RESERVE BANK OF AUSTRALIA

Assessment of ASX Clearing and Settlement Facilities

23 September 2026

ISSN 2201-1226 (Online)

Contents

Executive Summary

The Reserve Bank of Australia (RBA) has carried out its annual assessment of the ASX clearing and settlement (CS) facilities over the period 1 July 2025 to 30 June 2026. During the year there have been significant shifts in ASX's transformation plans and governance arrangements that have the potential to result in meaningful change. However, as at the close of this assessment period, ASX is still not meeting the RBA's expectations in several important areas, including governance, operational resilience and risk management. ASX must deliver sustained improvements in these areas through its transformation, without compromising the safe and reliable operation of its critical infrastructure.

The ASIC Inquiry into ASX Group confirmed the existence of longstanding and deeply embedded shortcomings across ASX, consistent with themes identified in previous RBA assessments. These shortcomings include ASX compromising the resilience of its critical market infrastructure in pursuit of high shareholder returns. The ASIC Inquiry concluded that barriers in ASX's governance, capability and culture required a fundamental reset. ASX subsequently committed to a package of actions, including a strategic reset of its Accelerate program. The resulting ASX Transformation Portfolio is intended to address these underlying issues. It is imperative that the transformation delivers sustained improvements in ASX's governance, capability, culture and risk management.

ASX strengthened the resilience of CHESS and safely delivered CHESS Replacement Release 1 during the assessment period. The RBA has upgraded ASX Clear and ASX Settlement from *not observed* to *partly observed* against the Operational Risk Standard. The upgrade follows specific improvements to the resourcing and contingency arrangements supporting CHESS that address the most serious deficiencies identified following the December 2024 CHESS batch settlement incident. The upgrade should not be seen as an indication of any broader improvement in ASX's management of operational risk. The *partly observed* ratings reflect that weaknesses remain across the CS facilities and that further uplift is required, including in arrangements to maintain critical services during prolonged disruptions.

The RBA has long identified that ASX's governance arrangements have not given sufficient priority to the interests of the CS facilities. In recent months, ASX has made changes aimed at improving the independence of the CS Boards and committed to strengthening the CS facilities' control over their resources, finances and use of intragroup services. The RBA supports the general direction of these changes, but it is too early to assess whether they will translate in practice to a strengthening of decision-making in the interests of the CS facilities. Given this, the RBA has assessed that ASX continues to *partly observe* the Governance Standard.

ASX progressed initiatives to strengthen financial risk management during the assessment period. However, issues identified during the period show that persistent shortcomings remain in the implementation and control of ASX's risk models and data. ASX must embed improvements to its data controls, model governance and review frameworks so that errors are prevented or identified and corrected promptly.

During the next assessment period, the RBA will focus on:

- governance and independence of the CS facilities
- continuity of critical services, including during operational disruptions
- financial risk models, data and controls
- ASX's transformation.

1. Overview of Ratings, Recommendations and Areas of Supervisory Focus

The Reserve Bank of Australia (RBA) has carried out its annual assessment of the ASX clearing and settlement (CS) facilities over the period 1 July 2025 to 30 June 2026. The assessment covers the four licensed CS facilities in the ASX Group (ASX): two central counterparties (CCPs) – ASX Clear and ASX Clear (Futures); and two securities settlement facilities (SSFs) – ASX Settlement and Austraclear.

The RBA's assessment of the ASX CCPs and SSFs has been undertaken against the applicable Financial Stability Standards (FSS),[1] as well as the CS facilities' more general obligation to do all other things necessary to reduce systemic risk. The RBA has conducted this assessment in accordance with its *Approach to Supervising and Assessing Clearing and Settlement Facility Licensees*.[2]

1.1. Ratings

The ratings for the current assessment period are set out in Table 1 below.

