent with the NSXA Australian Market Licence Variation Notice 2018 (No.1), s5 'Clearing and Settlement Arrangements'.<sup>2</sup>

The DLT will also in future be used to confirm trades, transfers, and manage tracking (by identity) of trades. The DLT will allow for elimination of dark pools, as well as allow NSXA to satisfy AML/CFT requirements by running PEP/Sanction screening on trades in real time using the buyers and sellers' details.

The NSXA will be one of the world's first Tier 1 exchanges to record transactional trading data to the blockchain.

### Integration with iSignthis Ltd (ASX : ISX) Paydentity™ System in Early 2021

Per the shareholders agreement between the NSXL, NSXA and ISX, DESS is expected to be integrated with the iSignthis Paydentity™ system early in calendar 2021, which will provide compliance with the AML/CFT Regulations with regards to customer due diligence and electronic safeharbour.

As a result of this integration, the unique remote Know Your Customer (KYC) system means that NSXA will be in a position to comply with the terms of its license for products not cleared via a licensed clearing and settlement facility<sup>3</sup>, and ensure that each party to a transaction is able to be notified of the other party.

KYC data will be securely retained in an ISO27001 / PCI DSS Level 1 certified facility with data accessible only via the DESS system and NSXA personnel. KYC data will not be available to third parties other than Participants, or as required per the AML/CFT Act and Regulations.

This release is authorised by the Board of Directors

<sup>1</sup> <https://www.cfr.gov.au/publications/policy-statements-and-other-reports/2020/application-of-the-regulatory-expectations/>

<sup>2</sup> See para 3(a) of <https://download.asic.gov.au/media/4656592/20180226-signed-nsxa-licence-variation.pdf>

<sup>3</sup> See para 3(a) of <https://download.asic.gov.au/media/4656592/20180226-signed-nsxa-licence-variation.pdf>

