REGULATORY GUIDE 172

Financial markets: Domestic and overseas operators

October 2026

About this excerpt

This document presents our proposed updates to the guidance on the financial resources that market licensees should hold to support compliance with s792A(1)(d) of the Corporations Act: see ASIC's consultation *Proposed update to ASIC's guidance on financial resources requirements for market licensees (RG 172)* (CS 69).

We have presented this updated guidance as an excerpt from Section D of the current Regulatory Guide 172 *Financial markets: Domestic and overseas operators* (RG 172) as our updated guidance is confined to that section.

Sufficient resources: Financial

RG 172.68 Section 792A(1)(d) requires licensees to have sufficient financial resources to operate the market venue properly. This requirement helps ensure that:

(a) the licensee has adequate financial resources to operate the market venue in compliance with the Corporations Act; and

(b) there is a financial buffer that helps reduce the risks arising from financial losses and the risk of a disorderly wind-up if the licensee fails.

RG 172.69 In order to meet the obligation to hold sufficient financial resources, a licensee should assess both the amount of financial resources necessary and the form in which these resources need to be held.

Assessing the amount of financial resources

RG 172.70 A licensee should assess the amount of financial resources that will be sufficient to fund all its activities, not just the operation of a particular market venue. This is because the stability and continuity of a particular venue should not be compromised by the overall commercial operations of the licensee.

RG 172.71 What would be considered 'sufficient' financial resources will depend on the nature, size and complexity of a business. As a minimum, licensees should hold sufficient financial resources to enable the operator to cover the operating expenses of the market venue for at least six months. An operator should hold more than six months' operating expenses if that would be necessary to recover critical services or facilitate an orderly wind-down of the venue under severe but plausible scenarios.

RG 172.72 To determine the amount of financial resources that would constitute six months of operating expenses, a licensee should include all expenses that support its day-to-day operations. Where a licensee relies on service agreements or outsourcing agreements (including agreements with related entities or third parties) to operate the market venue, the licensee's operating expenses should include the costs associated with those agreements.

RG 172.73 We expect licensees to assess whether six months of historical operating expenses is sufficient to cover the likely operating expenses during a recovery or orderly wind-down scenario. In undertaking this assessment, licensees should consider the possible duration of any recovery or wind-down, and any increases or decreases in expenses compared to those incurred during normal operating conditions. For example, certain expenses (such as legal or consulting expenses or support provided to impacted users) may increase in recovery or orderly wind-down. By making this comparison, licensees should be better informed on whether having

DRAFT

financial resources to cover six months of historical operating expenses is sufficient.

Form of financial resources

RG 172.74 Once a licensee has determined the appropriate amount of financial resources it should hold to meet its obligations, it should hold these financial resources in eligible forms that support financial resilience. This includes:

(a) having sufficient liquid assets to cover the amount assessed under RG 172.70–RG 172.73; and

(b) having capital to act as a financial buffer to absorb losses as described in RG 172.76.

RG 172.75 Unless otherwise agreed with us, liquid assets should be held in the form of cash or cash equivalents. They should be capable of conversion to useable funds without material delay, realisable at or near face value without erosion in a loss-absorption event and accessible on demand.

RG 172.76 Licensees should also maintain positive net assets at all times as a minimum level of capital to promote basic financial soundness and maintain market confidence. Licensees should determine and hold a buffer above this level to absorb potential financial losses and ensure that they can maintain positive net assets at all times, including under severe but plausible scenarios.

Use and maintenance of financial resources

RG 172.77 A licensee should ensure that the amount and form of its financial resources are at or above its financial resources requirements at all times. The financial resources a licensee holds to meet its financial resources requirements are intended to support the continuity of the market venue, its recovery and, if necessary, its orderly wind-down. A licensee should not rely on these financial resources to meet its ordinary expenses and should replenish them promptly if they are drawn on.

RG 172.78 A licensee should not approve or make distributions, or take any other action that reduces its financial resources, if doing so would cause, or is reasonably likely to cause, its financial resources to fall below its financial resources requirement. If a licensee's financial resources fall, or are likely to fall, below its financial resources requirement, it should consider whether this means that it may no longer be able to meet, or has breached, its obligation under s792A(1)(d), and notify ASIC as required by s792B of the Corporations Act. The licensee should also take corrective action, and restore its resources within a timeframe agreed with ASIC.

DRAFT

Monitoring and reporting

RG 172.79 To support compliance with their financial resources requirements, we expect licensees to:

(a) Provide sufficient information in their annual compliance reports under s792F of the Corporations Act demonstrating how they comply with the financial resources requirements. This should include an assessment of the amount and form of financial resources, the key methodologies and assumptions used to calculate the financial resources requirement, and identification of the financial resources with the specific items on the licensee's balance sheet or other financial statements. It should also describe any arrangements in place for the licensee to have credible, timely, effective and legally enforceable access to financial resources at all times.

