



## Australian Market Licence (Mercari Pty Limited) 2005

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I, CHRIS PEARCE, Parliamentary Secretary to the Treasurer, grant this Licence under subsection 795B (1) of the *Corporations Act 2001*.

Dated 30th May 2005

Parliamentary Secretary to the Treasurer

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#### 1 Name of Licence

This Licence is the *Australian Market Licence (Mercari Pty Limited) 2005*.

#### 2 Commencement

This Licence commences when it is granted.

### 3 Definitions

In this Licence:

*Act* means the *Corporations Act 2001*.

*Australian financial services licence* has the same meaning as in section 761A of the Act.

*derivative* has the same meaning as in section 761D of the Act.

*market* means the financial market that Mercari Pty Limited is authorised to operate in Australia under this Licence.

*Mercari surveillance officer* means a member of the staff of Mercari Pty Limited who is responsible for the supervision of the market, including the monitoring of the conduct of participants on or in relation to the market and the enforcing of compliance with the operating rules of the market.

*participant* has the same meaning as in section 761A of the Act.

*quarter* means a period of 3 months, ending on 31 March, 30 June, 30 September and 31 December, in each year during which the market is operated.

*wholesale client* has the same meaning as in section 761G of the Act.

*Note* For the definition of *ASIC*, see section 9 of the Act.

### 4 Grant of licence

This Licence is granted to Mercari Pty Limited to operate the financial market, known at the time this Licence is granted as Mercari Direct, through which participants acting on their own behalf may enter into trades with each other in the financial products mentioned in section 5.

### 5 Classes of financial products

The classes of financial products that can be dealt with on the market are:

- (a) interest rate derivatives; and
- (b) foreign exchange derivatives;

the terms of which are documented in an agreement between the parties to the arrangement that constitutes the derivative that is substantially in the form of a commonly used master agreement, such as a master agreement published by the International Swaps and Derivatives Association Inc.

### 6 Clearing and settlement arrangements

- (1) Mercari Pty Limited must, following the execution of a transaction on the market, notify each participant that is a party to the transaction of the identity of the other party.
- (2) The operating rules for the market must provide for transactions effected through the market to be settled by the parties to the transaction.

## 7 Participants

- (1) Mercari Pty Limited must ensure that each participant in the market is a wholesale client and:
  - (a) holds an Australian financial services licence; or
  - (b) is exempt from holding an Australian financial services licence.
- (2) Mercari Pty Limited must ensure that participants in the market trade only on their own behalf.

## 8 Reporting

Mercari Pty Limited must give the following information to ASIC within 14 days after the end of each quarter occurring during the first 2 years of operation of the market:

- (a) a statement of cash flows for the quarter;
- (b) a statement of financial performance for the quarter;
- (c) a statement of financial position at the end of the quarter;
- (d) the current opinion of the directors of Mercari Pty Limited as to whether they believe Mercari Pty Limited will be able to pay its debts as and when they become due and payable;
- (e) the current opinion of the directors of Mercari Pty Limited as to whether they believe Mercari Pty Limited has sufficient financial resources to continue to meet its market licensee's obligations;
- (f) a report detailing:
  - (i) all supervision issues identified by the Mercari surveillance officer; and
  - (ii) all matters referred by the Mercari surveillance officer to the directors of Mercari Pty Limited for consideration; and
  - (iii) the outcome of the directors' deliberations about those matters and the reasons for the outcome.