

COUNCIL OF
FINANCIAL
REGULATORS

ANNUAL REPORT

2000



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1. COUNCIL OF FINANCIAL REGULATORS

The Council of Financial Regulators is the co-ordinating body for Australia's main financial regulatory agencies: the Reserve Bank of Australia (RBA), which chairs the Council; the Australian Prudential Regulation Authority (APRA); and the Australian Securities and Investments Commission (ASIC).

The Council's role is to contribute to the efficiency and effectiveness of financial regulation by providing a high-level forum for co-operation and collaboration among its members. It does so by operating as an informal body in which members are able to share information and views, discuss regulatory reforms or issues where responsibilities overlap and, if the need arises, co-ordinate responses to potential threats to financial stability. These arrangements provide a flexible, low-cost approach to co-ordination among the main financial system regulators. The Council is non-statutory and has no regulatory functions separate from those of its members.

Membership of the Council comprises two representatives – the chief executive and a senior representative – from each of the three regulatory agencies. The Chairman is the Governor of the RBA, and the RBA provides the Council Secretariat. The Council met for the first time in May 1998 and currently meets about once every quarter.¹ The Council's charter and administrative arrangements are shown in the box below and in Appendix A.

Council Activities in 2000

The backdrop to the Council's activities in 2000 was the successful negotiation of the "Year 2000 problem" by the Australian financial system and its continued strong condition over the course of the year. The transition to the Year 2000 had been an important test for the co-ordination role of the Council; once passed, the Council devoted most of its attention to issues of regulatory architecture, both domestic and global. Changes to Australia's financial regulatory structure, in response to the recommendations of the Financial System Inquiry (the Wallis Committee) have now been bedded down, although some further reforms are progressing under the Commonwealth Government's Corporate Law Economic Reform Program (CLERP). These reforms are outlined in Chapter 2.

Globally, the various initiatives underway to strengthen the international financial system continue to engage Council members. A major focus of these initiatives, under

¹ The Council is the successor to an earlier co-ordinating body, the Council of Financial Supervisors, which met between 1992 and 1998.

the aegis of the Financial Stability Forum, is the development and implementation of international standards and codes for sound financial systems, which are designed to enhance transparency and contribute to crisis prevention. The participation of Council members in this reform process, which the Council itself helps to co-ordinate, is covered in Chapter 3.

Appendices to the Report provide further background information on the Council, on the main types of financial institutions in Australia and recent developments in the regulation/supervision of the Australian financial system.

Council Charter

The Council of Financial Regulators aims to facilitate co-operation and collaboration among its members, the main regulators of the Australian financial system – the Reserve Bank of Australia, the Australian Prudential Regulation Authority and the Australian Securities and Investments Commission. Its ultimate objective is to contribute to the efficiency and effectiveness of regulation.

The Council provides a forum for:

- sharing information and views among its members, and liaison with other regulators and agencies;
- harmonising regulatory and reporting requirements, paying close attention to the need to keep regulatory costs to a minimum;
- identifying important issues and trends in the financial system, including the impact of technological developments; and
- co-ordinating regulatory responses to actual or potential instances of financial instability, and helping to resolve any issues where members' responsibilities overlap.

The Council wishes to acknowledge the valuable contribution made by Mr Alan Cameron, former ASIC Chairman, who left the Council during the past year.

2. AUSTRALIA'S FINANCIAL REGULATORY FRAMEWORK

Summary of Framework

Australia's current financial regulatory framework, the main elements of which were introduced on 1 July 1998, arose out of the findings of the Financial System Inquiry (the Wallis Committee). The Inquiry recommended wide-ranging reforms to the structure of financial regulation, designed to achieve a more competitive, efficient and flexible financial system.

The regulatory framework consists of three agencies, each with specific functional responsibilities:

- the Australian Prudential Regulation Authority (APRA), which has responsibility for prudential supervision;
- the Australian Securities and Investments Commission (ASIC), which has responsibility for market integrity and consumer protection across the financial system; and
- the Reserve Bank of Australia (RBA), which has responsibility for monetary policy and for overall financial system stability.

The **Australian Prudential Regulation Authority** is an integrated prudential regulator responsible for deposit-taking institutions (banks, building societies and credit unions) as well as friendly societies, life and general insurance and superannuation.² APRA is charged with developing prudential policies that balance financial safety and efficiency, competition, contestability and competitive neutrality.

Deposit-taking institutions are now all regulated by APRA under the one licensing regime and are covered by the same 'depositor preference' provisions of the *Banking Act 1959*. This legislation gives APRA the power to act decisively in the interests of depositors, including the power to revoke licences, to make prudential standards or issue enforceable directions, to appoint an investigator or statutory manager to an authorised deposit-taking institution (ADI) in difficulty or take control of the institution itself. If the difficulties prove intractable, APRA has the power to wind-up the institution and distribute its assets.

² APRA regulates the compliance of superannuation funds with the prudential regulation and retirement income provisions of the *Superannuation Industry (Supervision) Act 1993*, while ASIC has responsibility for the other provisions. Legislation to transfer the regulation of excluded funds (which have less than five members) from APRA to the Australian Tax Office was passed in October 1999.

Under the ‘depositor preference’ provisions of the *Banking Act 1959*, depositors have first claim to the assets of an ADI in a wind-up. To support depositors’ interests, all ADIs are required to hold assets in Australia at least equal to their deposit liabilities in Australia. These arrangements, however, do not confer any form of guarantee of depositors’ funds, and depositors have no recourse to APRA or the Government.

As in the case of ADIs, where the financial weakness of a life company, general insurer, friendly society or superannuation fund could have a detrimental effect on the interests of members and policyholders, APRA may intervene in the management of the troubled entity. In the case of superannuation, the Treasurer can compensate members of a fund for losses due to fraud, either from Consolidated Revenue or by levying other funds within the industry, where such compensation is judged to be in the public interest. Again, however, members’ and policyholders’ entitlements are not guaranteed by either APRA or the Government.

The **Australian Securities and Investments Commission** administers and enforces a range of legislative provisions relating to financial markets, financial sector intermediaries and financial products, including investments, insurance, superannuation and deposit-taking activities (but not lending). ASIC’s aim is to protect markets and consumers from manipulation, deception and unfair practices and, more generally, to promote confident participation in the financial system by investors and consumers. With this in mind, ASIC also seeks to promote honesty and fairness in company affairs and securities and futures markets through adequate and timely disclosure of market information. ASIC also:

- develops policy and guidance about the laws which it administers;
- licenses and monitors compliance by participants in the financial system; and
- provides comprehensive and accurate information on companies and corporate activity.