(b) Maintain appropriate internal monitoring and reporting processes that support ongoing compliance with the financial resources requirements at all times. This should include clear triggers for review, escalation and corrective action when compliance with requirements is at risk of not being met. Triggers for drawing on or restoring financial resources should be objective, set in advance and documented, and should not depend on discretionary decisions at the time. Triggers should also consider notification to ASIC, where a licensee may be at risk of not meeting its financial resource requirements.

Licensees operating significant market venues

RG 172.80 We expect licensees of significant market venues to comply with more stringent financial resources requirements, where disruption to or failure of the market they operate would have an impact on the stability and resilience of Australia's financial system. Factors that would indicate a venue is significant would include:

(a) the extent of retail participation in the venue;

(b) the existence of alternative venues or mechanisms for transacting in products traded on the venue in Australia;

(c) the operator's role in overseeing primary issuance on the venue; and

(d) the importance of the venue to Australia's financial system by reference to, for example, size, interconnectedness and substitutability.

RG 172.81 Where a licensee operates a significant market venue, it should ensure the financial resources it holds to meet its obligations are commensurate with its role in Australia's financial system by meeting the guidance set out in RG 172.82–RG 172.84.

RG 172.82 When determining the amount of financial resources needed, a licensee operating a significant market venue should incorporate the development of

DRAFT

robust scenario analysis and stress testing frameworks, including board oversight of stress loss estimation and determination of the operating range and buffer requirements for financial resources. The purpose is to ensure that a licensee operating a significant market venue has liquid assets and loss-absorbing equity capital to address potential general business losses and can continue to provide critical operations and services including in recovery and, if necessary, through an orderly wind-down.

RG 172.83 Equity capital for these purposes should be loss absorbing. Classification as equity under applicable accounting standards should not, by itself, be sufficient for inclusion. Equity should be permanent, unencumbered, freely available to absorb losses on an ongoing basis and useable without restrictions, such as common stock, disclosed reserves, or retained earnings. There should be no contractual right or economic incentive for repayment or redemption and no requirement for cumulative or otherwise unavoidable distributions. Licensees should seek confirmation from ASIC if there is doubt about whether a particular asset or instrument should meet the criteria for inclusion. Licensees should appropriately deduct assets that cannot absorb losses during a crisis or liquidation, such as intangible assets.

RG 172.84 A significant market venue should generally hold, as a minimum, liquid net assets funded by equity equal to at least six months of operating expenses. It should hold more than this if scenario analysis and stress testing conducted by the licensee indicates this is not sufficient. Licensees may propose alternative requirements that meet the intent of having sufficient liquidity and loss-absorbing capital, subject to our confirmation.

Group arrangements and business model risk

RG 172.85 We may also stipulate additional financial resources requirements if a licensee exhibits specific characteristics, for example if:

(a) it relies on guarantees or other forms of non-cash financial support from related group entities;

(b) it has significant other businesses that may pose a risk to the adequacy of the financial resources available to operate the venue;

(c) there are intra-group dependencies or links with other entities or businesses within a corporate group that create additional regulatory risks;

(d) there is a material change in the business or operating model; or

(e) there are any other factors that increase the licensee's risk profile.

RG 172.86 We expect licensees to consider whether such risks are relevant to their market venue or the group they operate in. Licensees should implement appropriate arrangements to mitigate these risks where applicable.

DRAFT

RG 172.87 Particularly for tier 1 licensees, where a licensee relies on intra-group arrangements to support its operations, we expect the licensee to identify structural gaps or conflicts within its group arrangements that could hinder it from effectively accessing the financial resources. We expect the licensee to implement arrangements that enable it to have credible, timely, effective and legally enforceable access to financial resources that are free from restriction or encumbrance in order to meet this obligation. These arrangements should typically be documented in a group capital management policy and plan that identifies all licensees and critical insourced service providers, licence-level financial resources requirements, financial resource allocation across all group entities and aggregate group-to-licensee financial resource sufficiency testing.

RG 172.88 A licensee should generally rely on financial resources it holds or generates itself, and should treat support from related entities as a secondary and less reliable source. A licensee should also document who may authorise access to or release its financial resources, and should identify and manage conflicts for directors who also act for other group entities.

RG 172.89 Financial resources that are necessary to meet the obligations of other entities within a corporate group should not be considered available as financial resources to the licensee. Where a licensee is also the parent of a corporate group, it should hold resources for its licensed function separately from, and in addition to, the resources needed to meet its obligations as parent.

Other matters

RG 172.90 In determining whether financial resources satisfy this guidance, a licensee should have regard to the substance and combined effect of all relevant arrangements, rather than their distinct legal form or accounting classification. A resource should not be included where an arrangement has the purpose or effect of materially overstating the amount, quality, permanence, liquidity or accessibility of the licensee's financial resources.

RG 172.91 Where we consider it necessary, we may impose licence conditions, including but not limited to, requiring a licensee to maintain the arrangements described in this guidance.

RG 172.92 Where we are not satisfied that a licensee's financial resources are appropriately calibrated, we may impose specific additional requirements. For example, we may impose a requirement expressed as a multiple of the minimum six months' operating expenses.

DRAFT