Table 1: 2026 Ratings of FSS Observance[(a)]

Standard	ASX Clear	ASX Clear (Futures)	ASX Settlement	Austraclear
Legal Basis (CCP/SSF Standard 1)	Observed	Observed	Observed	Observed
Governance (CCP/SSF 2)	Partly observed	Partly observed	Partly observed	Partly observed
Framework for the Comprehensive Management of Risks (CCP/SSF 3)	Partly observed	Partly observed	Partly observed	Partly observed
Credit Risk (CCP/SSF 4)	Partly observed	Partly observed	N/A	N/A
Collateral (CCP/SSF 5)	Observed (↑)	Observed (↑)	N/A	N/A
Margin (CCP 6)	Broadly observed	Broadly observed	N/A	N/A
Liquidity Risk (CCP 7, SSF 6)	Broadly observed	Broadly observed	Observed	Observed
Settlement Finality (CCP 8, SSF 7)	Observed	Observed	Broadly observed (↑)	Broadly observed
Money Settlements (CCP 9, SSF 8)	Observed	Observed	Observed	Observed
Central Securities Depositories (SSF 9)	N/A	N/A	Observed	Observed
Physical Deliveries (CCP 10)	N/A	Observed	N/A	N/A
Exchange-of-value Settlements/ Settlement Systems (CCP 11, SSF 10)	Observed	Observed	Observed	Observed

1 For the current standards and further information, see RBA (2024), 'Clearing and Settlement Facilities: Financial Stability Standards'.
2 RBA (2025), 'The Reserve Bank's Approach to Supervising and Assessing Clearing and Settlement Facility Licensees', 5 September.

Standard	ASX Clear	ASX Clear (Futures)	ASX Settlement	Austraclear
Participant Default Rules and Procedures (CCP 12, SSF 11)	Observed	Observed	Observed	Observed
Segregation and Portability (CCP 13)	Observed (↑)	Observed (↑)	N/A	N/A
General Business Risk (CCP 14, SSF 12)	Observed	Observed	Observed	Observed
Custody and Investment Risks (CCP 15, SSF 13)	Observed	Observed	Observed	Observed
Operational Risk (CCP 16, SSF 14)	Partly observed (↑)	Partly observed	Partly observed (↑)	Partly observed
Access and Participation Requirements (CCP 17, SSF 15)	Observed	Observed	Observed	Observed
Tiered Participation Arrangements (CCP 18, SSF 16)	Broadly observed	Broadly observed	Observed	Observed
FMI Links (CCP 19, SSF 17)	Broadly observed (↓)	Broadly observed (↓)	Observed	Observed
Disclosure of Rules, Key Policies and Procedures, and Market Data (CCP 20, SSF 18)	Observed	Observed	Observed	Observed
Regulatory Reporting (CCP 21, SSF 19)	Broadly observed	Broadly observed	Broadly observed	Broadly observed

(a) Arrows in brackets indicate the ratings change from the RBA's 2025 assessment: an up arrow indicates an upgrade and a down arrow indicates a downgrade. 'N/A' means that the RBA has determined that the standard is not applicable, or an equivalent standard does not exist for the type of facility (e.g. for CCP Standard 6: Margin, there is no equivalent SSF Standard).

1.2. Recommendations

The RBA makes recommendations to the ASX CS facilities to address issues identified through its assessments against the FSS. In recent years, these recommendations have focused on governance, risk management frameworks, operational resilience and financial risk management.

During the assessment period, ASIC and the RBA expedited their ongoing review of the joint supervisory approach for the ASX CS facilities. This included a re-evaluation of outstanding regulatory actions and recommendations. As at the time of that re-evaluation, a number of recommendations made in RBA assessments from previous years remained outstanding. These outstanding recommendations have been consolidated into the ASX Transformation Portfolio and other programs of work. The ASX Transformation Portfolio and other major programs will be subject to robust independent assurance.

