



Attachment 2 to CS 69: Draft RG 172 – Summary of changes

These tables summarise proposed changes to Regulatory Guide 172 *Financial markets: Domestic and overseas operators* ([RG 172](#)): see the draft updated regulatory guide (draft RG 172) at Attachment 1 to ASIC's consultation *Proposed update to ASIC's guidance on financial resources requirements for market licensees* (RG 172) ([CS 69](#)).

Note: The tables are not an exhaustive list of all wording and stylistic changes.

Table 1: Background

Existing guidance in RG 172	Proposed guidance in draft RG 172	Reason for change
<p>RG 172.68 – Section 792A(1)(d) of the <i>Corporations Act 2001</i> (Corporations Act) requires licensees to have sufficient financial resources to operate the market venue properly.</p> <p>This requirement helps ensure that:</p> <ul style="list-style-type: none">• the licensee has sufficient financial resources to operate the market venue in compliance with the Corporations Act;• there is a financial buffer that decreases the risk of a disorderly or non-compliant wind-up if the business fails; and• there are incentives for the licensee and its owners to comply through risk of financial loss.	<p>RG 172.68 – Section 792A(1)(d) requires licensees to have sufficient financial resources to operate the market venue properly.</p> <p>This requirement helps ensure that:</p> <ul style="list-style-type: none">• the licensee has adequate financial resources to operate the market venue in compliance with the Corporations Act; and• 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.	<p>Minor changes to make clear the objectives of the financial resources requirements.</p> <p>The existing objective around incentives to comply through risk of financial loss (RG 172.68(c)) has been merged with the broadened RG 172.68(b) to better reflect the objective of reducing risks arising from financial losses and the risk of a disorderly wind-up if the licensee fails (RG 172.68(b)).</p>
<p>No existing guidance</p>	<p>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.</p>	<p>Introduction of a contextual paragraph to make clear our expectation that the assessment of financial resources sufficiency should consider both the amount and form of financial resources to be held. Existing guidance only details how the amount should be assessed, not the forms. This is to make the amount and form of financial resources expected to meet the obligation clearer.</p>

Table 2: Assessing the amount of financial resources

Existing guidance in RG 172	Proposed guidance in draft RG 172	Reason for change
RG 172.69 – A licensee's assessment of adequate financial resources must be based on a reasonable estimate of its revenue, expenses and liabilities. For newly established market venues, it may not be appropriate to include any revenue in the assessment of its financial resources. For longer-established market venues, the venue's history of operation can be taken into account in determining the projected revenue, expenses and liabilities.	See proposed RG 172.70–RG 172.73.	Replacement of the existing guidance in RG 172.69 by proposed RG 172.70–RG 172.73. This guidance provides more detail on how operating expenses and potential associated costs (rather than revenues and liabilities) to operate the licensee under normal and severe but plausible stress scenarios should be considered to inform the amount of financial resources that should be held.
RG 172.70 – A licensee must generally assess what financial resources 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 in conflict with the overall commercial operations of the licensee.	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.	Minor editorial changes only. No substantive change.
RG 172.71 – What would be considered 'sufficient' financial resources will depend on the nature, size and complexity of a business. Generally, licensees should hold sufficient financial resources to enable the operator to cover the operating costs of the market venue for at least six months. We would expect an operator to hold more than six months' operating expenses if that is necessary to facilitate an orderly wind-down of the venue.	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.	Clarification that licensees should not rely solely on the minimum six months' operating expenses measure, but should also perform a self-assessment to confirm the amount is sufficient to facilitate an orderly wind-down, considering the nature, size and complexity of their operations. Clarification that licensees should assess the costs to recover critical services when assessing the sufficiency of their financial resources. If possible, a recovery of critical services under severe but plausible scenarios without requiring wind-down would be preferable to support the orderly functioning of markets. Licensees should therefore hold sufficient financial resources to cover the costs associated with implementing recovery plans to support continuity of critical services.