As part of its consumer protection role, ASIC also monitors and assesses compliance with the *Code of Banking Practice*, the *Credit Union Code of Practice*, the *Building Society Code of Practice* and the *Electronic Funds Transfer Code of Practice*. ASIC also supervises a number of industry-based alternative dispute resolution schemes.

The **Reserve Bank of Australia** has responsibility for monetary policy and for overall financial system stability. The RBA no longer has an obligation to protect the interests of bank depositors; rather, its task is to deal with threats to financial stability that have the potential to spill over to economic activity and consumer and investor confidence. In the event of such threats, the RBA retains its discretionary role of ‘lender of last resort’ for emergency liquidity support. If it were to provide such support, the RBA’s preference would be to make funds available to the market as a whole through its domestic market

operations. In certain circumstances, however, the RBA would be prepared to lend directly to a financial institution facing liquidity difficulties. The institution would have to be one supervised by APRA; would have to be solvent; and the failure to make its payments would have to pose a threat to overall financial system stability. APRA's judgments about the fundamental soundness of a financial institution in distress would be critical to any RBA support.

The RBA, under the auspices of its Payments System Board, also has a mandate to promote the safety and efficiency of the Australian payments system, and has the backing of strong regulatory powers. If the RBA, for example, assesses there is scope to improve access to, or the efficiency or safety of, a particular payment system, it can 'designate' that system as being subject to its regulation. It may then, in the public interest, impose an access regime on that system and/or set standards for efficiency or safety. The Government envisaged that these powers would be exercised within a broad co-regulatory approach, with safeguards for private-sector operators. The RBA also remains responsible for conducting Exchange Settlement Accounts for participants in the payments system and in 1999 it announced new arrangements that liberalised access to these Accounts.

Annual Reports and Internet sites of the individual Council members (see page 20) contain further details about their responsibilities and activities.

Developments in the Regulatory Framework

Since its establishment, APRA has given priority to developing a more integrated and harmonised supervisory framework for ADIs, to replace the previous disparate arrangements. Following the release of draft prudential standards and a process of industry consultation, APRA released a set of harmonised prudential standards for all ADIs in September 2000. The standards and associated guidance notes cover capital, liquidity, credit quality, large exposures, equity associations and audit arrangements.

In addition, APRA has introduced a comprehensive framework for the prudential supervision of conglomerate groups that include an ADI. The framework, set out in a Policy Information Paper released in April 2000, provides for an expansion of the range of organisational structures that conglomerates may adopt and for a liberalisation of the activities that can be carried out by a conglomerate group containing an ADI. Within this framework, APRA will give increased attention to group-wide risk management practices in conglomerates containing an ADI.

APRA has also undertaken a significant overhaul of the prudential framework for the general insurance industry, which has been little changed since the *Insurance Act 1973*

was introduced. After a first formal round of consultations in the latter part of 1999, APRA published a Policy Discussion Paper in April 2000 setting out its proposed reforms to the prudential supervision of general insurance companies, and followed this by the successive release of a number of draft prudential standards. The consultation process is scheduled for completion around the middle of 2001, and is complemented by proposed amendments to the *Insurance Act 1973* to give effect to the new standards from 1 July, 2002.

The remaining plank of the reform agenda promoted by the Financial System Inquiry deals with the regulation of financial markets, which the Inquiry found to be piecemeal and varied and subject to regulatory overlap. The Inquiry recommended that there be a single licensing regime for financial sales, advice, and dealings in relation to financial products; consistent and comparable financial product disclosure; and a single authorisation procedure for financial exchanges and clearing and settlement facilities. The Government has responded to these recommendations in the context of the sixth stage of its Corporate Law Economic Reform Program (CLERP 6).

The outcome of the CLERP 6 consultation process has been the *Financial Services Reform Bill*, which was introduced into Parliament in April 2001 after delays attributable to legal complexities with the Corporations Law. The Corporations Law operated through an agreement between the Commonwealth and the States under which a uniform Federal system of law was applied via State legislation. A series of High Court judgments, however, had cast doubt on the validity of these arrangements. To overcome this problem, the States have agreed to refer their powers in relation to corporate law to the Commonwealth, enabling a constitutionally valid national scheme for corporate law to be introduced. These new arrangements, which will underpin the *Financial Services Reform Bill*, are intended to commence in July 2001.

The *Bill* itself introduces a streamlined regulatory regime for market integrity and consumer protection across the financial services industry. It provides for a harmonised licensing, disclosure and conduct framework for financial service providers, and a single statutory regime for financial product disclosure, replacing much of the sector-specific and product-specific legislation. At the same time, the framework allows for flexible treatment of different financial products where appropriate (eg basic deposit products will be subject to less intensive regulation than more complex investment products).

The multiple routes to licensing of securities and futures exchanges, and clearing and settlement systems, will be replaced by a single licensing regime for an Australian financial market and for a clearing and settlement facility. Under the new arrangements, licensees will have primary responsibility for the operation of markets and of clearing and settlement facilities; “the Minister” (ie the Treasurer or a Minister in his portfolio) will have overall responsibility for licensing such entities. ASIC will be empowered to

advise the Minister on licensing matters and will also be required to undertake assessments of the compliance of market and facility licensees with their legislative obligations. The RBA is also intended to have a role in the regulation of clearing and settlement facilities in relation to systemic risk matters, given the importance of such facilities to the overall stability of the financial system.

The Government expects the *Financial Services Reform Bill* to come into effect on 1 October 2001. Once the legislation is enacted, ASIC and the RBA will enter into a Memorandum of Understanding setting out areas of common interest as well as information-sharing and co-ordination arrangements.

Co-ordination between Council Members

Australia's financial regulatory structure includes strong mechanisms to ensure effective co-ordination and co-operation between the three regulatory agencies. These mechanisms aim at full and timely exchange of information, the avoidance of duplication and a clear delineation of responsibilities, particularly when dealing with matters such as a financial disturbance.

The liaison framework, which is overseen by the Council itself, is a multi-tiered one. At the highest level is a structure of overlapping Board representation and regular senior meetings between the regulatory agencies. The legislation provides for both the RBA (two members) and ASIC (one member) to have representation on the APRA Board and for APRA (one member) to have representation on the Payments System Board. In addition, the APRA Board meets formally with the ASIC Commissioners at least once a year, and senior APRA and ASIC representatives meet every six months to discuss matters of mutual interest.