The RBA has not made new recommendations in this assessment. Instead, it has stated the outcomes ASX must achieve through the Transformation Portfolio and other existing programs. This approach is intended to focus ASX more directly on whether its work addresses the underlying risks and delivers the required outcomes. ASX remains responsible for ensuring that these initiatives are appropriately designed, implemented and embedded to meet their objectives.

1.3. Areas of supervisory focus

During the next assessment period, the RBA will maintain heightened supervisory attention on areas where ASX must deliver sustained improvements.

Governance and independence of the CS facilities

The RBA will assess whether ASX's governance changes strengthen the independence of the CS facilities. This will include assessing whether the CS Boards and the Managing Director, Clearing and Settlement (MD CS) have sufficient information, authority and influence to ensure that the interests and the obligations of the CS facilities are prioritised appropriately. Critically, the RBA will be examining any circumstances where the interests and obligations of the CS facilities, including obligations in relation to Australia's financial stability and other public interest obligations, may be inconsistent with ASX Group priorities and short-term financial considerations.

Operational and cyber resilience

The RBA will continue to focus on whether each CS facility can maintain critical operations and services during severe and prolonged disruptions. This will include monitoring whether ASX's work on operational resilience improves the continuity of critical services. Cyber resilience will remain a supervisory priority, reflecting the heightened cyber threat environment facing ASX as an operator of critical financial market infrastructure.

Financial risk management

The RBA will assess whether ASX has made sustainable improvements to its financial risk management frameworks and controls. This includes whether model validation, data controls and periodic reviews identify and prevent errors in key model inputs. The RBA will also monitor the implementation of changes to ASX Clear (Futures)' default fund methodology and credit stress-testing review framework.

Transformation

The RBA will closely supervise delivery of the ASX Transformation Portfolio. This includes whether the transformation is delivering sustained improvement in ASX's governance, capability, culture and risk management. The RBA will also focus on ASX's management of the cumulative risks arising from concurrent transformation and technology initiatives. This includes the sequencing and resourcing of CHESS Replacement Release 2, ClearStar and other major initiatives while protecting critical day-to-day operations.

2. Developments

ASX made progress during the assessment period on several initiatives intended to address immediate risks and strengthen its critical infrastructure. These included measures required by the RBA to improve the resilience of CHESS and the safe delivery of CHESS Replacement Release 1. ASX also progressed work to improve its financial risk data controls, model governance and review frameworks.

Despite this progress, ASX continues to face significant challenges related to its governance, culture and risk management. In recent years, these challenges have contributed to problems with the delivery of major projects, serious operational incidents and inadequate risk management practices. These issues have reduced confidence among regulators and market participants in ASX's ability to operate critical financial market infrastructure safely and reliably. ASX must address these challenges in an increasingly demanding operating environment. Episodes of market volatility and heightened cyber risks have reinforced the importance of resilient and well-maintained infrastructure. These conditions have also highlighted the close relationship between operational resilience and the CCPs' capacity to manage financial risks.

The ASIC Inquiry into ASX Group concluded during the assessment period, with the Inquiry Panel delivering its final report to ASIC in March 2026.[3] The ASIC Inquiry examined ASX's governance, capability and risk management, including recent incidents and their underlying drivers. It also considered whether aspects of ASX's operations conflicted with sound risk management or compliance outcomes, including its organisational and board structures, governance framework and financial objectives. The Inquiry Panel found longstanding and deeply embedded shortcomings across ASX, many of which had also been previously identified by the RBA and ASIC, including in previous RBA assessments. In particular, the ASIC Inquiry found that ASX had compromised the resilience of its critical market infrastructure in pursuit of high shareholder returns. The Inquiry Panel also found that ASX's governance arrangements did not provide sufficient focus on its role as a provider of critical market infrastructure and that capability deficiencies and cultural barriers had impeded change. The Inquiry Panel concluded that ASX could not address these shortcomings through incremental improvements and required a fundamental reset. In response, ASX committed to deliver a package of actions that included a strategic reset of its Accelerate program.

