



Regulatory development trends in Australia

Asia Securities Forum, November 2014

www.afma.com.au

Financial System Inquiry

- Broad terms of reference
- Recommendations on how the financial system can help the Australian economy be productive, grow, meet the financial needs of Australians
- Lack of clear strategic direction from Government
- Final report later this month



OTC Clearing and Trade Reporting

- 3 licensed CCPs – ASX, LCH Clearnet, and CME
- Trade reporting Phases 1 and 2 implemented over the last year, covering major banks and international dealers with large notional gross positions
- Phase 3 applying to banks and dealers doing smaller volumes has been delayed to April 2015
- AFMA lobbying for single-sided reporting

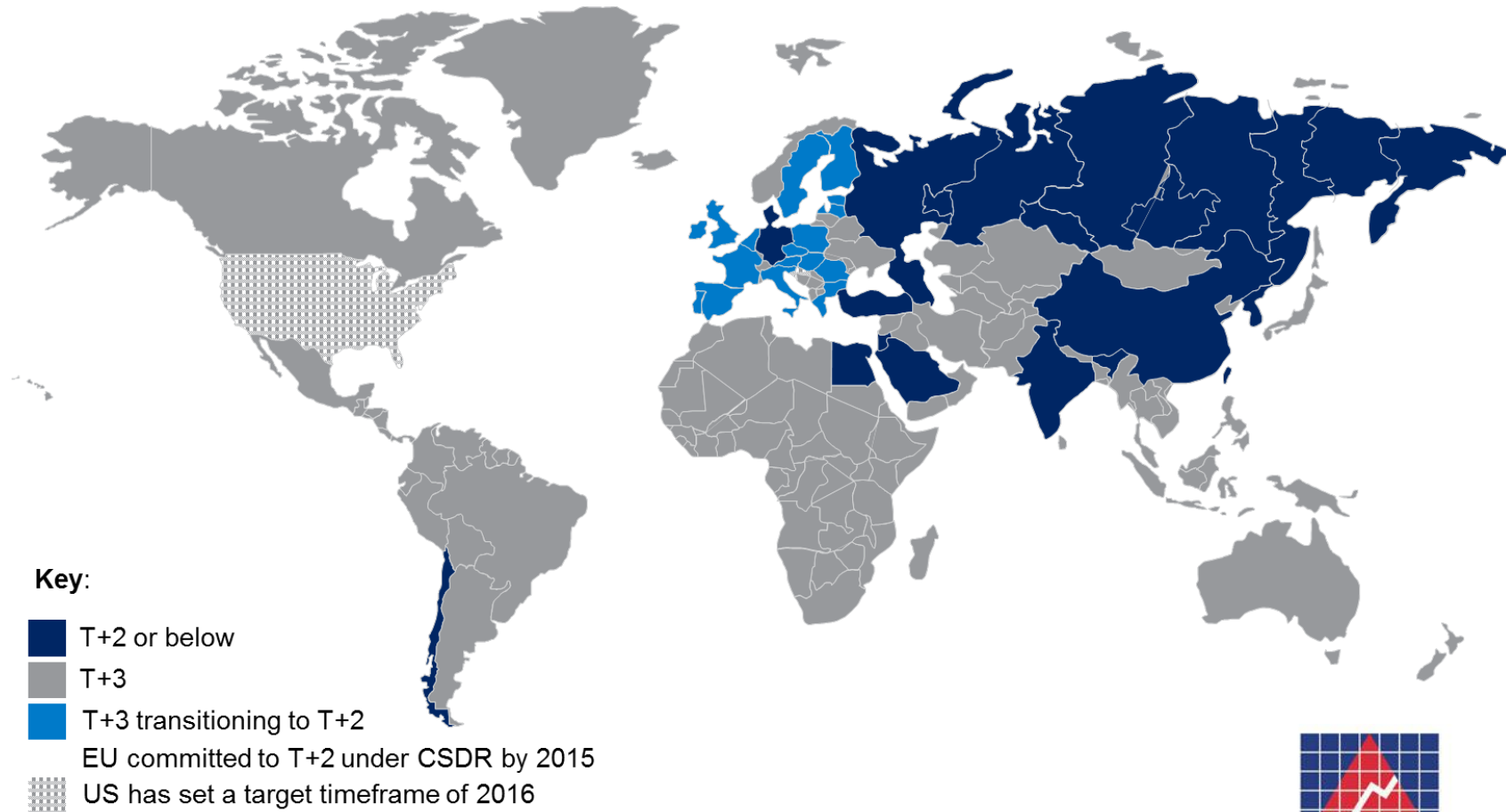


Equities markets

- T+2 settlement to commence Q1 2016
- ASX mFund settlement service
- Sponsored depository receipts for international equities – US, European, Hong Kong & Singapore
- Chi-X achieved a total market share of 30% in June this year



Global settlement cycles



Source: World Federation of Exchanges



Recovery of CCPs

- CPMI-IOSCO Principles for Financial Market Infrastructures
- Replenishment of default funds in the event of a clearing participant default
- Global imperative reflecting heightened concentration of risk in CCPs



Benchmarks

- IOSCO Principles for Financial Benchmarks published in July 2013
- AFMA administers the BBSW benchmark rate
- Confident about compliance with IOSCO Principles
- Australian regulation of benchmarks is unresolved