At the operational level, co-operation arrangements have been set out in two Memoranda of Understanding (MOUs) which have been signed between the RBA and APRA and between APRA and ASIC. The MOUs cover such matters as information sharing, prompt notification of any regulatory decisions likely to impact on the other agency's area of responsibility and consultation arrangements in the event of financial disturbances. The MOUs also establish bilateral Co-ordination Committees which aim, among other things, to avoid overlaps and gaps in regulatory coverage. Of course, at the broader level, this remains very much a focus of the Council.

The two MOUs are reproduced in Appendix B.

This liaison framework received a thorough testing in dealing with the Year 2000 problem. While the date change passed virtually without incident, planning for Year 2000 contingencies demonstrated the capacity of the regulatory authorities to work closely together, in co-ordinating their involvement with financial industry groups,

promoting disclosure of Year 2000 preparations and operating a joint communications centre over the date change period.

On a more routine basis, the RBA and APRA now have well-established arrangements for sharing information relevant to each agency's responsibilities. The RBA provides APRA with briefings on the Australian economy and relevant data from the payments system. In turn, APRA supplies the Bank with data needed to construct the monetary and credit aggregates, as well as aggregate prudential data which are used to assess developments in the financial system. During the year, the two agencies in conjunction with the Australian Bureau of Statistics (ABS) finalised statistics on the foreign assets and liabilities of Australian financial institutions, as input into the International Banking Statistics compiled by the Bank for International Settlements. Australia was included in this collection from August 2000.

APRA is undertaking a major project to develop an integrated statistics system and is working with the RBA and ABS to improve the comprehensiveness and consistency of financial data. When implemented, APRA will be the central repository of financial information on regulated entities, to which the RBA and ABS will have secure access when needed. The RBA and ABS are also represented on the steering committee overseeing the project. In the longer term, it is proposed that a data management committee be established, with representatives including APRA, the RBA and ABS, to advise on and guide the development and maintenance of harmonised statistical collections. The project team is also discussing with ASIC its current and future requirements for access to data held by APRA, and the nature of arrangements to co-ordinate any ASIC-related data collections with those of the other agencies.

The RBA and APRA continued work on assessing the level of public disclosure by ADIs. During 2000, the two agencies conducted a survey of public disclosure in areas such as the structure of capital, risk exposures and capital adequacy. One motivation for this is the review of the 1988 Capital Accord by the Basel Committee on Banking Supervision.³ 'Pillar 3' of the New Basel Capital Accord emphasises the role of effective public disclosure in enhancing market discipline; in the Basel Committee's view, such disclosure is an important ally of the supervisor as it allows market participants to assess a bank's capital adequacy and can provide strong incentives to banks to conduct their businesses in a prudent manner.

The year 2000 also saw an enhanced level of co-operation between APRA and ASIC, particularly in funds management, which is a key area of common interest. There is

3 The Basel Committee on Banking Supervision (the 'Basel Committee') comprises central banks and bank supervisory agencies from G-10 countries and operates under the auspices of the Bank for International Settlements (BIS). It consults widely on prudential matters with supervisory agencies in other countries and with industry.

regular (monthly) liaison between APRA and ASIC's Managed Investments National Team, focussing on issues relating to the licensing of superannuation and funds management entities regulated by both agencies. On an operational level, liaison groups cover areas of mutual interest such as enforcement and the regulation of superannuation. In addition to this formal liaison structure, *ad hoc* co-operation between the agencies has intensified, including the provision of technical assistance in litigation matters, joint responses to requests from international regulators and co-ordination of liaison with industry bodies.

As required, regular liaison meetings are held between APRA and ASIC on specific enforcement-related matters. The two agencies have commenced a review of processes to clarify the actions required prior to the formal referral of enforcement matters to each other, as well as post-referral liaison. An enforcement workshop involving both APRA and ASIC staff was held in August 2000 to promote better understanding of responsibilities and the sharing of information.

The two agencies also seek to co-ordinate ASIC's actions on consumer protection issues, such as disclosure and complaints handling, with APRA's prudential supervision of the financial institutions concerned. This is facilitated through ongoing liaison between APRA and ASIC's regional offices, which also have regular contact on emerging issues as well as specific institutions. Some joint reviews of institutions have been carried out and all liaison groups will continue to identify situations where such reviews can be useful.

In recognition of the growing importance of e-commerce activities by financial institutions, APRA, ASIC and the Australian Competition and Consumer Commission (ACCC) established a group to share information on current and emerging issues in this area. APRA, ASIC and the RBA have also established a group to share information on, and assess the implications of, account aggregation services over the Internet.

3. MAJOR ISSUES FOR THE COUNCIL IN 2000

Reform of the International Financial System

The Council is a forum for sharing information and co-ordinating the participation of its members in the process of international monetary reform – a process given considerable impetus by the global financial instability of 1997 and 1998. That instability highlighted the need to shore up the international financial architecture in critical ways. One was through encouraging earlier identification of, and concerted responses to, incipient vulnerabilities in the financial system; another through the development of internationally agreed standards of best practice that could be applied consistently across financial institutions and countries; and a third through improved information exchange and co-ordination among the main authorities responsible for promoting financial stability. Two new international groupings – the Financial Stability Forum and the G20 – are now carrying forward much of these reform efforts. The resilience of major financial markets and institutions in the face of slowing world growth and some sharp corrections in asset prices in the first part of 2001 is testimony to the importance of these efforts.

The Financial Stability Forum was established in February 1999 to promote international financial stability through enhanced information exchange and co-operation in financial supervision and surveillance. It brings together senior representatives from international financial institutions, international groupings of regulators and supervisors, committees of central bank experts and national authorities responsible for financial stability in significant international financial centres. Australia is represented by the Governor of the RBA.

The Forum's initial focus was on highly leveraged institutions (HLIs), capital flows and offshore financial centres, and international standards for sound financial systems (discussed below). A working group on HLIs, on which the RBA was represented, recommended a package of measures to address both systemic risk and market dynamic concerns arising from the activities of HLIs. These measures included enhanced public disclosure by HLIs, through both regulation and legislation. The issue of disclosure has been taken up by a multi-disciplinary Working Group on Enhanced Disclosure,⁴ which undertook a pilot study of data on market, credit and liquidity risks collected from forty-four financial institutions in nine countries. Two Australian financial institutions

4 The Working Group was sponsored by the Basel Committee on Banking Supervision, the Committee on the Global Financial System of the G10 central banks, the International Association of Insurance Supervisors (IAIS) and the International Organisation of Securities Commissions (IOSCO).

took part in this study, with APRA assistance. In its final report, released in April 2001, the Working Group recommended a specific set of disclosures to be provided by all types of financial institutions, and identified other disclosures which should be the subject of further investigation. The Working Group believes the recommendations can be a springboard for collaboration between the public and private sectors and among authorities across financial sectors.

