

# 2013 Self-assessment of the Reserve Bank of Australia – Systemically Important Payment Systems

**CPSS-IOSCO Responsibilities of Central Banks, Market  
Regulators and other Relevant Authorities for Financial  
Market Infrastructures**

**December 2013**

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## **Contents**

1. Introduction and Executive Summary	1
2. Overview of the Payments Landscape	3
3. Summary of Ratings and Actions	8
Appendix A: Detailed Self-assessment	12
Abbreviations	24

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# 1. Introduction and Executive Summary

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The Reserve Bank recently completed its first Self-assessment of the Reserve Bank Information and Transfer System (RITS) against the *Principles for Financial Market Infrastructures* (the Principles), which were published by the Committee on Payment and Settlement Systems (CPSS) and the Technical Committee of the International Organization of Securities Commissions (IOSCO) in April 2012.<sup>1</sup> The Principles also establish a set of ‘Responsibilities of Central Banks, Market Regulators, and other Relevant Authorities for Financial Market Infrastructures’ (the Responsibilities). This report presents the Self-assessment of how well the Bank meets its requirements under the Responsibilities in its role as overseer of systemically important payment systems.

Publication of this report provides more transparency around the Bank’s role in payment system oversight, and in particular the application of the Principles to systemically important systems. This report has been produced by the Payments Policy Department of the Bank and endorsed by the Payments System Board. It is also expected that this report will be an input into ongoing work of CPSS and IOSCO to monitor implementation of the Principles and Responsibilities across jurisdictions, including Australia.

The Self-assessment concludes that the Bank observes all relevant Responsibilities, but nevertheless identifies some actions to further enhance the Bank’s oversight arrangements.

## 1.1. Background

The Bank has primary regulatory responsibility for Australia’s payments system, including systemically important payment systems. The Bank’s regulatory role is set out in the *Reserve Bank Act 1959*, which states that the Payments System Board of the Bank is responsible for determining the Bank’s payments system policy in a way that will best contribute to: controlling risk in the financial system; promoting the efficiency of the payments system; and promoting competition in the market for payment services, consistent with overall stability of the financial system.

The scope of this Self-assessment is limited to the Bank’s role as overseer of systemically important payment systems, although, where relevant, the oversight arrangements for other payment systems and other types of financial market infrastructures (FMIs) in Australia are discussed.

## 1.2. Assessment

This Self-assessment was conducted as at end October 2013 and covers developments since the last Self-assessment of the Bank against relevant international standards was published. This was the Bank’s 2009 Self-assessment against the previous ‘Responsibilities of the Central Bank in Applying the Core Principles’.<sup>2</sup> The current Self-assessment of the Bank is against the updated, more detailed set of

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<sup>1</sup> The Principles are available at <<http://www.bis.org/publ/cpss101.htm>>.

<sup>2</sup> This Self-assessment can be found in ‘Central Bank Responsibilities’ in the *2009 Self-Assessment of the Reserve Bank Information and Transfer System*, available at <<http://www.rba.gov.au/payments-system/rits/self-assessments/2009/index.html>>.

Responsibilities. The most significant development over that period has been the implementation of the Principles in Australia.

On the basis of the evidence presented in this report, the Bank has concluded that it observes all relevant Responsibilities in its oversight of systemically important payment systems. However, in the spirit of continuous improvement, the Bank has identified some specific actions to further enhance its oversight of FMIs, including systemically important payment systems. In particular, the Bank has committed to:

- continuing to monitor developments in the payments landscape periodically to consider whether any other payment systems should also be subject to ongoing oversight and assessments against the Principles
- considering additional mechanisms to enhance coordination and consistency in its oversight of payment systems, and clearing and settlement (CS) facilities, including the possible establishment of a new internal FMI Oversight Committee.

The remainder of this report is structured as follows. Section 2 provides an overview of the payments landscape in Australia, while Section 3 summarises the conclusions and actions arising from Bank's detailed Self-assessment against each Responsibility. Finally, the detailed Self-assessments of the Bank against the Key Considerations for each Responsibility are set out in Appendix A.

## 2. Overview of the Payments Landscape

### 2.1 Payments in Australia

Payment systems in Australia can be broadly divided into wholesale payment systems, which settle a relatively small number of high-value payments, and retail payment systems, which settle a large number of relatively low-value payments.

RITS is primarily a domestic wholesale payment system. In 2012/13 it settled an average of over 39 000 real-time gross settlement (RTGS) transactions each day, with an aggregate daily value of around \$158 billion (Table 1).

**Table 1: Payments in Australia**  
2012/13, daily average<sup>(a)</sup>

	Number <sup>(b)</sup> (000s)	Value <sup>(b)</sup> (\$b)	Interbank settlement value in RITS (\$b)
RITS	39.4	157.8	157.8
<i>SWIFT payments (HVCS)</i>	36.2	97.1	97.1
<i>Debt securities (Austraclear)<sup>(c)</sup></i>	3.0	48.5	48.5
<i>RITS cash transfers</i>	0.1	12.3	12.3
CLS	55.0	251.7	2.1
Retail payments	31 762.3	59.1	1.9
<i>Direct entry<sup>(d)</sup></i>	10 998.1	52.6	
<i>Cheques</i>	830.6	4.7	
<i>Credit/charge cards</i>	7 272.8	1.0	
<i>Debit cards</i>	12 660.8	0.7	
Equity settlements (CHESS)	693.5	4.2 <sup>(e)</sup>	0.4

(a) Business days

(b) Includes payments between customers of the same financial institution

(c) Excludes intraday repurchase agreements

(d) Includes BPay

(e) Gross value of equity trades.

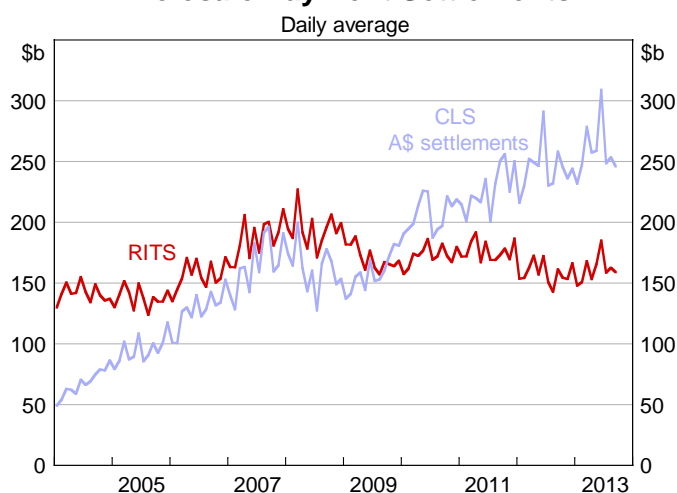
Sources: ASX; CLS; RBA

The other major wholesale payment system operating in Australia is CLS Bank International (CLS), which is an international system that supports the settlement of foreign exchange trades. Over the same period, CLS settled on average 55 000 foreign exchange trades involving the Australian dollar each day, with the total value of the Australian dollar leg of these trades averaging around \$252 billion. In contrast, there were almost 32 million non-cash retail payments each day in 2012/13, but their aggregate daily value was only around \$59 billion. Similarly, the total value of the cash leg of equity settlements is relatively low, averaging around \$4 billion each day in 2012/13.