During the first half of 2026, the RBA and ASIC engaged closely with ASX on the scope, ambition and intended outcomes of the reset. The resulting ASX Transformation Portfolio is a substantial program of work intended to address many of ASX's governance, capability, culture and risk management issues. As this work progresses, ASX must ensure that it prioritises the safe and reliable operation of its critical financial market infrastructure, reflecting its responsibility to support the stability of the Australian financial system.

2.1. Governance

Effective governance is essential to ensuring that CS facilities are operated safely, reliably and in the interests of financial system stability. The Governance Standard requires CS facilities to have governance arrangements that are clear and transparent, promote the safety of the facilities and support the stability of the broader financial system.

The RBA has had longstanding concerns that ASX's governance arrangements do not give sufficient priority to the interests of the CS facilities. These arrangements have tended to give greater priority to Group-wide efficiency and commercial interests than to the specific interests and obligations of the CS facilities. This has contributed to concerns about whether the CS facilities receive sufficient investment in technology and have the workforce capability to support their safe and reliable operation. The RBA welcomes ASX's renewed focus on the governance of the CS facilities following the ASIC Inquiry.

[3] ASIC (2026) 'Inquiry into the ASX Group Final Report', March.

ASX had previously made incremental changes in this area, including in response to the RBA's 2020 Special Topics on ASX's Governance and Risk Management Framework. However, developments in recent years, together with the findings of the ASIC Inquiry, demonstrate that more fundamental changes are required. The ASIC Inquiry recommended that ASX strengthen its governance, with a particular focus on increasing the independence of the CS facilities from the ASX Group.

In response, ASX committed to:

- establish fully independent boards for the CS facilities
- provide the CS facilities with dedicated resources and greater transparency and control over their finances
- produce audited financial accounts for each CS facility
- develop and implement robust, service-level standards for intragroup services provided to the CS facilities.

The RBA supports the broad direction of ASX's governance changes, which are intended to strengthen decision-making in the interests of the CS facilities. The RBA considers the independence of the CS facilities to be critical in ensuring that the CS facilities fulfil their broader obligations to financial stability, the reduction of systemic risk and other public interest considerations. The RBA expects the CS Boards and executives to act in the interests of the CS facilities, including where those interests differ from broader Group priorities. This should include more robust challenge of proposals affecting the CS facilities, clearer strategic direction for the CS facilities and timely escalation and resolution of concerns about access to Group resources.

As required by the Governance Standard, the ASX CS facilities should have organisational objectives *that place a high priority on the safety of the [CS facility] and explicitly support the stability of the financial system and other relevant public interest considerations.*[4] These objectives should form a central part of the culture of the ASX CS facilities and should inform their day-to-day decision making and operation.

The CS Boards should also have sufficient information, authority and influence to ensure that the facilities receive the investment and have the workforce capability needed to operate safely and reliably. Effective governance of the CS facilities will be essential to the success of ASX's broader transformation.

During the assessment period, the RBA provided feedback to ASX on the design and implementation of its governance changes, including the new role of Managing Director, Clearing and Settlement (MD CS). ASX has indicated that the MD CS will be accountable for the day-to-day operation of the CS facilities and compliance with the facilities' regulatory obligations. The MD CS will also serve as an executive director on the CS Boards and have dual hard reporting lines to the CS Boards and the ASX Group CEO. The RBA is concerned that the dual reporting lines could expose the MD CS to competing expectations where the interests of the CS facilities differ from broader Group priorities. In particular, the model creates risks of day-to-day influence and perceived pressure from the ASX Group CEO, and self-censorship by the MD CS. ASX has indicated it intends to manage these risks through strengthened governance, accountability and assurance arrangements.

The model must give the MD CS sufficient authority and independence to act in the interests of the CS facilities, including where those interests conflict with broader Group priorities. The safeguards proposed by ASX are new and have not yet been tested through decisions where CS and Group priorities diverge. The RBA will closely monitor the implementation of the model and expects ASX to make further changes if the arrangements do not deliver the required outcomes.