The Forum has also been looking at factors affecting liquidity in financial markets and at the feasibility of developing international guidance on dealing with weak banks and systemic banking problems. In addition, it has been exploring the issues that would arise should one of the very large and complex financial institutions now present in the financial landscape encounter serious difficulties. The potential for such institutions to complicate policy responses was considered in a study on consolidation in the financial sector by the G10 countries, Australia and Spain. Both the RBA and the Australian Treasury participated. The study, which was published in January 2001, concluded that existing policies appeared adequate to contain individual and systemic risks in the intermediate term, but national authorities were encouraged to step up their contingency planning for working out a troubled large and complex institution in an orderly way.

The G20 was formed in December 1999 to broaden the dialogue on major economic and financial policy issues among systemically significant economies and to promote co-operation so as to achieve stable and sustainable world economic growth.⁵ It has met on five separate occasions – twice involving the Treasurer and the Governor of the RBA, and three times at Deputies level. The formative work of the G20 focussed on policies to reduce the vulnerability of countries to financial crises. The four key areas discussed have covered exchange rate arrangements; external liability management; private sector involvement in crisis prevention and resolution; and the implementation of international standards and codes. At the October 2000 meeting of Ministers and Governors, the G20 work program was broadened to include an examination of the challenges of globalisation and appropriate policies to ensure its benefits are maximised and shared widely. Case studies on selected G20 members' experiences with globalisation are being prepared in time for discussion at the 2001 annual meeting.

International Standards and Codes

Since the Asian crisis, international standards for sound financial systems have come to be seen as having a critical role in crisis prevention, both in strengthening the

5 Members comprise the G7 countries as well as Argentina, Australia, Brazil, China, India, Indonesia, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey and the European Union.

functioning of markets and in providing a sharper focus to policy discussions. Such standards bear directly on the responsibilities of each Council member, and all have been actively involved in their development and implementation.

This particular multilateral initiative gained momentum when a task force, established under the auspices of the Financial Stability Forum and including representation from the Australian Treasury, identified 12 key international standards, covering matters such as monetary and fiscal policy transparency, corporate governance and prudential supervision. These standards have been designated by the Forum as the minimum requirements for good practice in sound financial systems and deserving to be implemented as a matter of priority. Among these standards, the RBA has been closely involved in the development of the *Core Principles for Systemically Important Payment Systems* and APRA in the development of the *Core Principles for Effective Banking Supervision* and the *Insurance Core Principles*. The latter sets of principles identify the key requirements for a system of prudential regulation to be effective and cover such issues as licensing, on- and off-site surveillance, capital adequacy, enforcement and wind-up provisions. APRA has been a member of the Core Principles Liaison Group of the Basel Committee on Banking Supervision, which comprises a mix of G10 and non-G10 countries, since its establishment. APRA also plays a prominent role on the International Association of Insurance Supervisors (IAIS); a senior APRA officer is currently deputy chair of the IAIS Executive Committee and took an active part in drafting the *Insurance Core Principles*.

More broadly, APRA provides considerable input into the development of international standards and codes. For example, an APRA officer is chair of the IAIS Solvency Sub-Committee, which is examining the development of international solvency standards for the insurance sector. APRA is also represented on a non-G10 Capital Working Group of the Basel Committee, which is providing guidance on the development of the new Basel Capital Accord (see below).

APRA has also acknowledged the benefits of conducting a self-assessment of its own practices against relevant international standards and codes. It has recently published its self-assessment of Australia's compliance with the *Core Principles for Effective Banking Supervision* (available on the APRA website) and, once its new supervisory regime for general insurance is in place, intends to undertake similar self-assessments against the *Insurance Core Principles* and the *IMF Code of Good Practice for Monetary and Financial Policies*.

Council members have also played a role in the implementation of international standards, mainly by contributing resources to the IMF-World Bank Financial Sector Assessment Program (FSAP). This Program considers a country's observance of relevant standards as an input into judgments on financial sector vulnerability and development

needs. Council members have participated in FSAP visits to Canada (ASIC), India (RBA) and Israel (APRA).

ASIC, principally through its membership of the International Organisation of Securities Commissions (IOSCO) and through training and other initiatives in the region, has been involved in a number of issues related to standard-setting. IOSCO played a particularly significant role in 2000. In May, ASIC hosted the 25th Annual Conference of IOSCO in Sydney. An important aspect of the final communiqué of this Conference was the release of a “Bulletin on Investor Protection in the New Economy” which recognised the need, in the context of technological change, to identify market and investment risks, to disclose these risks to investors and for market professionals to properly discharge their responsibilities. At the Conference it was also announced that IOSCO had evaluated the *International Accounting Standards* issued by the International Accounting Standards Committee (IASC), which form one of the 12 key standards for sound financial systems, and approved a resolution recommending that IOSCO members permit the use of these standards for cross-border offerings and listings.

Following the earlier publication of its *Objectives and Principles of Securities Regulation* (another of the 12 key standards), IOSCO advanced the implementation of these principles during the year with the issue of three self-assessment surveys designed to meet the objectives of protecting investors, ensuring that markets are fair, efficient and transparent, and reducing systemic risk. Throughout the year IOSCO also published reports on issues such as collective investment schemes, the management of credit risks and market manipulation.

In March 2000, ASIC participated in an IOSCO - sponsored International Internet Surf Day aimed at increasing investor protection and market confidence. Securities and futures regulators from eighteen countries co-ordinated their efforts to identify securities and futures fraud on the Internet. In the same month ASIC hosted, with AusAid support, a Corporate Governance Roundtable in Sydney with senior personnel from nine jurisdictions in the region visiting a number of different financial institutions and regulatory agencies to discuss aspects of corporate governance.

During 2000, ASIC worked with Edith Cowan University and PriceWaterhouseCoopers to devise a program known as ACORN (AsiaCORporategoverNance), to be conducted over the next few years. Funded by AusAid, the program has adopted a practical focus, with the major aim of developing corporate governance programs in Indonesia, Vietnam, and the Philippines which would be run by local regulatory agencies. Also in the region, an ASIC senior officer gave presentations on ‘conduct of business’ rules and regulatory supervision to an APEC Financial Regulators Training Initiative workshop, hosted by the Asian Development Bank in July.

