

# CENTRAL CLEARING

Consultation regulations and rules

9 June 2015



**Australian Government**  
**The Treasury**



**ASIC**

Australian Securities & Investments Commission

# Product scope

- Ministerial determination:
  - Interest rate derivatives in Australian dollars and 4 global currencies
- ASIC rules:
  - “swaps” that are “fixed to floating swaps”, “basis swaps”, “forward rate agreements” or “overnight index swaps”
  - excludes swaps with multi-currency, optionality, contingent notional amount



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# Entity scope

- Regulations:
  - Australian clearing entity (ACE)
    - ADI/AFSL; A\$100b+ gross notional outstanding
  - Foreign clearing entity (FCE)
    - ADI/AFSL; A\$100b+ gross notional outstanding
    - Exempt foreign financial service providers; A\$100b+
  - Responsible entities/trustees ('representative capacity'): ASIC rules



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# Entity scope

- ASIC rules:
  - Australian clearing entities:
    - Clearing threshold
    - Includes entity acting in representative capacity for a trust or fund established in Australia
  - Foreign clearing entities:
    - Clearing threshold
    - Includes entity acting in representative capacity for a trust or fund established outside of Australia



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# Clearing requirement

- Regulations:
  - Transaction scope:



- FIADs: CFTC/SEC swap dealers



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# Clearing requirement

- “Clear through” a clearing facility
  - Clearing transaction novated to a clearing facility;
  - Counterparties to clearing transaction have substantially no rights or obligations under the cleared derivative contract
- Accommodates direct and indirect clearing



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# Eligible CCPs

- Regulations and ASIC Rules:
  - Licensed CS facilities
  - Prescribed CCPs:
    - 4 to date
    - Others may be prescribed under final regulations
    - ASIC may prescribe additional CCPs



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# Other

- ASIC Rules:
  - Notifications to ASIC
  - Notification to counterparties
  - Exemptions:
    - Intra group transactions
    - Multilateral compression
    - No backloading (exception: extended maturity)



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# Next steps

- Treasury consultation: 26 June 2015
- ASIC consultation: 10 July 2015
- Final regulations and rules made



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