Stronger governance arrangements will also be important to the identification and management of commercial conflicts of interest involving the CS facilities. Conflicts of interest may emerge in circumstances in which a competing financial market or CS facility relies on services provided by an ASX CS facility. ASX will need to ensure its arrangements to identify and manage these conflicts are applied consistently and that

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4 CCP Standard 2.1 and SSF Standard 2.1.

decisions about access are transparent, objective and consistent with the obligations of the relevant CS facility.

The RBA has assessed that the ASX CS facilities continue to *partly observe* the Governance Standard. The independence of the CS facilities must be safeguarded as a matter of priority. Although some steps have now been taken to address this longstanding issue, it remains to be seen whether they are sufficient. ASX should therefore give high priority to implementing and embedding governance arrangements that support the independence of the CS facilities.

2.2. Operational resilience

Operational resilience is essential to the safe and reliable operation of CS facilities and the stability of the Australian financial system. The Operational Risk Standard requires CS facilities to identify and manage operational risks and maintain robust arrangements to ensure the continuity of critical services, including during extreme but plausible scenarios. Regular testing is essential to confirm that these arrangements can maintain critical services and identify deficiencies requiring remediation.

2.2.1. Response to the December 2024 CHESS incident

In March 2025, the RBA conducted an out-of-cycle assessment of ASX Clear and ASX Settlement against the Operational Risk Standard following the December 2024 CHESS batch settlement incident.[5] The assessment identified serious deficiencies in ASX's resourcing and contingency arrangements for CHESS. The RBA downgraded both facilities from *partly observed* to *not observed* against the Operational Risk Standard and made two recommendations. The first required ASX to strengthen its resourcing and third-party support arrangements to ensure that CHESS could be operated securely and reliably in all circumstances. The second required ASX to improve contingency arrangements for the CHESS batch settlement process.

During the assessment period, ASX implemented material improvements to CHESS resourcing and contingency arrangements. ASX introduced a revised operating model alongside CHESS Replacement Release 1. This included regular skills assessments, a formal knowledge-transfer framework and measures to reduce reliance on key personnel. ASX established new third-party support arrangements that provide on-call assistance and two-way knowledge transfer. The revised operating model strengthens arrangements for sustaining an effective response during prolonged incidents. ASX also introduced additional database backups, strengthened resilience processes and enhanced manual workarounds for managing funds obligations in CHESS. The manual workarounds were tested with participants in May 2026. This testing provided greater assurance that these contingency arrangements can effectively support the CHESS batch settlement process during a disruption. It remains ASX's responsibility to ensure that these improvements to resourcing and contingency arrangements are ultimately effective and sustained.

The improved resourcing and contingency arrangements address the most serious deficiencies identified in the out-of-cycle assessment. The RBA has therefore upgraded ASX Clear and ASX Settlement from *not observed* to *partly observed* against the Operational Risk Standard. Ratings against the RBA's FSS are determined in accordance with international guidance.[6] A rating of *not observed* applies when '*the assessment has identified one or more serious issues of concern that warrant immediate action*'. In such cases, the FMI should '*accord the highest priority to addressing these issues*'. ASX Clear and ASX Settlement have addressed the most urgent issues identified by the RBA after the December 2024 CHESS incident. The upgrades in the ratings for these facilities against the Operational Risk Standard are a consequence of these specific improvements. They

5 RBA (2025), 'Out-of-cycle Assessment of ASX Clear Pty Ltd and ASX Settlement Pty Ltd: Operational Risk Standard', March.

6 See CPMI-IOSCO (2012), 'Principles for Financial Market Infrastructures: Disclosure Framework and Assessment Methodology', December.

should not be seen as an indication of broader improvement in ASX's management of operational risk. The *partly observed* ratings are applicable because weaknesses remain in ASX's management of operational risk that could become serious if not addressed promptly.