Existing guidance in RG 172	Proposed guidance in draft RG 172	Reason for change
<p>RG 172.72 – To determine the level of financial resources that would constitute six months of operating expenses, a licensee should consider the costs that would be incurred under service agreements or outsourcing agreements (including agreements with related entities) relevant to the operation of the market venue. Particularly for tier 1 market venues, we expect the licensee's determination of the level of financial resources to include the operating expenses of a related entity whose function is to provide outsourced services to the venue.</p>	<p>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.</p>	<p>Additional guidance to make it clear what costs should be included in operating expenses. These expenses should cover the day-to-day costs associated with operating the licensee's market venue. We would expect this item to generally align with the definition of operating expenses used in a licensee's financial statements.</p> <p>Retention of existing guidance for licensees to include the costs incurred under service agreements or outsourcing agreements. Clarification that this should include costs associated with agreements with related entities or third parties to improve coverage of costs.</p>
<p>No existing guidance</p>	<p>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 financial resources to cover six-months of historical operating expenses is sufficient.</p>	<p>New guidance to make clear our expectations on how licensees should assess expenses that would be incurred during a recovery or orderly wind-down scenario.</p> <p>The use of six months of historical operating expenses is simply a proxy for financial resources that may be required. Conducting a more considered assessment of potential costs of recovery and orderly wind-down under more severe but plausible scenarios helps to provide greater confidence in the sufficiency of financial resources held by licensees.</p>

Table 3: Form of financial resources

Existing guidance in RG 172	Proposed guidance in draft RG 172	Reason for change
No existing guidance	<p>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:</p> <ul style="list-style-type: none"> • having sufficient liquid assets to cover the amount assessed under RG 172.70–RG 173.73; and • having capital to act as a financial buffer to absorb losses as described in RG 172.76. 	<p>Additional guidance on the forms of financial resources eligible to meet the financial resources requirements. These are resources that are needed to support financial resilience and include both liquid assets and capital.</p> <p>We distinguish liquid assets from capital, reflecting the different purposes they serve. Liquidity supports a market licensee's ability to meet its cashflow obligations as they fall due under normal and stressed conditions. Capital provides a financial buffer to absorb losses in the event risks crystallise, helping to preserve balance sheet strength and maintain confidence to continue operating as a going concern. Both are required to support financial resilience.</p>
No existing guidance	<p>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 usable funds without material delay, realisable at or near face value without erosion in a loss-absorption event and accessible on demand.</p>	<p>Additional guidance on what liquid assets should comprise and the characteristics they should exhibit. Clarification that liquid assets should be held in the form of cash or cash equivalent, with these terms defined in line with applicable accounting standards. We have included in the proposed guidance the ability for licensees to engage and seek agreement from us on other forms of liquidity (outside of cash and cash equivalents). Licensees seeking our agreement on alternative forms of liquidity would be expected to demonstrate that the alternative form would 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.</p>
No existing guidance	<p>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.</p>	<p>Additional guidance to make explicit our expectation that all market licensees should maintain a minimum level of capital by maintaining positive net assets at all times, with appropriate buffers above this level to absorb potential financial losses under severe but plausible scenarios. This is to promote basic financial soundness and maintain market confidence.</p> <p>The positive net assets requirement is broadly comparable to base level financial requirements that apply to other licensees, such as Australian financial services (AFS) licence holders: see Regulatory Guide 166 <i>AFS licensing: Financial requirements</i> (RG 166) at RG 166.32–RG 166.34.</p>

Table 4: Use and maintenance of financial resources

Existing guidance in RG 172	Proposed guidance in draft RG 172	Reason for change
No existing guidance	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.	Additional guidance to make clear our expectation that the financial resources held by a licensee to meet its financial resources requirement are available at all times to support continuity of the market venue, its recovery and, if necessary, its orderly wind-down. This is to ensure that financial resources intended to support financial resilience remain available, accessible and capable of being used for their intended purpose when needed.
No existing guidance	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.	Additional guidance on the need for a licensee to avoid taking actions that would cause, or be reasonably likely to cause, its financial resources to fall below its financial resources requirement. This is to ensure that financial resources intended to support financial resilience remain available when needed and are not reduced in a way that could compromise compliance with the financial resources requirements. If financial resources may become insufficient, timely notification ensures ASIC is informed of circumstances that may affect the licensee's ability to meet its obligations under s792A(1)(d).

Table 5: Monitoring and reporting

Existing guidance in RG 172	Proposed guidance in draft RG 172	Reason for change
No existing guidance	<p>RG 172.79 – To support compliance with their financial resources requirements, we expect licensees to:</p> <ul style="list-style-type: none"> • 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. • 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. 	<p>Additional guidance on reporting and monitoring to support licensees' compliance with the financial resources requirements.</p> <p>The existing guidance provides no detail on what information licensees should provide to demonstrate compliance with the financial resource requirements. In practice, what we have received from licensees has been inconsistent under current reporting arrangements (e.g. through annual compliance reports produced under s792F of the Corporations Act). In many cases, licensees have provided limited detail on the key methodologies and assumptions used to calculate financial resources requirement, the specific amounts and forms of financial resources held to meet requirements, and how these amounts and forms link to a licensee's financial statements.</p> <p>The proposed guidance provides clarity on what should be included in existing annual compliance reports under s792F of the Corporations Act. This will enable us to better understand and substantiate the sufficiency of financial resources held by licensees to meet their obligations.</p> <p>In addition, we propose setting clearer expectations for market operators to maintain appropriate internal monitoring and escalation arrangements to support ongoing compliance. This approach is to ensure regulatory reporting complements, rather than replaces, effective internal governance. It is also to ensure licensees can identify emerging risks to compliance early, take corrective action in a timely manner and restore financial resources before deficiencies arise.</p>

Table 6: Licensees operating significant market venues

Existing guidance in RG 172	Proposed guidance in draft RG 172	Reason for change
<p>RG 172.73 – We may require a licensee to comply with more stringent financial resources requirements, such as determining the level of financial resources needed using a specified method. We may do so after considering factors such as:</p> <ul style="list-style-type: none"> • the extent of retail participation in the venue; • the operator’s role in overseeing primary issuance on the venue; and • the importance of the venue to the financial system. 	<p>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:</p> <ul style="list-style-type: none"> • the extent of retail participation in the venue; • the existence of alternative venues or mechanisms for transacting in products traded on the venue in Australia; • the operator’s role in overseeing primary issuance on the venue; and • the importance of the venue to Australia’s financial system by reference to, for example, size, interconnectedness and substitutability. 	<p>The existing guidance notes that we may require a licensee to comply with more stringent financial resources requirements after considering factors such as retail participation, the licensee’s role in overseeing primary issuances, and the importance of a venue to the financial system.</p> <p>We propose making our expectations in this area more explicit by updating our guidance to set clearer expectations for licensees operating significant market venues. These are venues where disruption to, or failure of, the market venue would have an adverse impact on the stability and resilience of Australia’s financial system. Given the importance of these venues and the potential for broader disruption to the financial system if such venues fail, we expect these licensees to meet more stringent financial resources requirements commensurate with their role in the financial system.</p> <p>We consider more stringent financial resources requirements are justified for licensees operating significant market venues because of the consequences to market users and Australia’s financial system if those venues were to fail or exit in a disorderly manner. Consequences may include:</p> <ul style="list-style-type: none"> • impairing the ability of retail and wholesale investors to buy and sell securities in an orderly and transparent manner, which can limit the ability of these participants to manage risks, rebalance portfolios and access liquidity; • hindering the ability of companies and governments to raise capital through equity and debt markets, constraining investment and economic activity; • creating uncertainty regarding the value and liquidity of financial assets, affecting investment decisions, collateral valuations and broader market confidence; and • generating broader spillover effects across market participants and end investors, reducing confidence in the integrity, resilience and orderly functioning of Australia’s financial markets. <p>Additional guidance sets out how we expect licensees operating significant market venues to hold financial resources commensurate with their important role in Australia’s financial system.</p>

