



RESERVE BANK OF AUSTRALIA

*Corporations Act 2001*

**Determination of CCP Standards 7.3, 7.9 13.1, 13.2 and 13.3**

Pursuant to subsection 827D(1) of the *Corporations Act 2001* (the Act), the Reserve Bank of Australia determines the financial stability standards set out in Annexure A (CCP Standards 7.3, 7.9, 13.1, 13.2 and 13.3) which are each incorporated (in the place indicated by their numbering) into the *Financial Stability Standards for Central Counterparties* determined on 10 December 2012.

In accordance with paragraph 827D(5)(a)(ii) of the Act, CCP Standards 7.3, 7.9, 13.1, 13.2 and 13.3 will come into force on 31 March 2014.

Signed

A handwritten signature in black ink, appearing to read 'Glenn Stevens'.

Glenn Stevens

Governor

Reserve Bank of Australia

Date

20 February 2013

## **ANNEXURE A – CCP Standards 7.3, 7.9, 13.1, 13.2 and 13.3**

- 7.3 A central counterparty should maintain sufficient liquid resources in all relevant currencies to settle securities-related payments, make required variation margin payments and meet other payment obligations on time with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate payment obligation to the central counterparty in extreme but plausible market conditions. In addition, a central counterparty that is involved in activities with a more complex risk profile or that is systemically important in multiple jurisdictions should consider maintaining additional liquidity resources sufficient to cover a wider range of potential stress scenarios that should include, but not be limited to, the default of the two participants and their affiliates that would generate the largest aggregate payment obligation to the central counterparty in extreme but plausible market conditions.
- 7.9 A central counterparty should establish explicit rules and procedures that enable the central counterparty to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations on time following any individual or combined default among its participants. These rules and procedures should address unforeseen and potentially uncovered liquidity shortfalls and should aim to avoid unwinding, revoking or delaying the same-day settlement of payment obligations. These rules and procedures should also indicate the central counterparty's process to replenish any liquidity resources it may employ during a stress event, so that it can continue to operate in a safe and sound manner.
- 13.1 A central counterparty should, at a minimum, have segregation and portability arrangements that effectively protect a participant's customers' positions and related collateral from the default or insolvency of that participant. If the central counterparty additionally offers protection of such customer positions and collateral against the concurrent default of the participant and a fellow customer, the central counterparty should take steps to ensure that such protection is effective.
- 13.2 A central counterparty should employ an account structure that enables it readily to identify positions of a participant's customers and to segregate related collateral. A central counterparty should maintain customer positions and collateral in individual customer accounts or in omnibus customer accounts, or equivalent.
- 13.3 To the extent reasonably practicable under prevailing law, a central counterparty should structure its portability arrangements in a way that makes it highly likely that the positions and collateral of a defaulting participant's customers will be transferred to one or more other participants.