In the area of e-commerce, APRA is an observer on the Basel Committee's Electronic Banking Group, which was established in late 1999 to assess the specific supervisory issues arising from electronic banking developments and to develop guidance for the prudent risk management of e-banking activities. A major objective of the Group's work is to provide a harmonised approach to the supervision of e-banking by supervisory agencies, particularly in view of the cross-border nature of e-banking activities.

The New Basel Capital Accord

During 2000, the Basel Committee on Banking Supervision finalised a second set of proposals for reforming the 1988 Basel Capital Accord, and released these proposals for public consultation in early 2001. APRA has taken a very close and public interest in these particular reform proposals.

The 1988 Accord has been the global benchmark for assessing banks' capital adequacy for over a decade. The Accord guidelines are applied in Australia to all authorised deposit-taking institutions (ADIs) – banks, building societies and credit unions. Over this period, however, there have been substantial changes in financial markets and significant improvements in risk measurement and management techniques. The objective of the reform proposals is to develop capital adequacy guidelines that are more accurately aligned with the individual risk profile of institutions, to lessen opportunities for regulatory arbitrage and to offer greater flexibility for supervisors to recognise/encourage the use of more sophisticated risk management techniques. While the proposed guidelines focus primarily on internationally active banks, the underlying principles are also intended to be suitable for application to banks of varying levels of complexity and sophistication.

The New Accord consists of three mutually reinforcing pillars. Pillar 1 is the direct replacement for the 1988 Accord and sets out the framework for revised minimum capital requirements. Compared to the broad-brush approach of the 1988 Accord, credit risk will be treated more elaborately while the market risk charge will remain essentially unchanged. New explicit capital charges for operational risk and (if the supervisor chooses) interest rate risk in the banking book have also been proposed. Within each risk class, a menu of calculation methods will be available, ranging from a simple, standardised method to more sophisticated approaches involving institutions' own internal risk assessment methodologies. The framework builds in rewards for stronger and more accurate risk management systems.

Pillars 2 and 3 extend the idea of establishing agreed international guidelines to other aspects of capital adequacy regulation – the supervisory review process and market discipline (disclosure) requirements. To varying degrees, these additional elements already exist in many countries, including Australia.

In developing the new Accord, the Basel Committee has consulted internationally with supervisors and industry participants. APRA has itself consulted widely amongst Australian ADIs and other interested parties and has contributed to the consultation process through a range of international supervisory fora. It has made two formal submissions responding to the proposals, which are available on the APRA website. In addition, APRA has participated, in conjunction with a number of Australian ADIs, in the Basel Committee's global quantitative impact study on the effects of the new Accord.

The Basel Committee intends to finalise the new Accord in 2002, with implementation scheduled for 2005. APRA will be co-ordinating its implementation of the new supervisory requirements with other Council members, particularly in the area of disclosure.

APPENDIX A

COUNCIL MEMBERSHIP

Organisation	Representation	Internet Address	Information Office
Reserve Bank of Australia	Mr IJ Macfarlane (Chairman) Governor	www.rba.gov.au	(02) 9551 9721
	Dr JF Laker Assistant Governor (Financial System)		
Australian Prudential Regulation Authority	Mr GJ Thompson Chief Executive Officer	www.apra.gov.au	(02) 9210 3000
	Mr WS Byres General Manager Policy, Research and Consulting		
Australian Securities and Investments Commission	Mr DW Knott Chairman	www.asic.gov.au	(02) 9911 2600
	Mr SF Tregillis National Director, Regulation		

Administrative Arrangements

The Council of Financial Regulators does not have its own staff; support is provided by RBA officers. The Council met three times in 2000, and plans to meet on a quarterly basis each year.

Travel costs are borne by the members.

The production and printing costs of this Annual Report were met by the RBA; distribution costs were shared by the members.

The Federal Treasurer has Ministerial responsibility for the Council. Although there is no statutory requirement for the Council to table its report in Federal Parliament, the Treasurer has agreed to do so on this occasion.

APPENDIX B

MEMORANDA OF UNDERSTANDING BETWEEN COUNCIL MEMBERS

THE RESERVE BANK OF AUSTRALIA AND THE AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY

Objective

1. This Memorandum of Understanding sets out a framework for co-operation between the Reserve Bank of Australia (RBA) and the Australian Prudential Regulation Authority (APRA) which is aimed at promoting the stability of the Australian financial system.

Responsibilities

2. The responsibilities of the RBA and APRA for promoting financial stability are largely complementary.
3. The RBA's role is focused on the objectives of monetary policy, overall financial system stability and regulation of the payments system. It has no obligation to protect the interests of bank depositors and will not supervise any individual financial institutions. The RBA does, however, have discretion to provide emergency liquidity support to the financial system.
4. APRA is responsible for the prudential supervision of banks, life and general insurance companies and superannuation funds. Supervision of building societies, credit unions and friendly societies will transfer to APRA from State jurisdictions at a later date. APRA has powers to act decisively in the interests of depositors or policy holders and fund members if a supervised institution is in difficulty.

Sharing of Information

5. Full and timely exchange of information is a crucial element in co-ordination between the RBA and APRA.
6. The RBA gathers data and other information through its participation in financial markets and its pivotal role in the payments settlement system. APRA gathers a

wide range of prudential data on the institutions which it supervises.

7. The RBA and APRA agree that, subject to legislative provisions, information available to one which is relevant to the responsibilities of the other will be shared as requested. Each organisation will provide relevant information to the other on a best endeavours basis, with due regard to the urgency of doing so.
8. When exchanging confidential information, the RBA and APRA acknowledge the confidentiality and secrecy requirements of the Acts under which they operate. Each organisation has the right to specify the level of confidentiality attached to information provided to the other.
9. The RBA and APRA will work together to avoid duplication in the collection of information so as to minimise the reporting burden on financial institutions. Subject to appropriate cost sharing, the RBA may arrange for information relevant to its responsibilities to be collected from financial institutions by APRA.
10. APRA will be responsible for the custody of all records relating to the supervision of banks, including those records transferred to APRA on its establishment. It will ensure that, subject to legislative provisions, the RBA has free and open access to these records.

Threats to Financial System Stability

11. If either the RBA or APRA identifies a situation which it considers is likely to threaten the stability of the financial system, it will inform the other as a matter of urgency. Responses to a disturbance of this type will depend on the particular circumstances prevailing, but in all cases the RBA and APRA will keep each other informed of their ongoing assessment and will consult closely on proposed actions.
12. The RBA will be responsible for determining whether, and how, it might provide emergency liquidity support to the financial system. It does not see its balance sheet as available to support the solvency of an individual financial institution in difficulty.

