



MARKET NOTICE

Market Notice: 2024_05

Date: 27/06/2024

Subject: AFMA Fallback Language Template for Floating Rate Notes

The [AFMA Fallback Language Template for Floating Rate Notes](#) (FRN) was first published in November 2022 on the AFMA website for incorporation in FRN securities documentation as suggested template language to assist the market. This template has been lightly revised to clarify some language and definitions based on experience with its use.

The fallback language is for market participants' voluntary use in contracts. The template now presents parallel language in two sets. The first for where the BBSW and AONIA Rate may be the starting points and the second for where the BBSW is the only base rate.

The context for the creation of the template language was the announcement by Reserve Bank of Australia (RBA) in September 2021 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.

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

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

About AFMA

The Australian Financial Markets Association (AFMA) is the leading industry association promoting efficiency, integrity and professionalism in Australia's financial markets and provides leadership in advancing the interests of all market participants. These markets are an integral feature of the economy and perform the vital function of facilitating the efficient use of capital and management of risk. Market participants perform a range of important roles within these markets, including financial intermediation and market making. AFMA represents over 120 members, including Australian and international banks, leading brokers, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers.