



RESERVE BANK OF AUSTRALIA

Corporations Act 2001

Notification of Determination of Financial Stability Standards

The Reserve Bank of Australia ("Reserve Bank") has, under subsection 827D(1) of the *Corporations Act 2001*, determined two financial stability standards which must be complied with by clearing and settlement (CS) facility licensees. The standards are listed in the Schedule. The standards are designed to ensure that CS facility licensees conduct their affairs in a way that promotes overall stability in the Australian financial system.

Under subsection 827D(5) of the *Corporations Act 2001*, the Reserve Bank has specified that the financial stability standards apply to CS facility licensees from 30 May 2003 ("**Commencement Date**").

The objective tests contained in the standards are supplemented by a series of measures which the Reserve Bank considers relevant for the purposes of meeting the standards. During a specified transitional period (as set out in the Annex), the Reserve Bank will not consider that a specified CS facility licensee has not met the standards solely because that CS facility licensee has not met the measures specified in the Annex.

Copies of the financial stability standards and this notice are available:

- on the Reserve Bank's website at www.rba.gov.au; or
- by telephoning 02 9551 9720; or
- at the office of the Reserve Bank at 65 Martin Place, Sydney NSW 2000 (reference: Senior Manager, Payments System Stability, Payments Policy Department).

This notice is published by authority of the Reserve Bank under paragraph 827D(7)(a) of the *Corporations Act 2001*.

Signed

A handwritten signature in black ink, appearing to read 'IJ Macfarlane', written in a cursive style.

IJ Macfarlane
Governor
Reserve Bank of Australia

Date 29 May 2003

SCHEDULE

Financial Stability Standard FSS 2003.1 – Financial Stability Standard for Central Counterparties

Financial Stability Standard FSS 2003.2 – Financial Stability Standard for Securities Settlement Facilities

ANNEX

Under subsection 827D(5) of the *Corporations Act 2001*, the Financial Stability Standard for Central Counterparties and the Financial Stability Standard for Securities Settlement Facilities come into force on 30 May 2003 (“**Commencement Date**”).

The two standards set out a number of measures that the Reserve Bank considers relevant in determining whether the CS facility licensee has met the relevant standard. For the avoidance of doubt, during the periods specified below, the Reserve Bank does not consider that:

1. **ASX Settlement and Transfer Corporation Pty Limited** ABN 49 008 504 532 (ASTC) will not have met the Financial Stability Standard for Securities Settlement Facilities solely by reason of:
 - a. **Measure 7ii(b)** – ASTC not meeting the requirements of measure 7ii(b) for the period from the Commencement Date until the earlier of:
 - i. the date the Minister varies ASTC’s CS Facility licence under section 825A(1) of the *Corporations Act*; and
 - ii. 10 March 2004;
 - b. **Measure 7ii(c)** – ASTC not meeting the requirements of measure 7ii(c) for the period from the Commencement Date until the first anniversary of the Commencement Date.
2. **Options Clearing House Pty Limited** ABN 48 001 314 503 (OCH) will not have met the Financial Stability Standard for Central Counterparties solely by reason of:
 - a. **Measure 5(b)** – OCH not meeting the requirements of measure 5(b) for the period from the Commencement Date until the first anniversary of the Commencement Date;
 - b. **Measure 7** – OCH not meeting the requirements of measure 7 for the period from the Commencement Date until the earlier of:
 - i. the date the Minister varies OCH’s CS Facility licence under sections 825A and 826A of the *Corporations Act*; and
 - ii. 10 March 2004;
 - c. **Measure 9ii(b)** – OCH not meeting the requirements of measure 9ii(b) for the period from the Commencement Date until the earlier of:
 - i. the date the Minister varies OCH’s CS Facility licence under sections 825A and 826A of the *Corporations Act*; and
 - ii. 10 March 2004;
 - d. **Measure 9ii(c)** – OCH not meeting the requirements of measure 9ii(c) for the period from the Commencement Date until the first anniversary of the Commencement Date.