RBA Participation in Prudential Consultations

13. To assist it in keeping abreast of financial developments and supervisory issues, the RBA will participate from time to time in APRA's regular on-site reviews of, and prudential consultations with, supervised institutions. The RBA will give APRA appropriate notice of its intention to participate in such reviews/ consultations.

Consultation on Regulatory Policy Changes

14. Each organisation will notify the other of any proposed changes in regulatory policy, and provide the opportunity to consult on changes which are likely to impinge on the responsibilities of the other.

International Representation

15. The RBA and APRA will co-operate closely to ensure that Australia has appropriate representation in regional and international supervisory fora and training initiatives. In some circumstances there will be joint representation; for example, APRA will join the RBA in the relevant study groups of the Executive Meeting of East Asia and Pacific (EMEAP) central banks. In other circumstances only one institution will be represented; for example, APRA has assumed the RBA's membership of the Core Principles Liaison Group in the Basle Committee on Banking Supervision. In the latter cases, the two organisations will consult with each other as needed before and after the particular gathering.

Co-ordination Committee

16. A joint Co-ordination Committee will be established to facilitate close co-operation between the RBA and APRA. The Committee will be responsible for ensuring that appropriate arrangements are in place to respond to threats to system stability, and for co-ordinating information sharing. It will also handle operational matters such as statistical collections, joint research work and participation in international fora.
17. The Committee will be chaired by the Assistant Governor (Financial System) of the RBA and meet monthly or more frequently as required.

I.J. Macfarlane
Governor
Reserve Bank of Australia
Authority

G.J. Thompson
Chief Executive Officer
Australian Prudential Regulation

SYDNEY

12 October 1998

THE AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY AND THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

1. Objective

- 1.1 This memorandum of understanding (MOU) sets out a framework for co-operation between the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC) (the agencies) in areas of common interest where co-operation is essential for the effective and efficient performance of their respective financial regulation functions.
- 1.2 The agencies agree that consistent with their separate roles they will co-operate where it is within their administrative powers to reduce duplication and compliance costs and achieve effective enforcement and compliance outcomes.
- 1.3 This MOU is not intended to create binding obligations on either agency and each agency has the right to vary its terms at any time by agreement following consultation with the other agency.

2. Responsibilities

- 2.1 APRA is responsible for the prudential supervision for banks, life and general insurance companies and superannuation funds. If the State and territory Governments agree, APRA will also be responsible for the prudential supervision of building societies, credit unions and friendly societies. In performing its functions to protect the interest of depositors, policyholders and fund members APRA is required to balance financial safety with efficiency, competition, contestability and competitive neutrality.
- 2.2 ASIC is responsible for the administration and enforcement of the national scheme laws, being laws of the Commonwealth and the States in relation to Australian companies, securities, managed investments and futures markets; and for monitoring and promoting market integrity and consumer protection in relation to the Australian financial system, the provision of financial services and the payment system.

3. Regulatory Policy Development

- 3.1 Changes in regulatory policy or regulatory decisions on particular matters by either agency may have implications for the other agency. Each agency therefore

will notify the other of any proposed changes in regulatory policy or regulatory decisions likely to impact on the responsibilities of the other and provide the other with the opportunity to comment on any proposed changes.

- 3.2 Where implementation of regulatory policy or regulatory decisions by either agency has implications for the other agency, each agency will notify the other where such implementation is likely to impact on the responsibilities of the other.
- 3.3 The agencies agree that, where appropriate, it is desirable for them to consult with each other in relation to policy statements and media releases, which are being formulated and which may be of interest to or have an effect on each agency. Where appropriate, the agencies may consider whether to issue a policy statement or media release on a joint basis, having regard to the subject matter of the release, the policy objectives of each regulator, and the objectives of this agreement.

4. Mutual Assistance

- 4.1 The agencies recognise that it is important that they co-operate to promote confidence in the financial system and the confident and informed participation of all stakeholders in that system.
- 4.2 The agencies agree to provide each other with mutual assistance in relation to the exchange of information, appropriate referral of matters and co-operation in regulation, compliance, and enforcement within the framework of this agreement and which is consistent with all relevant laws.

5. Co-ordination Committee

- 5.1 A joint Co-ordination Committee will be established to facilitate close co-operation between APRA and ASIC. The Committee will operate according to a Charter and be responsible for ensuring the appropriate arrangements are in place for matters such as co-ordinating information-sharing, joint inspections or task forces, referral of cases and enforcement action or major supervisory intervention. It will also co-ordinate operational matters such as administrative arrangements to avoid duplication, statistical collections, joint research work or training or industry consultation, and participation in international fora.
- 5.2 It is envisaged that liaison in respect of routine operational matters will occur on an 'as needed' basis between appropriate staff of the two agencies.

6. Information-Sharing

- 6.1 Full and timely exchange of information is a crucial element in co-ordination between APRA and ASIC.
- 6.2 APRA gathers a wide range of information on the entities, which it prudentially supervises. ASIC gathers a wide range of information in its role in monitoring and promoting market integrity and consumer protection in relation to the Australian financial system.
- 6.3 The agencies agree that, subject to legislative provisions, information available to one agency, which is relevant to the responsibilities of the other agency, will be shared as requested. Each agency will provide relevant information to the other on a best endeavours basis, with due regard to the urgency of doing so. This will be subject to any relevant legal and operational considerations and any conditions, which the provider of the information might place upon the use or disclosure of the information, such as claims of legal professional privilege.
- 6.4 When exchanging confidential information, APRA and ASIC acknowledge the confidentiality and secrecy requirements of the Acts under which each agency operates. The agency providing information has the right to specify the level of confidentiality attached to the information it provides to the other, in order to protect that information from unauthorised use, or disclosure. The agency receiving the information will take all reasonable steps to ensure such information is only used or disclosed for the purpose for which it was obtained.
- 6.5 Each agency agrees not to disclose any confidential information obtained pursuant to this agreement to a third party unless it has obtained the prior consent of the agency which has provided the confidential information.
- 6.6 Subject to appropriate cost sharing, each agency may arrange for information relevant to its responsibilities to be collected from financial entities by the other agency.

7. Unsolicited Assistance

- 7.1 Each agency recognises that in the course of carrying out its functions and exercising its powers, it will come into possession of information which would, if provided to the other agency, be likely to assist that other agency in administering or enforcing the particular laws for which it is responsible.
- 7.2 Each agency agrees, subject to legal restrictions, to use its best endeavours to notify the other agency with due regard to the urgency of doing so of the existence of any

information of a kind referred to above, notwithstanding that it may not have received a request from the other agency for such information.

