



## MARKET NOTICE

**Market Notice: 2022\_06**

**Date: 1/11/2022**

**Subject: AFMA Fallback Language Template for Floating Rate Notes**

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The [AFMA Fallback Language Template for Floating Rate Notes \(FRN\)](#) has been published to the AFMA website for incorporation in FRN securities documentation as suggested template language to assist the market.

The context for the creation of the template language was the announcement [[RBA Media Release 2021-20](#)] on 13 September 2021 by Reserve Bank of Australia (RBA) that robust fallbacks are required for BBSW Securities. The RBA sets eligibility criteria for securities to be accepted as collateral in the Bank's market operations. Floating rate notes (FRNs) and marketed asset-backed securities issued on or after 1 December 2022 that reference BBSW must include robust fallback provisions.

The fallback language is for market participants' voluntary use in contracts that reference BBSW and a potentially substituted alternative rate and was developed with the goal of reducing the risk of serious market disruption in the event BBSW is not available.

The RBA has been consulted in the course of the drafting of this template language.

More information AFMA Fallback Language Template for Floating Rate Notes can be found on the AFMA website [here](#).

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Please contact [David Love, General Counsel](#) if you have any questions regarding this notice.