## 2.1.1 Wholesale payment systems

RITS is the only domestic payment system operating in Australia that, in the Bank's view, needs to be overseen as a systemically important payment system and assessed against the Principles. In coming to this view, the Bank has considered the aggregate value of payments settled in RITS, which has averaged around \$169 billion per day over the last five years (Graph 1), and RITS's share of domestic payments, which currently averages around 70 per cent.<sup>3</sup> Furthermore, since RITS settles on a real-time basis it is used to settle time-critical payments, including Australian dollar CLS pay-ins (discussed below). RITS is also integral to the functioning of other payment systems, with the interbank obligations arising from non-cash retail payments, debt and equity securities settlements, and central counterparties' (CCPs') margin-related payments also settled in RITS.

**Graph 1**  
**Wholesale Payment Settlements**



Sources: CLS Bank; RBA

CLS is an international payment system for settling foreign exchange trades in 17 currencies, including the Australian dollar.<sup>4</sup> Since CLS settles a significant, and growing, value of Australian dollar-denominated foreign exchange-related payments, the Bank has identified CLS as a systemically important international payment system. CLS is regulated, supervised and overseen by the Federal Reserve, in cooperation with an Oversight Committee that includes the Bank and a number of other overseas central banks. Through this forum the Bank is involved in overseeing how well CLS meets the requirements of the CPSS *Core Principles for Systemically Important Payments System* (Core Principles), against which CLS has to date been required to submit biennial self-assessments.<sup>5</sup> CLS is carrying out a gap analysis against the Principles, which it intends to complete by the end of 2013.

By operating a payment-versus-payment settlement mechanism, CLS allows participants to eliminate foreign exchange settlement risk (the risk that one party settles its obligation, while the other subsequently does not). Under these arrangements, settlement members either receive or pay a net

<sup>3</sup> This measure of payments is broader than interbank settlements, since it includes retail payments settled across the books of a commercial bank, such as payments between two customers of the same institution. It only includes CLS pay-ins and pay-outs in RITS, not the gross value of foreign exchange trades involving the Australian dollar settled in CLS.

<sup>4</sup> CLS also settles some one-sided payments related to credit derivatives, and offers an aggregation service that compresses large volumes of low-value foreign exchange trades for settlement.

<sup>5</sup> The *Core Principles for Systemically Important Payments Systems* are available at <<http://www.bis.org/publ/cpss106.htm>>.

settlement amount vis-à-vis CLS in each currency. Members meet any net Australian dollar payment obligation (known as a CLS pay-in) using RITS to make payments to CLS's Exchange Settlement Account (ESA) held at the Bank. CLS pays out net Australian dollar receipts in a similar way. The value of these pay-ins and pay-outs is only around 1 per cent of the gross value of trades involving the Australian dollar that are settled by CLS.

### 2.1.2 Retail payment systems

The payments industry is in the process of implementing a number of improvements to retail payments clearing and settlement arrangements that will provide end users with access to funds in a more timely manner. These initiatives include same-day settlement of direct entry (DE) transactions and a New Payments Platform (NPP). The NPP is expected to provide real-time transfers between bank accounts 24 hours a day, seven days a week, with close to immediate funds availability to recipients, richer remittance information, and functionality to ease the addressing of payments (see 'Box A: Developments in Retail Payments Settlements Arrangements' in Section 2 of the *2013 Self-assessment of the Reserve Bank Information and Transfer System* for further details).<sup>6</sup> These developments are likely to change the Australian payments landscape significantly, with potential migration to the NPP over the long term from other retail systems.

In 2012/13, DE payments represented almost 90 per cent of non-cash retail payments by value. DE payments represent an instruction from a bank account holder to his or her bank to pay (or collect) an amount directly to (from) another bank account. Instructions to pay are known as direct credit payments, whereas instructions to collect funds are known as direct debit payments.<sup>7</sup> The DE system is governed by the Australian Payments Clearing Association's (APCA's) Bulk Electronic Clearing System rules. APCA is a self-regulatory industry body that is responsible for rules and procedures for clearing and settling payments, including High Value Clearing Stream payments, DE payments, cheque payments and ATM transactions in Australia.<sup>8</sup>

The final important category of retail payment instrument in Australia is cards. There are two main types of debit cards issued in Australia: those issued for access to the domestic eftpos system (which is managed by ePal), and those issued as international scheme cards. The international card schemes also offer their respective four-party (MasterCard and Visa) and three-party (American Express and Diners Club) credit and charge card systems in Australia.

## 2.2 Regulatory Framework

The Bank has primary regulatory responsibility for Australia's payments system, including systemically important payment systems. The Bank also has an operational role, in which the Bank assumes responsibility for the day-to-day operation of RITS. The Bank's regulatory role is set out in the Reserve Bank Act, and requires that the Payments System Board determine the Bank's payments system policy in a way that best contributes to: controlling risk in the financial system; promoting the efficiency of the payments system; and promoting competition in the market for payment services, consistent with overall stability of the financial system. The Payments System Board comprises the Governor as chair, one other Bank appointee, an appointee from the Australian Prudential Regulation Authority (APRA), and up to five other members.

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<sup>6</sup> *2013 Self-assessment of the Reserve Bank Information Transfer System*, available at <<http://www.rba.gov.au/payments-system/rits/self-assessments/2013/index.html>>.

<sup>7</sup> A similar payment system is operated by BPAY, which offers enhanced functionality for bill payments.

<sup>8</sup> Some APCA rules and procedures are also relevant for EFTPOS.

Most of the powers and functions of the Payments System Board derive from the *Payment Systems (Regulation) Act 1998*. This Act allows the Bank to obtain information from payments system participants, to designate a payment system, and to set access regimes and standards for designated payment systems. To date, these powers have been used solely in the retail space, most notably in the regulation of card schemes' interchange fees and in the establishment of access regimes for card schemes and the ATM system.

In addition, under the *Payment Systems and Netting Act 1998*, the Bank is able to ensure that settlement finality in approved RTGS systems and netting arrangements is legally certain. The Bank also has the power to determine that a settlement system is a recognised settlement system under the *Cheques Act 1986*, which allows for the turn back, or presumed dishonour, of cheques for which a failed drawee institution has not settled.

The Bank has concluded that powers under the Payment Systems (Regulation) Act are not currently needed to underpin the Payments System Board's oversight of systemically important payment systems. Since the only domestic payment system that meets the criteria for systemic importance is RITS, which is owned and operated by the Bank, effective oversight can be assured by internal governance arrangements within the Bank that separate operational and oversight functions, as well as by transparent Self-assessment against the Principles (see Section 3.2 for further details).

