



AFMA supports Enterprise Tax Plan

Member Updates

AFMA was pleased to lodge a [submission](#) in support of the Government's Enterprise Tax Plan, the centrepiece of which is the glidepath to the reduction of the company tax rate to 25% over a ten-year horizon. AFMA's consistent policy position is that Australia's high relative tax rate, both in respect of major trading partners and also regional centres with whom Australia competes, hinders the attraction of foreign capital to Australia. This is increasingly untenable for Australia as a net importer of capital. The proposal from the Government represents the first tangible attempt in a significant period to remedy Australia's increasingly uncompetitive position and while the bulk of the AFMA members will be in the last cohort to benefit from the rate reduction, the enhancements in Australia's competitive position through the passage of the Bill were noted and supported.

Australian Financial Markets Association
Level 25, Angel Place, 123 Pitt Street Sydney
Tel: +61 2 9776 7900 Fax: +61 2 9776 4488
Email: secretariat@afma.com.au Web: www.afma.com.au



APRA releases consultation package on the Net Stable Funding Ratio

Have Your Say

APRA has released a [consultation paper](#) setting out its response to issues raised in submissions on the Discussion Paper Basel III liquidity – the Net Stable Funding Ratio and the liquid assets requirement for foreign ADIs (March 2016 discussion paper). APRA has also released a draft revised Prudential Standard APS 210 Liquidity (APS 210) and Prudential Practice Guide APG 210 Liquidity (APG 210) which incorporate the net stable funding ratio requirements for ADIs as well as a number of other changes as noted in the response paper.

Written submissions on the proposals in the response paper are due by Friday, 28 October 2016. APRA expects to release its final position on the introduction on the NSFR, and the final revised APS 210 and APG 210, in late 2016. In the coming months, APRA will be separately consulting on revised reporting requirements for ADIs related to the introduction of the NSFR and other amendments.

APRA's current intention is that the NSFR will come into effect from 1 January 2018, in line with the internationally-agreed timetable.

Australian Financial Markets Association
Level 25, Angel Place, 123 Pitt Street Sydney
Tel: +61 2 9776 7900 Fax: +61 2 9776 4488
Email: secretariat@afma.com.au Web: www.afma.com.au



Changes to Interest Rate Derivatives Conventions

Member Updates

Members are advised of the following changes to the Interest Rate Derivatives Conventions, which have been unanimously agreed to by the Swaps Committee, and ratified by the Market Governance Committee.

1. Amendment to Section 3.6; Quotation and Dealing in respect to trading BAB/OIS Swaps:

When trading EFPs for BAB/OIS, the futures leg should be set off the offer of the futures spread.

2. Amendment to Section 3.6; Quotation and Dealing in respect to Neutral Dates:

Unless previously specified to the broker, and quoted to the market as such, traders should provide a minimum of 2 'neutral' dates that fall within the following 3 week period from spot for AUD 3x1s, 6x3s and BOB trades. The minimum volume applies to each neutral date, but the total volume can be only minimum volume. Neutral dates are defined as not falling on the first or last two days of the early or late bucket, and not falling on or between SFE futures roll and the 15th of that month.

3. Amendment to Section 5.3; Other Settlement Conventions in respect to Cross Currency Basis Swaps:

All collateral in cross currency basis swaps should be initially priced in US dollars. Collateral can be negotiated into another currency if required.

Any queries in relation to these amendments should be directed to Director Markets, [Mark McCarthy](#).

Australian Financial Markets Association
Level 25, Angel Place, 123 Pitt Street Sydney
Tel: +61 2 9776 7900 Fax: +61 2 9776 4488
Email: secretariat@afma.com.au Web: www.afma.com.au



CHES replacement consultation

Have Your Say

ASX has released a consultation paper on [ASX's Replacement of CHES for Equity Post-Trade Services: Business Requirements](#). The consultation paper outlines ASX's plans to introduce ISO 20022 messaging standards with the system that replaces CHES. It also seeks feedback on a suite of enhancements to current functionality that could be introduced as part of the development of a replacement system. ASX invites stakeholders to provide feedback on their requirements for the system that replaces CHES, including the relative importance of existing CHES functions that should be carried forward and the existing CHES functions or processes that may not meet their needs.

Written submissions in response to the consultation paper are due by Friday 28 October 2016. Submissions should be sent by email to regulatorypolicy@asx.com.au. In addition, AFMA will hold a member forum on the issues raised. Those interested in participating should contact Head of Markets, [David Kennedy](#).

Australian Financial Markets Association
Level 25, Angel Place, 123 Pitt Street Sydney
Tel: +61 2 9776 7900 Fax: +61 2 9776 4488
Email: secretariat@afma.com.au Web: www.afma.com.au



External Dispute Resolution Framework consultation

Have Your Say

The Government is [consulting](#) on the external dispute resolution framework for the financial system, through a panel comprised of Professor Ian Ramsay, Julie Abramson and Alan Kirkland. AFMA is working with the retail committees to gather input for a submission but if any other members not involved in those committees would like to provide comments, please contact Head of Policy, [Tracey Lyons](#) before 7th October.

Australian Financial Markets Association
Level 25, Angel Place, 123 Pitt Street Sydney
Tel: +61 2 9776 7900 Fax: +61 2 9776 4488
Email: secretariat@afma.com.au Web: www.afma.com.au

Guest Viewpoint: Public trust in the banking system, by John F. Laker AO, Chairman, Banking and Finance Oath Ltd

Viewpoint

Over recent years, the ongoing Parliamentary scrutiny and relentless media spotlight on episodes of misconduct have inevitably eroded public trust in Australia's financial services industry. This is an industry built on trust and, once lost, trust is very hard to regain. The Banking and Finance Oath is pleased to have begun discussions with AFMA on ways to strengthen the ethical framework of the industry so that it can better meet the community's needs and expectations.

The Oath was developed by a group of finance industry leaders committed to high ethical standards and concerned about the erosion of trust. The Oath is a set of professional obligations freely entered into by individuals who choose to be accountable to each other for upholding the Oath and who are willing to call out unethical behaviour. Its centerpiece is a simple but powerful commitment to act with integrity — “My word is my bond” — that is supported by seven principles to guide ethical decision-making. Signatories, who now number nearly 1,400, are supported by mentoring, networking and other programs that bring like-minded people together. The current Chairman of AFMA, Steve Harker, is a founding BFO Board director.

The Oath, being a personal commitment, complements and reinforces industry codes of conduct such as the AFMA Code, but it is not a substitute for them. The power of the Oath is that:

- it appeals to the moral compass of individuals in the industry, providing them with a way to ‘stand up and be counted’;
- it also appeals to individuals who see the inherent good in the industry and its value to the community, and are proud of their involvement; and
- it provides industry leaders a way of reinforcing the right “tone at the top” in their organisations by asserting their personal commitment to promoting trust and integrity.

And, of course, because they are on the public record, signatories put their standing in the eyes of other signatories at risk if their behaviour falls short. This personal accountability can also help to provide reassurance to the community that misconduct will not be tolerated.

Codes of Conduct and ethical oaths are not “set and forget” documents. They need to be supported by training and development to help embed ethical values and stronger culture in organisations. AFMA and The Banking and Finance Oath have been sharing thoughts on how the Oath could be incorporated into AFMA's new training course on Ethical Decision-making and on how, more generally, the AFMA Code and the Oath might be linked.

Australian Financial Markets Association
Level 25, Angel Place, 123 Pitt Street Sydney
Tel: +61 2 9776 7900 Fax: +61 2 9776 4488
Email: secretariat@afma.com.au Web: www.afma.com.au