

SMI Markets: **Australia**

 Date: **28 Nov 2013**

 CMIRR Markets: **Australia**

 CSDs: **ASX Settlement (Australia)**

## ASX Clear Consultation on Capital Requirements for Clearing Participants - Update

In an update to our previous newsflash, ASX Clear issued a notice on consultation paper of the minimum core capital requirements, based on the feedback of market participants. ASX Clear has determined that the minimum core capital requirement for Direct Participants will remain at AUD 5 million and the increase to AUD 10 million will no longer be pursued.

Furthermore, ASX Clear has determined to pursue the tiered minimum core capital requirements for general clearing participants, and will provide further updates around the intended rule changes to support these enhancements in due course. In the original consultation, four levels of minimum core capital requirements for general clearing participants were proposed, ranging from AUD 5 million to AUD 20 million depending on the number of customers that they clear for. These are tabled below:

Type	Number of Trading Participants	Customers Cleared	Minimum Core Capital Requirements	Comments
Direct Participant	1 to 5	Internal and/or Wholly Owned Group Entity	AUD 5 million	Self-clearing or clearing for Wholly Owned Group Entities
Transitional General Clearing Participant	1	External	AUD 5 million	Equivalent to MCCR for a Direct Clearing Participant assuming no other clients are cleared.
Transitional General Clearing Participant	2	Self and one external	AUD 10 million	Increments of AUD 5 million per individual entity.
Transitional General Clearing Participant	3	Self and two externals	AUD 15 million	Increments of AUD 5 million per individual entity.
Full General Clearing Participant	4+	Self and many externals	AUD 20 million	Ability to clear for an unlimited number of Trading Participants.

The relevant ASX notice can be found here: [Consultation on Capital Requirements](#).

## Market Information Impact

### Australia

This newsflash is for information only.

## Infrastructure Risk Ratings Impact

### Australia

Market Rating: AA-

Market Flash Impact: Stable

Impacted Risk Type: Counterparty Risk

Current Rating = AA

Flash Impact = Stable

The impacts of the proposed changes will be assessed when concrete information on the implementation becomes available.

## CSD Risk Impact

### ASX Settlement (Australia)

CSD Rating: AA

CSD Flash Impact: Stable

Impacted Risk Type: Counterparty Risk

Current Rating = AA+

Flash Impact = Stable

The impacts of the proposed changes will be assessed when concrete information on the implementation becomes available.

Related Flash: [ASX Clear Consultation on Capital Requirements for Clearing Participants, 23/10/2013 \(click to view\)](#)

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