Relatedly, the Bank also has responsibilities in respect of CS facilities. Under the *Corporations Act 2001*, the Bank is responsible for ensuring that licensed CS facilities conduct their affairs in a way that causes or promotes overall stability in the Australian financial system. Accordingly, the Bank has determined *Financial Stability Standards* against which licensed CS facilities are formally assessed.<sup>9</sup> These standards are aligned with the Principles.<sup>10</sup>

Three other Australian regulators have an interest in the payments system:

- **APRA.** APRA is Australia's prudential regulator. It has responsibility for the supervision of, among others, authorised deposit-taking institutions – including banks, building societies, credit unions and specialist credit card institutions – which are participants in the payments system and offer payment services to users such as households and firms. APRA develops and enforces prudential standards with the aim of ensuring that, under all reasonable circumstances, financial promises made by the institutions that it supervises are met within a stable, efficient and competitive financial system.
- **Australian Competition and Consumer Commission (ACCC).** As Australia's competition regulator, the ACCC is responsible for ensuring that payments system arrangements comply with the provisions of the *Competition and Consumer Act 2010*.<sup>11</sup> This Act prohibits conduct such as price agreements, boycotts and exclusive dealing with the purpose or effect of substantially lessening competition. The ACCC may authorise such conduct if it judges it to be in the public interest, and indeed has done so in the case of the regulations and procedures for the five

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<sup>9</sup> To date, licensed CS facilities have been assessed on an annual basis. In June 2013, Parliament passed the *Corporations and Financial Sector Legislation Amendment Act 2013*, which amends the requirement for the Bank and ASIC to conduct annual assessments of all CS facility licensees, to require annual assessments only of those CS facility licensees prescribed by regulation. Further to this, the Bank released a statement that articulates the criteria the Bank proposes to use in determining the frequency of regulatory assessments, and confirms which licensed CS facilities will continue to be subject to assessment on an annual basis. The statement is available at <<http://www.rba.gov.au/payments-system/policy-framework/frequency-of-assessments.html>>.

<sup>10</sup> The Financial Stability Standards are available at <<http://www.rba.gov.au/payments-system/clearing-settlement/standards/index.html>>.

<sup>11</sup> The Competition and Consumer Act was previously known as the *Trade Practices Act 1974*.



clearing systems operated by APCA. To ensure a coordinated policy approach on competition and access in the payments system, the ACCC and the Bank have agreed a Memorandum of Understanding (MOU). The intent is that the ACCC retains responsibility for competition and access in a particular payment system unless the Bank imposes an access regime or sets standards for that system.

- *Australian Securities and Investment Commission (ASIC):* ASIC has responsibility for market integrity and consumer protection for financial products in relation to payment transactions, and across the financial system more generally, under the Corporations Act. ASIC is also responsible for overseeing the licensing and regulation of CS facilities operating in Australia under the Corporations Act. ASIC's principal focus in carrying out this role is on the fair and effective provision of services. As discussed above, the Bank also has regulatory responsibilities for CS facilities, which are focused on protection from systemic risk. Given the shared responsibility for regulating CS facilities, ASIC and the Bank have agreed an MOU, which is intended to promote transparency, help prevent unnecessary duplication of effort, and minimise the regulatory burden on CS facilities.

### 3. Summary of Ratings and Actions

The following table summarises the 2013 Self-assessment of the Bank against the Responsibilities in its role as overseer of systemically important payment systems. In its Self-assessment, the Bank has applied the approach and rating system set out in the *Principles for Financial Market Infrastructures: Disclosure Framework and Assessment Methodology* published by CPSS and IOSCO in December 2012.<sup>12</sup> Under this rating system the Bank’s observance of a Responsibility may be rated as:

**Observed** – The authorities fulfil the responsibility. Any identified gaps and shortcomings are not issues of concern and are minor, manageable, and of a nature that the authorities can consider taking up in the normal conduct of their activities.

**Broadly observed** – The authorities are broadly fulfilling the responsibility. The assessment has identified one or more issues of concern that authorities are encouraged to address and follow up in a defined time line.

**Partly observed** – The authorities partly fulfil the responsibility. The assessment has identified one or more issues of concern that could seriously affect the reliable discharge of the responsibility by the authorities if not addressed in a timely manner. The authorities to which these concerns apply should accord a high priority to their resolution.

**Not observed** – The authorities are not fulfilling the responsibility. The assessment has identified one or more serious issues of concern in the current discharge of the responsibility by the authorities that warrant immediate action. The authorities to which these concerns apply should accord the highest priority to their resolution.

**Not applicable** – This responsibility does not pertain because of the particular institutional framework or other conditions faced by the authorities with respect to this responsibility.

The Bank has concluded that it observes all relevant Responsibilities in its role as overseer of systemically important payment systems. However, the Bank will nevertheless work towards continual improvements to ensure that its arrangements for oversight of FMIs meet best practice. The table below includes some specific actions.

The actions in the table are discussed in more detail below and in the detailed assessments in Appendix A.

**Table 2: Responsibilities Ratings and Actions**

Standard	Rating	Action
A. Regulation, supervision and oversight of systemically important payment systems	Observed	The Payments System Board, supported by the Payments Policy Department, will continue to monitor developments in the payments landscape periodically to consider whether any other payment systems should also be subject to ongoing oversight and assessments against the Principles.

<sup>12</sup> The disclosure framework and assessment methodology are available at <<http://www.bis.org/publ/cpss106.htm>>.

Standard	Rating	Action
B. Regulatory, supervisory, and oversight powers and resources	Observed	
C. Disclosure of policies with respect to systemically important payment systems	Observed	
D. Application of the Principles for Financial Market Infrastructures	Observed	The Bank is considering establishing an internal FMI Oversight Committee to enhance the governance around its day-to-day oversight of FMIs.
E. Cooperation with other authorities	Observed	

### 3.1 Regulation, supervision and oversight of systemically important payment systems

In a joint statement with ASIC (the Joint Statement), the Bank has set out the criteria that it uses to determine whether a system should be subject to ongoing oversight as a systemically important payment system and assessed against the Principles.<sup>13</sup> RITS has been identified as the only domestic payment system that meets these criteria. Oversight of RITS is carried out by the Payments Policy Department of the Bank, under the governance of the Payments System Board. The Bank has undertaken to conduct Self-assessments of RITS against the Principles annually, having previously self-assessed RITS periodically against the Core Principles. Self-assessments of RITS against the Principles are endorsed by the Payments System Board.

The Bank has also identified CLS as a systemically important international payment. CLS is regulated, supervised and overseen by the Federal Reserve, in cooperation with an Oversight Committee that includes the Bank and a number of other overseas central banks. The Bank is also involved in the oversight of the Society for Worldwide Interbank Financial Telecommunication (SWIFT), a critical provider of messaging services for RITS, CLS, and many other FMIs and participants.