The improved contingency arrangements provide greater assurance that ASX Settlement can complete CHESS batch settlement during the disruption scenarios for which they were designed. The RBA has therefore upgraded ASX Settlement from *partly observed* to *broadly observed* against the Settlement Finality Standard. The *broadly observed* rating reflects that further uplift is required and that ASX will need to test the resulting arrangements across a broader range of disruption scenarios.

2.2.2. Technology modernisation

ASX's management of technology assets has been a major focus of the RBA's supervision in recent years. ASX is undertaking several major projects to replace ageing systems and strengthen its technology risk management frameworks and practices. These projects are necessary to improve resilience, but their scale and interdependencies also create substantial delivery and operational risks.

CHESS Replacement Release 1 went live in April 2026. It replaced the clearing components of CHESS, modernised messaging standards, increased system capacity and introduced real-time netting. Its safe implementation was a significant milestone and reflected improvements in ASX's project delivery and stakeholder engagement. Release 2, currently scheduled to go live in 2029, will replace the settlement and sub-register components of CHESS. Release 2 will be materially more complex than Release 1. It will affect a broader range of market functions and require more extensive changes to participants' systems and ASX's operating rules and procedures.

ASX is currently upgrading its futures clearing infrastructure through the ClearStar Program. The most significant phase, which will replace the Genium system used for exchange-traded derivatives clearing, is scheduled for early 2027.

ASX will need to ensure that resilience is built into the design of these systems to support continuity of critical services, including during operational disruptions. ASX will also need to manage the delivery and operational risks associated with these projects carefully while maintaining the resilience of existing systems. The RBA expects the CS Boards to exercise effective oversight of technology asset lifecycles, investment priorities and the sequencing and resourcing of major technology projects.

2.2.3. Operational resilience across the CS facilities

The RBA continues to require that each ASX CS facility establish the capacity to ensure the continuity of critical services during operational disruptions. ASX's recent resilience work has focused heavily on CHESS. However, each CS facility must have effective and tested arrangements to continue providing its critical services during extreme but plausible disruption scenarios.

During the assessment period, ASX commenced a review of business continuity and contingency arrangements across its CS facilities. The review identified issues in several foundational resilience capabilities and raised questions about whether existing contingency arrangements would support the continuity of critical services during prolonged disruptions. Contingency exercises conducted during the assessment period identified further opportunities for improvement. However, ASX has not consistently translated lessons from testing and incidents into timely and demonstrable improvements.

These issues were confirmed in a review undertaken by ASX Internal Audit during the assessment period. The review identified gaps affecting several critical services across the CS facilities. The RBA has assessed that the ASX CS facilities continue to *partly observe* the Operational Risk Standard. The *partly observed* ratings reflect weaknesses that remain in ASX's approach to operational resilience, including whether critical services could be maintained during severe and prolonged disruptions. ASX is not meeting the RBA's expectations in this area, and further uplift is required.

ASX has recognised that its operational resilience capabilities require substantial improvement. The Operational Resilience workstream within the Accelerate program is intended to establish a consistent enterprise-wide approach to identifying critical operations, setting impact tolerances and testing resilience against severe but plausible scenarios. It also includes work to strengthen governance, third-party risk management and organisational capability. The RBA expects ASX to prioritise practical measures that strengthen the continuity of critical services for each CS facility while the broader workstream is being delivered.

Management of an operational disruption affecting a participant

During the assessment period, a participant experienced an operational issue that created a risk that the participant would be unable to meet its obligations in that day's CHESS batch settlement process. The precise scenario that occurred on this occasion was not specifically covered in ASX's documented contingency arrangements. The ASX teams handling this event appeared to have been insufficiently prepared to manage a broad range of scenarios that may affect a CS facility's operations.

ASX enabled the participant to meet its settlement obligation by reducing financial resources held by ASX Clear against the participant's potential default. This temporarily increased ASX Clear's exposure to the participant. During a more severe event, this approach could result in losses for ASX Clear and weaken its capacity to manage a participant default.