Existing guidance in RG 172	Proposed guidance in draft RG 172	Reason for change
RG 172.73 (continued)	RG 172.80 (continued)	<p>We are making clear our expectation that all licensees should have positive net assets at all times as a minimum level of capital (RG 172.76). This promotes basic financial soundness but is not sufficient to mitigate the risks from the failure of a licensee that operates a significant market venue. Given the importance of these venues to the stability and resilience of Australia's financial system, we expect licensees operating significant market venues to ensure the amount of financial resources they require is informed by robust scenario analysis and stress testing frameworks. This would provide greater confidence that financial resources are appropriately calibrated to withstand severe but plausible stress scenarios and the financial losses that may arise from them.</p> <p>We have retained six months of operating expenses as a minimum benchmark for financial resources (proposed RG 172.84). However, for significant market venues, this benchmark should be supplemented by scenario analysis and stress testing to assess whether additional financial resources are required having regard to the risk profile of the venue.</p> <p>If a licensee operating a significant market venue experiences financial loss, it should have sufficient, high-quality financial resources that are readily accessible to absorb those losses and support the continued provision of critical services. This is to help support continuity of operations and critical services as a going concern, reducing the risk of a disorderly wind-down and broader disruption to the financial system.</p> <p>For this reason, we are making clear our expectation that the financial resources held by significant market venues should provide both liquidity and loss-absorbing capacity. We propose liquid net assets funded by equity as a measure that meets these objectives by helping ensure that a licensee can continue funding critical operations while also absorbing financial losses arising from severe but plausible stress events. Liquid net assets funded by equity is used in international regulatory guidance addressing general business risk for financial market infrastructures.</p> <p>Note: See the Committee on Payment and Settlement Systems (CPSS) – International Organization of Securities Commissions (IOSCO) Principles for Financial Market Infrastructures, Principle 15.</p>

Existing guidance in RG 172	Proposed guidance in draft RG 172	Reason for change
RG 172.73 (continued)	RG 172.80 (continued)	Additional guidance clarifies the characteristics equity capital should exhibit to be recognised as an eligible financial resource. Eligible capital should be permanent, unencumbered, freely available to absorb losses on an ongoing basis and useable without restriction. To support these outcomes, we make it clear that assets incapable of absorbing losses, such as intangible assets, should be excluded, and that instruments with features that undermine permanence or loss absorbency, such as rights of repayment or redemption or unavoidable distributions, should not be recognised as eligible financial resources.
No existing guidance	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.	See reason for change in first row of Table 6.
No existing guidance	RG 172.82 – When determining the amount of financial resources needed, a licensee operating a significant market venue should incorporate the development of 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.	See reason for change in first row of Table 6.

Existing guidance in RG 172	Proposed guidance in draft RG 172	Reason for change
No existing guidance	<p>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.</p>	See reason for change in first row of Table 6.
No existing guidance	<p>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.</p>	See reason for change in first row of Table 6.

Table 7: Group arrangements and business model risk

Existing guidance in RG 172	Proposed guidance in draft RG 172	Reason for change
<p>RG 172.74 – We may also stipulate financial resources requirements if the venue exhibits specific risks, for example:</p> <ul style="list-style-type: none"> • if a tier 1 venue relies on guarantees or other forms of non-cash financial support from offshore entities; • if a licensee has significant other businesses that may pose a risk to the adequacy of the financial resources available to operate the venue; or • for tier 1 venues in particular, if we identify intra-group dependencies or links with other market infrastructure within a corporate group that create additional regulatory risks. 	<p>RG 172.85 – We may also stipulate additional financial resources requirements if a licensee exhibits specific characteristics, for example if:</p> <ul style="list-style-type: none"> • it relies on guarantees or other forms of non-cash financial support from related group entities; • it has significant other businesses that may pose a risk to the adequacy of the financial resources available to operate the venue; • there are intra-group dependencies or links with other entities or businesses within a corporate group that create additional regulatory risks; • there is a material change in the business or operating model; or • there are any other factors that increase the licensee's risk profile. 	<p>Existing guidance notes we may stipulate financial resources requirements if a venue exhibits specific risks, such as those stemming from intra-group dependencies or links with other market infrastructure within a corporate group. We are retaining this guidance but have broadened the types of characteristics that may trigger us to stipulate additional requirements. This is to ensure our supervision of licensees can cater for other types of risks that may arise from changes in business operating models and the evolving nature of markets.</p>
No existing guidance	<p>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.</p>	<p>Additional guidance to make explicit our expectation that licensees also undertake an assessment of whether there are specific risks from the characteristics of their business model and address those risks where applicable. This recognises that responsibility for maintaining sufficient financial resources rests with the licensee. Licensees are generally best placed to identify and manage risks arising from their own business model, group arrangements and operating environment, and should take appropriate action to address those risks before they affect financial resilience or compliance with financial resources requirements.</p>