To ensure ongoing observance of this responsibility, the Payments System Board, supported by Payments Policy Department, will continue to monitor developments in the payments landscape periodically to consider whether any other payment systems should also be subject to ongoing oversight and assessment against the Principles.

### 3.2 Regulatory, supervisory, and oversight powers and resources

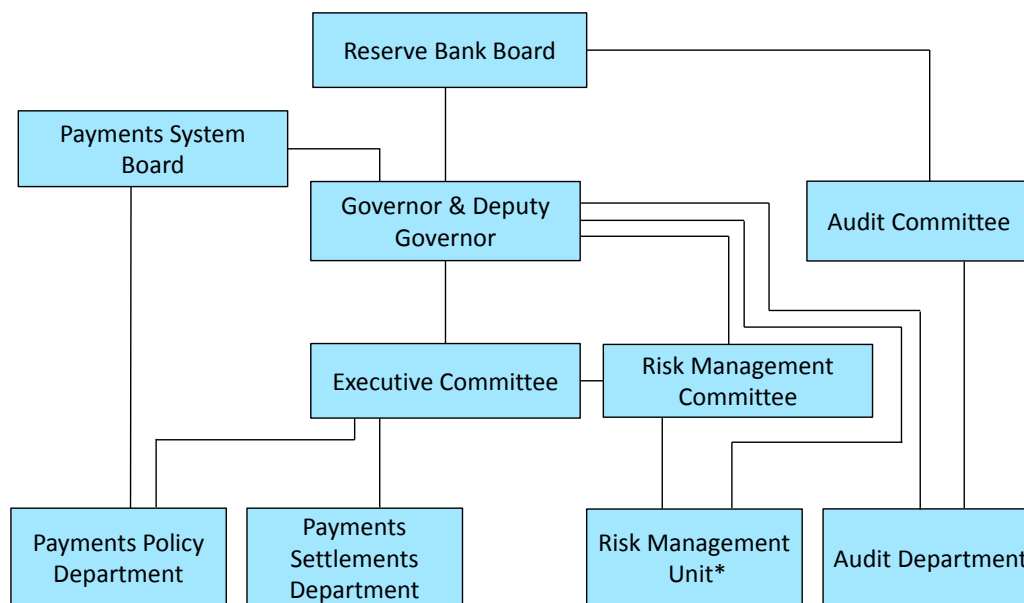
The Payment Systems (Regulation) Act provides the Bank with a number of powers to ensure the safety and stability of the payments system, including powers to gather information, and to designate and set standards for payment systems. Currently, these powers are not required to oversee systemically important payment systems because the Bank owns and operates the only domestic payment system that meets the criteria for such oversight. Rather, the Bank has established governance arrangements to ensure the effective oversight of RITS.

Since RITS is not operated as a separate entity, the management and operation of RITS fall under the governance structure of the Bank, and are therefore subject to its normal oversight, decision-making and audit processes (Figure 1). The Governor and Deputy Governor of the Bank are appointed by the Australian Government in accordance with the Reserve Bank Act. The Governor is the chief executive

<sup>13</sup> The Joint Statement is available at <<http://www.rba.gov.au/payments-system/policy-framework/principles-fmi/implementing-principles-australia.html>>.

of the Bank (an independent statutory authority), and chairman of the Reserve Bank Board and the Payments System Board. The Governor is accountable to these boards and to the government for the policy decisions and performance of the Bank.

**Figure 1: Reserve Bank Governance Structure for Payments System Issues**



\* In November 2013, Risk Management Unit was renamed Risk and Compliance Department.

Decisions affecting the day-to-day operations, customer relations and development of RITS are the responsibility of the Payments Settlements Department of the Bank. Clear procedures are in place to elevate day-to-day operational matters within Payments Settlements Department and other areas of the Bank, as appropriate. Major decisions that may require significant expenditure, or have policy implications, are considered by the Bank's Executive Committee.

Payments Settlements Department is part of the Bank's Banking and Payments Group, which is headed by an Assistant Governor and subject to frequent operational audits by the internal audit area of the Bank. Audit reports are reviewed by the Audit Committee, which comprises two non-executive members of the Reserve Bank Board and two externally appointed members. Minutes of the Audit Committee, which meets quarterly, are provided to the Reserve Bank Board and discussed as appropriate.

As noted, RITS is subject to oversight by Payments Policy Department, under the governance of the Payments System Board. In conjunction with its oversight role, Payments Policy Department also determines the eligibility criteria for access to ESAs with the Bank, which effectively represent the eligibility criteria for participation in RITS. To ensure independence in its oversight activities, Payments Policy Department is separate from Payments Settlements Department in the Bank's organisational structure, with separate reporting lines up to and including the level of Assistant Governor.

The Bank has policies in place to help ensure that Payments Policy Department has sufficient resources and that the staff responsible for the oversight and regulation of payment systems have the appropriate skills and experience to perform their duties. The Payments Policy and Payments

Settlements Departments meet regularly to discuss policy issues and operational developments. The Payments System Board is periodically updated on relevant developments.

### **3.3 Disclosure of policies with respect to systemically important payment systems**

The Bank's high-level objectives related to the payments system are set out in the Reserve Bank Act. The Bank's role in the oversight of RITS as a systemically important payment system is also discussed in public documents available on the Bank's website, including Payments System Board Annual Reports and Self-assessments of RITS.

### **3.4 Application of the Principles for Financial Market Infrastructures**

ASIC and the Bank, the Australian regulators responsible for oversight of FMIs, have committed in the Joint Statement to apply the Principles in their oversight of all FMI types, including systemically important payment systems. Steps have been taken, where necessary, to amend relevant rules and standards.

Consistent application of the Principles across and within FMI types overseen by the Bank is promoted by the location of oversight of all FMIs in a single team within Payments Policy Department. Consistency is also supported by the governance of the Bank's oversight function by the Payments System Board and the Bank's practice of publishing detailed assessments of each relevant FMI's observance of the Principles.<sup>14</sup> To supplement these arrangements, the Bank is in the process of introducing a more formal FMI Oversight Coordination Group within Payments Policy Department and is considering establishing a higher level internal FMI Oversight Committee to govern day-to-day oversight activities.

### **3.5 Cooperation with other authorities**

The Bank has extensive cooperative arrangements with both domestic and international authorities to promote the safety and efficiency of the payments system. Domestically, the Bank has MOUs with the ACCC, APRA and ASIC, supplemented with a number of informal arrangements, including regular liaison and occasional secondments.

Internationally, the Bank is a member of international bodies related to the regulation and oversight of payment systems, most notably the CPSS and the Executives' Meeting of East Asia Pacific Central Banks. The Bank also participates in the cooperative oversight of CLS and SWIFT. The Federal Reserve and the National Bank of Belgium (NBB) are lead overseers for CLS and SWIFT, respectively.