This raised concerns about whether ASX has sufficiently robust frameworks and capabilities in place to manage unexpected scenarios. ASX's post-incident review identified actions that could strengthen its response capability. However, ASX has not progressed these actions with an urgency commensurate with the potential impact of the event. The RBA expects ASX to complete these actions promptly and test the revised arrangements.

2.2.4. Austraclear

Austraclear is systemically important to Australia's wholesale debt markets and the financial system. Financial institutions rely on Austraclear to settle transactions in Commonwealth Government Securities, semi-government securities and other wholesale debt instruments. The RBA also relies on Austraclear to settle securities transactions arising from its domestic market operations and liquidity facilities. These operations support monetary policy implementation and the provision of liquidity to the financial system. A prolonged disruption could impede securities settlement, constrain access to liquidity and transmit stress across financial institutions and markets.

Despite Austraclear's importance, ASX does not have tested arrangements to maintain critical services during a prolonged outage. During the assessment period, ASX undertook work to identify Austraclear's critical operations, dependencies, disruption scenarios and resilience capabilities. However, the work did not meet the RBA's expectations. It focused primarily on documenting current arrangements and did not provide a sufficiently robust assessment of material resilience gaps or a credible plan to address them.

The RBA has assessed that Austraclear continues to *partly observe* the Operational Risk Standard. The *partly observed* rating reflects that the issues outlined above could become serious if not addressed promptly. The RBA expects ASX to assess a credible range of options, including measures within ASX's control that could support the continuity or orderly recovery of critical services during an extended outage.

2.2.5. Cyber resilience

The cyber threat environment continues to deteriorate, reflecting increasingly sophisticated attack techniques, greater reliance on third-party service providers and heightened geopolitical tensions. Advances in artificial intelligence may further increase the potential speed, scale and sophistication of cyber-attacks. These developments require operators of critical financial market infrastructure to adapt their cyber-risk capabilities as threats evolve.

During the assessment period, the RBA continued to engage with ASX on its cyber resilience. Cyber resilience will remain a supervisory priority during the next assessment period. The RBA has communicated more detailed supervisory expectations to ASX and will monitor its progress against them.

2.3. Financial risk management

Financial risk management is central to the ability of ASX Clear and ASX Clear (Futures) to meet their obligations during periods of market stress and following a participant default. It requires reliable risk models, accurate and complete data, and robust controls across the model lifecycle.

During the assessment period, ASX progressed work to address recommendations to improve data controls, model governance and review frameworks for its financial risk models. ASX also enhanced its credit stress testing framework to account for outstanding margin payments and finalised a proposal to change the ASX Clear (Futures) default fund methodology. Under the proposal, the default fund would be recalibrated monthly using participants' recent exposures.

The RBA supports the direction of these initiatives. However, further issues identified during the period demonstrate that shortcomings remain in the implementation and control of ASX's financial risk models. ASX must complete and embed this work so that errors are prevented or identified and corrected promptly.

2.3.1. Issues identified during the assessment period

In October 2025, ASX reported to the RBA that an inconsistent stress parameter had been applied to an exchange-traded fund product. This resulted in incorrect credit stress testing exposures being calculated over a two-year period. This issue was similar to one identified during the 2024/25 assessment, in which implied volatility data for a product had been omitted from stress testing calculations. These incidents indicate weaknesses in the implementation of risk models and periodic reviews of stress testing inputs. They also allowed miscalculated credit exposures to remain undetected for extended periods.

In January 2026, ASX reported a separate error affecting credit and liquidity stress testing results for exchange-traded options affected by share-consolidation corporate actions. The issue was identified following a participant query. The recurrence of errors raises concerns about ASX's model governance, change management, validation and control processes for credit stress testing. ASX corrected the errors and undertook further analysis of the underlying causes to mitigate the risk of recurrence.