Existing guidance in RG 172	Proposed guidance in draft RG 172	Reason for change
No existing guidance	<p>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.</p>	<p>Many market licensees operating within broader corporate groups rely, to varying degrees, on intra-group support arrangements. While these arrangements may provide access to additional financial resources, the existence of resources elsewhere within a group does not, by itself, ensure that those resources will be available to the licensee when needed. Financial resources may be subject to competing claims, governance constraints, legal impediments or other demands within the group.</p> <p>We have therefore added guidance on the arrangements we expect licensees to maintain where they rely on intra-group support. This is to ensure financial resources relied upon by a licensee are genuinely available in practice and can be accessed in a credible, timely, effective and legally enforceable manner when required. This is to help reduce the risk that resources expected to support the licensee's financial resilience are unavailable during periods of stress, when they are most needed.</p>
No existing guidance	<p>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.</p>	<p>Additional guidance encouraging licensees to primarily rely on financial resources they hold or generate themselves, rather than assuming support from related entities will be available when needed. While intra-group support arrangements may provide an additional source of financial resources, they are generally less certain and may be affected by competing demands, changing group priorities or financial stress elsewhere within the group.</p> <p>Further guidance on documenting who may authorise access to or release financial resources, and on identifying and managing conflicts where directors have responsibilities across multiple group entities. This is to provide greater confidence that decisions affecting the availability and use of financial resources are transparent, appropriately governed and made in the interests of maintaining the licensee's financial resilience.</p>

Existing guidance in RG 172	Proposed guidance in draft RG 172	Reason for change
No existing guidance	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.	<p>Additional guidance to make clear our expectation that financial resources required to meet the obligations of another entity within a corporate group should not be assumed to be available to support the financial resources requirements of a market licensee. This is to avoid the risk of double counting the same financial resources across multiple entities.</p> <p>Further guidance for circumstances where a market licensee is the parent of a corporate group. In these situations, the licensee may have obligations both in its capacity as a licensee and as the parent of other entities within the group. The guidance is to ensure that financial resources needed to support subsidiaries or other group obligations are not treated as interchangeable with the resources needed to support the licensed function. This is to provide greater confidence that sufficient financial resources are available to support the operation of the market venue, independently of the broader capital and funding needs of the corporate group.</p>

Table 8: Other matters

Existing guidance in RG 172	Proposed guidance in draft RG 172	Reason for change
No existing guidance	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.	<p>Additional guidance to make clear our expectation that licensees should assess whether they meet the financial resources requirements by having regard to the substance and overall effect of their arrangements, rather than their legal form or accounting classification alone.</p> <p>This reflects the objective of ensuring that financial resources relied on by a licensee are genuinely available, accessible and capable of supporting financial resilience when needed.</p>

Existing guidance in RG 172	Proposed guidance in draft RG 172	Reason for change
No existing guidance	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.	<p>The updated guidance is to assist licensees in understanding how we expect them to meet the financial resources requirements and the outcomes we are seeking to achieve.</p> <p>While we expect licensees to implement arrangements that are consistent with the substance and intent of this guidance, there may be circumstances where we consider it necessary to provide greater regulatory certainty or ensure particular arrangements are in place. In those circumstances, we may impose licence conditions, including but not limited to, requiring a licensee to maintain specific arrangements described in the guidance.</p>
No existing 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.	<p>While the existing guidance in RG 172.73 refers to the possibility of ASIC applying more stringent financial resources requirements, including determining the level of financial resources needed using a specified method, we are making clear that this may explicitly include us increasing the level of financial resources required as a multiple of six months of operating expense.</p> <p>Our reason for being more explicit about the actions we may take if not satisfied that a licensee's financial resources are appropriately calibrated is to incentivise all licensees to apply this guidance thoughtfully and not automatically default to the minimum amount of six months of operating expenses. For licensees operating significant market venues, it is also to support appropriate investment in scenario analysis, stress testing and governance arrangements.</p> <p>This should help provide greater confidence that the amount of financial resources held aligns with the risks faced by the licensee and the potential impact that disruption to its operations could have on market users and Australia's financial system.</p>