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<sup>14</sup> For example, see the Bank's *2012/13 Assessment of ASX Clearing and Settlement Facilities*, available at <<http://www.rba.gov.au/payments-system/clearing-settlement/assessments/2012-2013/index.html>>.

# Appendix A: Detailed Self-assessment

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This Appendix sets out the Reserve Bank's detailed assessment of how well it observes the Responsibilities, including responses to each Key Consideration. In its assessment, the Bank has applied the rating system described in Section 3.

## Responsibility A: Regulation, supervision and oversight of systemically important payment systems

**Systemically important payment systems should be subject to appropriate and effective regulation, supervision and oversight by a central bank, market regulator, or other relevant authority.**

**Rating: Observed**

The Bank has set out the criteria that it uses to determine whether a particular system should be subject to ongoing oversight as a systemically important payment system and assessed against the Principles developed by CPSS and IOSCO.<sup>15</sup> RITS has been identified as the only domestic payment system that meets these criteria. Oversight of RITS is carried out by Payments Policy Department of the Bank, under the governance of the Payments System Board. The Bank has undertaken to conduct Self-assessments of RITS against the Principles annually, having previously self-assessed RITS periodically against the Core Principles. Self-assessments of RITS against the Principles and material developments are reviewed by the Payments System Board.

The Bank has also identified CLS as a systemically important international payment system. CLS is regulated, supervised and overseen by the Federal Reserve, in cooperation with an Oversight Committee that includes the Bank and a number of other overseas central banks.<sup>16</sup> The Bank is also involved in the oversight of SWIFT, a critical provider of messaging services for RITS, CLS and many other FMIs and participants.

To ensure ongoing observance of this responsibility, the Payments System Board, supported by the Bank's Payments Policy Department, will continue to monitor developments in the payments landscape to periodically consider whether any other payment systems should also be subject to ongoing oversight and assessment against the Principles.

**A.1 Authorities should clearly define and publicly disclose the criteria used to identify systemically important payment systems that should be subject to regulation, supervision and oversight.**

To determine whether a system should be subject to ongoing oversight as a systemically important payment system and assessed against the Principles, the Bank takes into account whether the system:

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<sup>15</sup> The Principles are available at <<http://www.bis.org/publ/cpss101.htm>>.

<sup>16</sup> CLS has been granted an exemption from holding a CS Facility licence, subject to a number of conditions including that it continues to be regulated under section 25A of the United States *Federal Reserve Act*, which is the basis for its oversight by the Federal Reserve. Details of this exemption can be found in Regulation 9.12.02 of the *Corporations Regulations 2001*, available at <[http://www.comlaw.gov.au/Details/F2013C00461/Html/Volume\\_4](http://www.comlaw.gov.au/Details/F2013C00461/Html/Volume_4)>.

- is the sole payment system in the country or the principal system in terms of the aggregate value of payments
- mainly handles time-critical, high-value payments
- is used to effect settlement in other systemically important FMIs.

These criteria are set out publicly in a joint statement released by the Bank and ASIC on implementing the Principles in Australia (the Joint Statement), which is available on the Bank's website.

The Payments System Board of the Bank has broad responsibility for the Australian payments system. In accordance with the *Reserve Bank Act 1959*, the Payments System Board is responsible for determining the Bank's payments system policy in a way that will best contribute to: controlling risk in the financial system; promoting the efficiency of the payments system; and promoting competition in the market for payment services, consistent with overall stability of the financial system. Given this responsibility, the Payments System Board, supported by Payments Policy Department of the Bank, monitors developments in all payment systems on an ongoing basis. In doing so, the Payments System Board and the Bank are able to determine whether ongoing oversight – and assessment against the Principles – should be carried out for other payment systems. The Payments System Board will continue such monitoring, particularly in light of impending changes in the Australian payments landscape with the establishment of the New Payments Platform (see 'Box A: Developments in Retail Payments Settlement Arrangements' in Section 2 of the *2013 Self-assessment of the Reserve Bank Information and Transfer System* for further details).<sup>17</sup>

#### **A.2 Systemically important payment systems that have been identified using these criteria should be regulated, supervised and overseen by a central bank, market regulator, or other relevant authority.**

Taking into account the criteria set out in Key Consideration A.1, the Bank has identified RITS as the only domestic system that currently warrants oversight as a systemically important payment system. This decision reflects that RITS:

- is the principal domestic payment system in terms of the aggregate value of payments, settling around 70 per cent of the value of non-cash payments in Australia
- mainly handles time-critical, high-value payments, including Australian dollar CLS pay-ins and time-critical customer payments
- is used to effect settlement of payment instructions arising in other systemically important FMIs, such as Austraclear and ASX Settlement.

As discussed in Section 3.2, the Bank is both owner and overseer of RITS. RITS is operated by the Bank's Payments Settlements Department, under the normal governance framework of the Bank, and overseen by the Bank's Payments Policy Department, under the governance of the Payments System Board. To further ensure the independence and effectiveness of its oversight of RITS, the Bank's Payments Policy Department and Payments Settlements Department have separate reporting lines, up to and including the Bank's Executive Committee.

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<sup>17</sup> *2013 Self-assessment of the Reserve Bank Information Transfer System*, available at <<http://www.rba.gov.au/payments-system/rits/self-assessments/2013/index.html>>.

In 2013, the Bank committed to conducting and publishing annual Self-assessments of RITS against the Principles, jointly involving the Bank's Payments Settlements Department and the Bank's Payments Policy Department. The first such Self-assessment was endorsed by the Payments System Board and published in December 2013. Prior to 2013, the Bank conducted and published periodic Self-assessments of RITS against the Core Principles.<sup>18</sup> These Self-assessments have to date been reviewed by the Payments System Board and will continue to be subject to such review.

The Bank has also identified CLS as a systemically important international payment. CLS is chartered in the United States and is regulated and supervised by the Federal Reserve. CLS has been designated a systemically important 'financial market utility' by the Financial Stability Oversight Council in the United States. The Federal Reserve has established a cooperative oversight arrangement for CLS and, as part of this arrangement, coordinates and chairs the CLS Oversight Committee. As a member of the Oversight Committee, the Bank is able to contribute to the assessment of the ongoing adequacy and robustness of CLS's risk controls and settlement arrangements. In addition, through this forum the Bank is involved in overseeing how well CLS meets the requirements of the Core Principles, against which CLS has to date been required to submit biennial Self-assessments. CLS is currently carrying out a gap analysis against the Principles, which it intends to complete by the end of 2013.

The Bank also participates in the oversight of SWIFT, a member-owned cooperative company registered in Belgium. While SWIFT is not a payment system, it does provide critical services to both RITS and CLS, as well as other FMIs and market participants. Indeed, RITS and CLS depend on SWIFT's communications platform and other services to communicate with their participants. The cooperative oversight arrangements for SWIFT primarily involve two bodies. The main body is the Oversight Group, comprising the G10 central banks and chaired by the NBB. In 2012, the Oversight Group set up the SWIFT Oversight Forum, which comprises the members of the Oversight Group as well as representatives of a number of other central banks. The Bank participates in this forum. The main functions of the SWIFT Oversight Forum are to provide information to a broader group of stakeholders and to give non-G10 central banks an opportunity to input into the setting of oversight priorities and discussion of material developments.