8. Cost of Provision of Information

- 8.1 In general, the agency which receives the request for information shall bear the cost incurred by it in locating and providing the information to the agency who requests the information.
- 8.2 If it appears to the agency that receives the request that it will incur substantial costs in responding to the request it may make representations to that effect to the requesting agency and the parties may negotiate a cost-sharing arrangement in relation to the provision of that information.

9. International Representation

- 9.1 The agencies will co-operate to ensure that Australia has appropriate representation in regional and international regulatory fora and training initiatives. In some circumstances there will be joint representation but where only one agency is represented it will consult with the other agency as needed before and after the particular gathering.

DATED this day 12 of October 1998

Alan Cameron AM
Chairman
Australian Securities and
Investments Commission

Graeme Thompson
Chief Executive Officer
Australian Prudential Regulation
Authority

APPENDIX C

MAIN TYPES OF FINANCIAL INSTITUTIONS as at December 2000

Type of Institution	Main Supervisor/ Regulator	Main Characteristics	No. of Active Groups ^a	Total Assets (\$b)
Banks	APRA	Provide a wide range of financial services to all sectors of the economy, including (through subsidiaries) funds management and insurance services. Foreign banks authorised to operate as branches in Australia are required to confine their deposit-taking activities to wholesale markets.	45	760 ^b
Non-bank financial intermediaries				
Building societies	APRA	Building societies raise funds primarily by accepting deposits from households, provide loans (mainly mortgage finance for owner-occupied housing) and payments services. Traditionally mutually owned institutions, building societies increasingly are issuing share capital.	18	13
Credit unions	APRA	Mutually owned institutions, credit unions provide deposit, personal/housing loan, and payment services to members.	211	23
Money market corporations ('merchant banks')	ASIC ^c	Operate primarily in wholesale markets, borrowing from, and lending to, large corporations and government agencies. Other services, including advisory, relate to corporate finance, capital markets, foreign exchange and investment management.	40 ^d	77
Finance companies (including general financiers)	ASIC ^c	Provide loans to households and small to medium-sized businesses. Finance companies raise funds from wholesale markets and, using debentures and unsecured notes, from retail investors.	61 ^d	74
Securitisers		Special purpose vehicles that issue securities backed by pools of assets (eg mortgage-based housing loans). The securities are usually credit enhanced (eg through use of guarantees from third parties).	52	72

Type of Institution	Main Supervisor/ Regulator	Main Characteristics	No. of Active Groups ^a	Total Assets (\$b)
Funds managers and insurers				
Life insurance companies	APRA ^e	Provide life, accident and disability insurance, annuities, investment and superannuation products. Assets are managed in statutory funds on a fiduciary basis, and are mostly invested in equities and debt securities.	36	182
Superannuation and approved deposit funds (ADFs)	APRA	Superannuation funds accept and manage contributions from employers (incl. self-employed) and/or employees to provide retirement income benefits. Funds are controlled by trustees, who often use professional funds managers/advisers. ADFs are generally managed by professional funds managers and, as with super funds, may accept superannuation lump sums and eligible redundancy payments when a person resigns, retires or is retrenched. Superannuation funds and ADFs usually invest in a range of assets (equities, property, debt securities, deposits).	12 502	292 ^f
Public unit trusts	ASIC ^c	Unit trusts pool investors' funds, usually into specific types of assets (eg equities, property, money market investments, mortgages, overseas securities). Most unit trusts are managed by subsidiaries of banks, insurance companies or merchant banks.	240	135
Trustee companies (common funds)	State authorities	Trustee companies pool into common funds money received from the general public, or held on behalf of estates or under powers of attorney. Funds are usually invested in specific types of assets (eg money market investments, equities, mortgages).	16	7
Friendly societies	APRA	Mutually owned co-operative financial institutions offering benefits to members through a trust-like structure. Benefits include investment products through insurance or education bonds; health; funeral; accident; sickness; or other benefits.	44	6
General insurance companies	APRA ^e	Provide insurance for property, motor vehicles, employers' liability, etc. Assets are invested mainly in deposits and loans, government securities and equities.	108	63

a Subsidiaries of an institution undertaking the same activity are treated as part of a single group.

b Refers only to the Australian banking operations and does not include assets of banks' overseas branches or domestic and foreign non-bank subsidiaries. Banks' global consolidated group assets (for all locally incorporated banks and foreign bank branches) at December 1999 were \$937 billion.

c ASIC does not conduct prudential supervision of these institutions, but does regulate certain aspects of their operations (eg compliance with the fundraising and securities licensing provisions of the Corporations Law).

d As at December 1999, groups with total assets below \$50 million are not included.

e State Government-owned insurance offices are not covered by Commonwealth legislation, nor supervised by APRA.

f Includes assets in life office statutory funds, but excludes pooled superannuation trusts, non-regulated public sector funds and self-managed superannuation funds (which have less than five members); self-managed funds are regulated by the Australian Tax Office. Total superannuation assets were estimated to be around \$496 billion as at December 2000.

APPENDIX D

MAIN DEVELOPMENTS IN REGULATION/SUPERVISION OF THE AUSTRALIAN FINANCIAL SYSTEM: 2000

- Jan APRA and the Private Health Insurance Administration Council sign a Memorandum of Understanding.
- ASIC establishes an advisory body to provide guidance on education and training issues in the financial services sector. The advisory body is to provide input from the financial services and training industries on ASIC's policies for education and training of licensees and principals and their authorised representatives.
- Feb ASIC and the Australian Stock Exchange launch a surveillance program directed towards ensuring that directors of listed companies in market sectors with high trading volatility comply with their continuous disclosure obligations.
- ASIC issues eight policy statements to assist industry and consumers deal with the fundraising aspects of the Corporate Law Economic Reform Program (CLERP).
- ASIC and the Northern Territory Office of Consumer Affairs sign a Memorandum of Understanding setting out arrangements for co-operation between the two agencies in the regulation of consumer protection and market conduct.
- Mar APRA releases for comment a draft prudential standard on Credit Quality for all ADIs.
- APRA releases for comment a draft prudential standard on Capital Adequacy: Market Risk for all ADIs.
- APRA releases for information its submission to the Basel Committee on Banking Supervision on the proposed changes to the Basel Capital Accord.
- A discussion paper on the future of securities clearing and settlement arrangements in Australia, prepared by a working group of representatives of the five existing securities clearing and settlement systems, is released.
- ASIC launches Australia's first free company alert service through the Internet.
- ASIC launches its new website for investors and consumers: www.fido.asic.gov.au.