For both incidents, the impact on additional initial margin calls and credit and/or liquidity stress testing outcomes was minor. However, there is the potential for incidents of this nature to have a greater impact, which underscores the importance of robust control and review frameworks for risk models. ASX must ensure that lessons from individual incidents are applied across relevant models, data and processes.

2.3.2. Changes to financial risk standards

Collateral

In the previous assessment, the RBA downgraded ASX Clear and ASX Clear (Futures) against the Collateral Standard to *broadly observed*. This was in response to weaknesses in ASX's approach to credit stress testing, which uses data sourced from ASX's collateral systems as an input. On further consideration, the RBA has concluded that these weaknesses were more appropriately assessed as part of the Credit Risk Standard and did not constitute an issue of concern under the Collateral Standard. The RBA has accordingly reinstated *observed* ratings for the Collateral Standard. This reflects a reassessment of where these weaknesses should be captured and does not indicate that ASX has remediated them. The errors identified in ASX's credit stress testing are an issue of concern that could become serious if not addressed promptly. The ASX CCPs continue to *partly observe* the Credit Risk Standard.

ASX is addressing the relevant data-control weaknesses through its broader data governance initiatives, including the Clearing Risk Data Remediation project. The RBA will continue to monitor this work.

Segregation and Portability

The RBA upgraded ASX Clear and ASX Clear (Futures) from *broadly observed* to *observed* against the Segregation and Portability Standard. The upgrade reflects ASX incorporating client porting arrangements into its default management testing and benchmarking its portability arrangements against international practice, as recommended in the 2023/24 assessment.

During the assessment period, ASX established a Segregation and Portability Policy and updated its Default Management Policy to incorporate client porting arrangements. ASX also benchmarked its portability arrangements against those of peer CCPs and relevant international standards. In November 2025, ASX included client porting in its CCP Global Fire Drill. The exercise tested the operational feasibility of porting clients within the required timeframe following a participant default. It also identified practical challenges associated with onboarding receiving participants and meeting customer due diligence obligations. The RBA concluded that ASX had addressed the issue of concern identified in the 2023/24 assessment.

2.4. FMI links

The FMI Links Standard requires a CS facility to identify, monitor and manage risks arising from links with other FMIs. The ASX CS facilities maintain links with other CS facilities within the ASX Group and with external FMIs. These links can expose CS facilities to legal, credit, liquidity and operational risks, including through dependencies on linked FMIs. Effective management of these risks requires a clear framework and regular review of whether each link remains consistent with the CS facilities' obligations under the FSS.

ASX Clear and ASX Clear (Futures) rely on Austraclear to settle Australian dollar margin obligations between the CCPs and their participants. These longstanding arrangements provide for final and irrevocable settlement in central bank money within the timeframes set out in the CCPs' operating rules. ASX Settlement and Austraclear have a policy framework for identifying, assessing and managing risks arising from FMI links. However, no equivalent framework applies to ASX Clear or ASX Clear (Futures).

During an internal resilience exercise, ASX identified a gap in contingency arrangements for maintaining the timely settlement of margin obligations during a disruption affecting the links between each CCP and Austraclear. ASX committed to take action during the assessment period but did not progress the planned remediation. The RBA considers that the gap in contingency arrangements requires a timely and credible remediation plan.

The RBA has concluded that ASX Clear and ASX Clear (Futures) *broadly observe* the FMI Links Standard. For both CCPs, the absence of a policy framework and lack of contingency arrangements are issues of concern that ASX should address within a defined timeline. These links support the CCPs' observance of requirements under the Settlement Finality, Money Settlements and Margin standards. Margin collection is critical to the CCPs' ability to manage financial risk; the inability to do so in the event of a disruption to Austraclear would pose a threat to financial stability.

Given the potential impact of such a disruption, the RBA expects ASX to commence work to address the absence of contingency arrangements and policy frameworks in the next assessment period.