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<sup>18</sup> These assessments are available at <<http://www.rba.gov.au/payments-system/rits/assessments/index.html>>.



## Responsibility B: Regulatory, supervisory, and oversight powers and resources

**Central banks, market regulators and other relevant authorities should have the powers and resources to carry out effectively their responsibilities in regulating, supervising and overseeing systemically important payment systems**

**Rating: Observed**

The *Payment Systems (Regulation) Act 1998* provides the Bank with a number of powers to ensure the safety and stability of the payments system, including powers to gather information, and to designate and set standards for payment systems. Currently, these powers are not required for oversight of systemically important payment systems because the Bank owns and operates the only domestic payment system that meets the criteria for such oversight. Rather, the Bank has established governance arrangements to ensure the effective oversight of RITS. The Bank has policies in place to help ensure that Payments Policy Department has sufficient resources and that the employees responsible for the oversight and regulation of payments systems have the appropriate skills and experience to perform their duties.

**B.1 Authorities should have powers or other authority consistent with their relevant responsibilities, including the ability to obtain timely information and to induce change or enforce corrective action.**

As set out in Section 2.2, the Bank has principal responsibility for the regulation and oversight of payment systems. The Payment Systems (Regulation) Act gives the Bank a number of powers to ensure the safety and stability of the payments system. The Bank may use these powers only if it considers that it would be in the public interest to do so.

Under the Payment Systems (Regulation) Act, the Bank has the power to request information from payment system operators and participants. Operators and participants that refuse or fail to comply with the Bank's request can be fined. Information obtained through this channel is subject to strict confidentiality requirements under the Reserve Bank Act. Information may nevertheless be shared with other central banks, or domestic or foreign authorities that supervise or regulate financial institutions, should this be necessary.

The Payment Systems (Regulation) Act also provides the Bank with powers to induce change and enforce corrective action. Specifically, the Payment Systems (Regulation) Act gives the Bank the power to 'designate' a payment system and thereafter set standards or an access regime for the system. If the payment system does not comply with the standards, or does not implement the access regime, the Bank can issue a fine or a direction to remedy any compliance failures.

To date, the Payments System Board's powers under the Payment Systems (Regulation) Act have been used to regulate retail payment systems such as credit cards and eftpos. Currently, these powers are not required for oversight of systemically important payment systems because the Bank owns and operates the only domestic payment system deemed to be systemically important in Australia, RITS. The Bank has established governance arrangements to ensure the effective oversight of RITS. These are discussed under Key Consideration A.2.

The Bank's Payments Settlements and Payments Policy Departments have established a number of information-sharing arrangements to support oversight activities. Under these arrangements, Payments Settlements Department provides Payments Policy Department with

information on material developments, including through quarterly reports on RITS's operations, monthly meetings attended by the two Departments' senior management, and quarterly working-level meetings. These formal review points, combined with *ad hoc* engagement, provide adequate opportunities to discuss material developments and identify oversight priorities. Payments Policy Department also has access to a wide range of RITS data, such as on RITS activity, liquidity usage and availability, and participant-level incidents.

**B.2 Authorities should have sufficient resources to fulfil their regulatory, supervisory and oversight responsibilities.**

As discussed above, the Bank's Payments Policy Department is responsible for the oversight of systemically important payment systems. A team of around 15 people in Payments Policy Department are responsible for overseeing FMIs, including systemically important payment systems, CCPs and securities settlement facilities (SSFs), as well as for associated policy and research. The Bank has formal and wideranging human resources policies in place to help ensure that all employees have the appropriate skills and experience to perform their duties. Employees responsible for the oversight of RITS typically have experience in payments policy and the oversight of other FMIs. Payments Policy Department senior management also have extensive expertise related to payment systems.

The Bank self-funds its activities, including those responsibilities relating to payments system oversight, and it manages its resources through an internal budgeting process. The main legal protections that apply to Bank staff are set out in the Reserve Bank Act. Notably, employees cannot be required, unless directed in terms of specific legislation, to disclose to a court any protected information or produce a protected document.

## Responsibility C: Disclosure of policies with respect to systemically important payment systems

Central banks, market regulators and other relevant authorities should clearly define and disclose their regulatory, supervisory and oversight policies with respect to systemically important payment systems.

### **Rating: Observed**

The Bank's high-level objectives related to the payments system are set out in the Reserve Bank Act. The Bank's role in the oversight of RITS as a systemically important payment system is also discussed in public documents available on the Bank's website, including Payments System Board Annual Reports and Self-assessments of RITS.

#### **C.1 Authorities should clearly define their policies with respect to systemically important payment systems, which include the authorities' objective, roles and regulations.**

The high-level objectives of the Bank with regard to the payments system are clearly set out in statute. Under the Reserve Bank Act, it is the duty of the Payments System Board to ensure, within the limits of its powers, that:

- (a) the Bank's payments system policy is directed to the greatest advantage of the people of Australia; and
- (b) the powers of the Bank under the Payment Systems (Regulation) Act and the *Payment Systems and Netting Act 1998* are exercised in a way that, in the [Payments System] Board's opinion, will best contribute to:
  - (i) controlling risk in the financial system; and
  - (ii) promoting the efficiency of the payments system; and
  - (iii) promoting competition in the market for payment services, consistent with the overall stability of the financial system; and
- (c) the powers and functions of the Bank under Part 7.3 of the *Corporations Act 2001* are exercised in a way that, in the [Payments System] Board's opinion, will best contribute to the overall stability of the financial system.

A key element of the Bank's statutory responsibility for the safety and stability of the payments system in Australia is the oversight of RITS. As noted in the response to Key Consideration A.2, this involves ongoing oversight of RITS by the Bank's Payments Policy Department under the governance of the Payments System Board, and annual Self-assessments of RITS against the Principles.

#### **C.2 Authorities should publicly disclose their relevant policies with respect to the regulation, supervision and oversight of systemically important payment systems.**

The high-level objectives in the Reserve Bank Act are available publicly. The commitment to assess RITS against the Principles is set out publicly in the Joint Statement. As well as reiterating this commitment, the Payments System Board's most recent Annual Report also discusses the Payments System Board's role in the ongoing oversight of RITS.<sup>19</sup> Similar information is also presented in published Self-assessments of RITS.

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<sup>19</sup> The 2013 *Payments System Board Annual Report* is available at <<http://www.rba.gov.au/publications/annual-reports/psb/2013/pdf/2013-psb-ann-report.pdf>>.

## Responsibility D: Application of the Principles for Financial Market Infrastructures

**Central banks, market regulators and other relevant authorities should adopt the Principles and apply them consistently.**

### **Rating: Observed**

ASIC and the Bank, the Australian regulators responsible for oversight of FMIs, have committed in the Joint Statement to apply the Principles in their oversight of all FMI types, including systemically important payment systems. Steps have been taken, where necessary, to amend relevant rules and standards.

Consistent application of the Principles across and within FMI types overseen by the Bank is promoted by locating all staff responsible for the oversight of FMIs in a single team within Payments Policy Department. Consistency is also supported by the Bank's oversight function reporting to the Payments System Board, and the Bank's practice of publishing detailed assessments of each relevant FMI's observance of the Principles. To supplement these arrangements, the Bank is in the process of introducing a formal FMI Oversight Coordination Group within Payments Policy Department and is considering establishing a higher level internal FMI Oversight Committee to govern day-to-day oversight activities.

#### **D.1 Authorities should adopt the CPSS-IOSCO Principles for Financial Market Infrastructures.**

The Australian regulators have publicly articulated in the Joint Statement how the Principles apply to FMIs in Australia and, where necessary, relevant rules and standards have been amended. This has been recognised in the CPSS-IOSCO *Implementation Monitoring of PFMIs – Level 1 Assessment Report*, which concluded that Australia had fully implemented the Principles for payment systems, and CCPs and SSFs.<sup>20</sup> An exception at the time of the CPSS-IOSCO assessment, in April 2013, was Australia's implementation of the Principles for trade repositories. At that time, ASIC had published draft new binding rules and guidance implementing the Principles for trade repositories, but these rules were not finalised until July 2013.

#### **D.2 Authorities should ensure that these Principles are, at a minimum, applied to all systemically important payment systems, central securities depositories, securities settlement systems, CCPs and trade repositories.**

In the Joint Statement, ASIC and the Bank describe the steps taken to implement the Principles across FMI types. The Bank's approach to ensuring these Principles are applied to systemically important payment systems is set out under Key Consideration A.2. Having aligned its Financial Stability Standards for CCPs and SSFs<sup>21</sup> with the stability-related Principles, the Bank published its first assessments of such FMIs in September 2013.<sup>22</sup> ASIC is also currently developing an assessment of these FMIs against those Principles relevant to its regulatory responsibilities. While no trade repositories have yet been licensed in Australia, ASIC's regulatory regime for such FMIs is consistent with the Principles.

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<sup>20</sup> CPSS-IOSCO (2013), *Implementation Monitoring of PFMIs – Level 1 Assessment Report*, August. Available at <<http://www.bis.org/publ/cpss111.pdf>>.

<sup>21</sup> The Financial Stability Standards are available at <<http://www.rba.gov.au/payments-system/clearing-settlement/standards/index.html>>.

<sup>22</sup> The Bank's *2012/13 Assessment of ASX Clearing and Settlement Facilities* is available at <<http://www.rba.gov.au/payments-system/clearing-settlement/assessments/2012-2013/index.html>>.

**D.3 Authorities should apply these Principles consistently within and across jurisdictions, including across borders and to each type of FMI covered by the Principles.**

To promote consistent application of the Principles across and within FMI types, both domestically and across jurisdictions, the Bank uses three mechanisms:

- *Coordination.* All Bank staff involved in overseeing the various FMI types are part of a single team within Payments Policy Department. This team holds regular meetings at which issues affecting each type of FMI are discussed. There is also extensive dialogue between ASIC and Bank staff involved in oversight of the various FMIs in Australia, including through formal monthly liaison meetings.

To help ensure there is appropriate coordination of oversight views and decisions, the Bank is in the process of introducing a formal FMI Oversight Coordination Group within Payments Policy Department. This Group will periodically review recent oversight decisions and matters under consideration for each FMI being overseen, and decide which matters need to be escalated to either the Assistant Governor (Financial System), a proposed internal FMI Oversight Committee (see below), or the Payments System Board.

- *Governance.* Ultimately, the Payments System Board has responsibility for the Bank's oversight of FMIs. To enhance the routine day-to-day governance of FMI oversight, the Bank is considering establishing an internal FMI Oversight Committee.
- *Disclosure.* Both ASIC and the Bank promote the consistent application of the Principles by publishing assessments of each FMI's compliance with the relevant regulatory requirements. These assessments also include recommendations on appropriate remedial action and the expected time frame for implementing such action.

To further enhance the consistency of application of the Principles across jurisdictions, the Bank participates in regular formal and informal dialogue with overseas regulators of FMIs, both bilaterally and through international forums such as the CPSS and the CPSS-IOSCO Steering Group. In particular, the Bank is represented on the CPSS-IOSCO Working Group tasked with monitoring the implementation of the Principles.

## Responsibility E: Cooperation with other authorities

**Central banks, market regulators and other relevant authorities should cooperate with each other, both domestically and internationally, as appropriate, in promoting the safety and efficiency of systemically important payment systems.**

### ***Rating: Observed***

The Bank has extensive cooperative arrangements with both domestic and international authorities to promote the safety and efficiency of the payments system. Domestically, the Bank has MOUs with the ACCC, APRA and ASIC, supplemented with a number of informal arrangements, including regular liaison and occasional secondments.

Internationally, the Bank is a member of a number of bodies involved in the regulation and oversight of payment systems, most notably the CPSS and the Executives' Meeting of East Asia-Pacific Central Banks (EMEAP). The Bank also participates in the cooperative oversight of CLS and SWIFT. The Federal Reserve and the NBB are lead overseers for CLS and SWIFT, respectively.

*Note – Key Consideration E.8 is not relevant to payment systems.*

**E.1 Relevant authorities should cooperate with each other, both domestically and internationally, to foster efficient and effective communication and consultation in order to support each other in fulfilling their respective mandates with respect to systemically important payment systems. Such cooperation needs to be effective in normal circumstances and should be adequately flexible to facilitate effective communication, consultation, or coordination, as appropriate, during periods of market stress, crisis situations, and the potential recovery, wind down, or resolution of a systemically important payment system.**

The Bank has a number of formal and informal cooperative arrangements in place to support its role in promoting the safety and stability of the payments system, both domestically and internationally.

### *Domestic cooperation*

As described in Section 2.2, the Australian authorities with an interest in payment systems comprise the Bank, APRA, the ACCC and ASIC. The Bank has MOUs with APRA, the ACCC and ASIC, respectively, which establish the framework for cooperation between these authorities. The Bank is also a member of the Council of Financial Regulators (CFR), which is a non-statutory body chaired by the Bank and comprising the agency head and one other representative of each of the Bank, APRA, ASIC and the Commonwealth Treasury. CFR members have signed a joint MOU that sets out the objectives, principles and processes for dealing with stresses in the Australian financial system.<sup>23</sup> The CFR could be used to facilitate effective communication and coordination if an FMI was in financial or operational distress, for instance, to facilitate discussion of implications for that FMI's participants, financial markets and the public at large.

These formal arrangements are supplemented by regular bilateral and multilateral liaison among the domestic authorities. Periodic inter-agency secondments also help promote cooperation and information sharing between the authorities.

The Bank has also established procedures for liaison with APCA, a self-regulatory industry body that administers the SWIFT Payments Delivery System, which is a key external feeder system

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<sup>23</sup> The *Memorandum of Understanding on Financial Distress Management* is available at <<http://www.cfr.gov.au/about-cfr/mou/index.html>>.

for RITS. Regular liaison with CS facilities that conduct their money settlements in RITS is carried out through the Bank's oversight of such facilities.

#### *International cooperation*

The Bank is a member of international bodies related to payment systems, most notably:

- *CPSS*. The CPSS is an international standard-setting body for payment, clearing and securities settlement systems. As a committee of the Bank for International Settlements, the CPSS also serves as a forum for central banks to exchange views and experiences on developments in their respective payments systems, as well as in cross-border and multicurrency settlement arrangements.
- *EMEAP Working Group on Payment and Settlement Systems*. This working group monitors developments in domestic and cross-border payment and settlement systems among EMEAP member countries.

As described under Key Consideration A.2, the Bank is also a member of the CLS Oversight Committee and the SWIFT Oversight Forum.

**E.2 If an authority has identified an actual or proposed operation of a cross-border or multicurrency systemically important payment system in its jurisdiction, the authority should, as soon as it is practicable, inform other relevant authorities that may have an interest in the systemically important payment system's observance of the Principles.**

CLS is currently the only cross-border multicurrency payments system operating in Australia. As described under Key Consideration A.2, CLS is regulated and supervised by the Federal Reserve, in cooperation with other central banks, including the Bank.

Were the Bank to become aware of any other cross-border or multicurrency payment system, it would duly inform the domestic and international authorities in relevant jurisdictions that may have an interest in that system.

**E.3 Cooperation may take a variety of forms. The form, degree of formalisation and intensity of cooperation should promote the efficiency and effectiveness of the cooperation, and should be appropriate to the nature and scope of each authority's responsibility for the supervision or oversight of a systemically important payment system and commensurate with the payment system's systemic importance in the cooperating authorities' various jurisdictions. Cooperative arrangements should be managed to ensure the efficiency and effectiveness of the cooperation with respect to the number of authorities participating in such arrangements.**

As described under Key Consideration E.1, the relevant Australian authorities cooperate on a number of different levels, both formally and informally. The form of the cooperative arrangements, both between domestic authorities and across jurisdictions, is in each case designed to be commensurate with the nature and scope of each authority's responsibility. For cross-jurisdictional cooperative arrangements, this includes consideration of the domestic importance of the payment system in question.

**E.4 For a systemically important payment system where cooperative arrangements are appropriate, at least one authority should accept responsibility for establishing efficient and effective cooperation among all relevant authorities. In international cooperative arrangements where no other authority accepts this responsibility, the presumption is the**

**authority or authorities with primary responsibility in the systemically important payment system's home jurisdiction should accept this responsibility.**

The Bank has accepted responsibility for the oversight of RITS. There are no cooperative arrangements with respect to the oversight of RITS because RITS only operates in Australia and no other domestic authorities have a mandate to ensure its safety and stability. The Federal Reserve and NBB have, respectively, accepted primary responsibility for the oversight of CLS and SWIFT.

- E.5 At least one authority should ensure that the systemically important payment system is periodically assessed against the Principles and should, in developing these assessments, consult with other authorities that conduct the supervision or oversight of the payments system and for which the payment system is systemically important.**

As explained under Key Consideration E.4, no cooperative arrangements are required for the Bank's oversight of RITS. The commitment to assess systemically important domestic payment systems against the Principles, and the cooperative oversight arrangements for CLS and SWIFT, are described under Key Consideration A.2.

- E.6 When assessing a systemically important payment system's payment and settlement arrangements and its related liquidity risk management procedures in any currency for which the payment system's settlements are systemically important against the Principles, the authority or authorities with primary responsibility with respect to the payment system should consider the views of the central banks of issue. If a central bank of issue is required under its responsibilities to conduct its own assessment of these arrangements and procedures, the central bank should consider the views of the authority or authorities with primary responsibility with respect to the systemically important payment system.**

At present, this is not relevant for RITS, since RITS provides settlement services only in Australian dollars. The cooperative oversight arrangement for CLS involves the relevant central banks, including the Bank (see Key Consideration A.2).

- E.7 Relevant authorities should provide advance notification, where practicable and otherwise as soon as possible thereafter, regarding pending material regulatory changes and adverse events with respect to systemically important payment systems that may significantly affect another authority's regulatory, supervisory, or oversight interests.**

The Bank would, where relevant, provide advance notification of material regulatory changes and adverse events with respect to systemically important payment systems. This notification would occur both via bilateral and multilateral domestic cooperation arrangements, and internationally through the CPSS and EMEAP (see response to Key Consideration E.1.).

- E.9 Each authority maintains its discretion to discourage the use of a systemically important payment system or the provision of services to such a payment system if, in the authority's judgment, the payment system is not prudently designed or managed or the Principles are not adequately observed. An authority exercising such discretion should provide a clear rationale for the action taken both to the payment system and to the authority or authorities with primary responsibility for the supervision or oversight of the systemically important payment system.**

If it was considered that a systemically important payment system was not prudently designed or well managed, or that the Principles were not adequately observed, this would be clearly set



out in the published assessment of that payment system against the Principles. It would be expected that such an assessment would discourage the use of or provision of services to that payment system.

**E.10 Cooperative arrangements between authorities in no way prejudice the statutory or legal or other powers of each participating authority, nor do these arrangements constrain in any way an authority's powers to fulfil its statutory or legislative mandate or its discretion to act in accordance with those powers.**

The existing cooperation arrangements between the Bank and other domestic and international authorities do not prejudice the statutory or legal, or other powers of the Bank, nor do these arrangements constrain in any way the Bank's powers to fulfil its statutory or legislative mandate or its discretion to act in accordance with those powers.

# Abbreviations

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ACCC	Australian Competition and Consumer Commission	ESA	Exchange Settlement Account
APCA	Australian Payments Clearing Association	FMI	Financial market infrastructure
APRA	Australian Prudential Regulation Authority	HVCS	High Value Clearing System
ASIC	Australian Securities and Investments Commission	IOSCO	International Organization of Securities Commissions
CCP	Central counterparty	MOU	Memorandum of Understanding
CFR	Council of Financial Regulators	NBB	National Bank of Belgium
CHESS	Clearing House Electronic Sub-register System	NPP	New Payments Platform
CLS	CLS Bank International	RITS	Reserve Bank Information and Transfer System
CPSS	Committee on Payment and Settlement Systems	RTGS	Real-time gross settlement
CS	Clearing and settlement	SSF	Securities settlement facility
DE	Direct entry	SWIFT	Society for Worldwide Interbank Financial Telecommunication
EMEAP	Executives' Meeting of East Asia-Pacific Central Banks		