- ASIC launches “OFFERlist”, a database giving free public access to details of all offer documents lodged with ASIC.
- Apr APRA releases for comment a Policy Information Paper outlining its main policy priorities over the medium term.
- APRA releases for comment three draft prudential standards on Capital Adequacy for all ADIs.
- APRA releases a Policy Information Paper outlining a framework for the prudential supervision of conglomerate groups which include an ADI.
- APRA releases policy guidance for the capital adequacy treatment of credit derivatives transacted by Australian ADIs.
- APRA releases for comment a Policy Discussion Paper on its Proposed Reforms to the Prudential Supervisory Requirements for General Insurers. The paper is a follow-on from three discussion papers released in 1999.
- May APRA releases guidelines for local and foreign financial entities wishing to operate in Australia as ADIs.
- APRA releases for comment a draft prudential standard on Audit Arrangements for all ADIs.
- APRA releases for comment a draft prudential standard on Funds Management and Securitisation for all ADIs.
- As part of its review of supervisory arrangements for the general insurance industry, APRA hosts industry seminar on proposed new prudential regime.
- APRA releases for comment a draft prudential standard on Reinsurance Arrangements for Insurers.
- APRA releases for comment a draft prudential standard on the Valuation of the Insurance Liabilities of General Insurers.
- ASIC hosts the 25th Annual IOSCO Conference in Sydney, with global markets and global regulation the main theme.
- ASIC enters a Memorandum of Understanding with the Monetary Authority of Singapore (MAS).
- Jun APRA releases for comment two draft prudential standards – Large Exposures and Equity Associations – for all ADIs.
- APRA releases for comment a draft guidance note on authorisation requirements for prospective insurers.

A Regulation is enacted under the *Banking Act 1959* to define the holder of the stored value backing a purchased payment facility to be “carrying on banking business”, which would be supervised by APRA.

APRA releases for industry comment a range of consultation drafts setting out the new reporting requirements for ADIs.

Jul APRA releases new rules and arrangements applying to the authorisation and conduct of business of Lloyd’s underwriters in Australia.

ASIC releases a survey highlighting the need for Australian investors to conduct their online banking business through approved Australian deposit taking institutions (ADIs) and not through other unapproved ‘banks’ which offer services over the Internet.

Aug APRA releases for comment guidelines for actuaries applying the proposed Prudential Standard on Liability Valuation for general insurers.

APRA releases for comment draft criteria for distinguishing ‘self-help’ friendly societies for the purpose of applying actuarial standards under the *Life Insurance Act 1995*.

ASIC holds a major e-commerce conference, E-Commerce: The Future for Financial Services – Insights for Business and Consumers. At the conference, ASIC releases a survey of on-line trading websites.

ASIC and the Australian Stock Exchange (ASX) jointly release principles designed to improve investor access to information about listed companies.

Sep APRA releases 10 harmonised prudential standards for all ADIs. The standards and associated guidance notes cover capital, liquidity, credit quality, large exposures, equity associations and audit arrangements.

APRA releases for comment a draft prudential standard on Risk Management for General Insurers.

APRA hosts industry seminar for actuaries on the implementation of the proposed new liability valuation standard for general insurance.

ASIC launches a surveillance and enforcement campaign following a surge in the number of complaints relating to promoters of computer share trading software and issues a consumer alert.

Oct The Payments System Board of the RBA and the Australian Competition and Consumer Commission release, for discussion, a study on interchange fees and access in debit and credit card schemes in Australia.

ASIC issues a consumer alert urging investors that they need to take an increased interest in their investments in high-technology companies.

Nov The RBA declares that the Clearing House Electronic Subregister System (CHES) is an approved real-time gross settlement system under the *Payment Systems and Netting Act 1998*.

ASIC and ASX announce a major education and compliance campaign in the areas of acceptable trading behaviour, proper order record keeping and compliance controls – Trading BEST.

Dec ASIC and the Securities Institute of Australia (SIA) launch Australia's first online financial information directory, containing a comprehensive online catalogue of consumer education provided by consumer, industry and government organisations about financial products and services.

APPENDIX E

SPEECHES AND ARTICLES OF COUNCIL MEMBERS

Copies of the following speeches and articles are published on the Internet site or available from the Information Office of the relevant agency - see page 20.

Australian Prudential Regulation Authority

Carmichael, J., *The Australian Model of Integrated Regulation*, IOSCO Conference, 17 May 2000.

Carmichael, J., *Financial Regulation in the 21st Century*, PACAP-FMA Conference, 6 July 2000.

Carmichael, J., *Financial Sector Reform and Prudential Regulation in Australia*, China Australia Economic and Financial Market Developments Symposium 2000, 1 September 2000.

Karp, T., *The ICA, Canberra and General Insurance*, ICA Canberra Conference, 15 August 2000.

Thompson, G.J., *The Prudential Regulator of the Future*, Munich Reinsurance Company of Australasia Limited Senior Executives Seminar, 21 August 2000.

Australian Securities and Investments Commission

Cameron, A., *The Effect of Harmonisation on the Regulator and Regulation*, Committee for the Economic Development of Australia (CEDA) seminar "CLERP 6 – Government's Blueprint for a Single Regulatory Regime", 11 February 2000.

Cameron, A., *The State of the Regulator and the Regulations – ASIC and CLERP*, Corporate Law Teachers Association Conference, 12 February 2000.

Cameron, A., *The Business of Australia is...*, Victoria Graduate School of Business at Victoria University, 23 March 2000.

Cameron, A., *Market Integrity – Issues Relating to ASIC's Role and Actions*, ASIC at Congress 2000, Group of 100 Inc, 29 March 2000.

Cameron, A., *The Managed Investments Act – an Update*, National Council of the Trustee Corporations Association of Australia, 31 March 2000.

Cameron, A., *Developments in the Financial Services Industry: Investor Protection in the New Economy and CLERP 6*, Melbourne Chapter of the Financial Planning Association of Australia Ltd, 30 May 2000.

Knott, D.W., *Regulatory Approaches to Demutualisation of Exchanges*, US Commodity Futures Training Commission, International Regulators Meeting, 15 March 2000.

Knott, D.W., *Current Superannuation Issues*, Australian Institute of Actuaries, 26 May 2000.

Knott, D.W., *Regulatory Issues Impacting on Insolvency*, National Conference of the Insolvency Practitioners Association of Australia (IPAA), 13 October 2000.

Segal, J., *Regulation for On-line Trading*, AIC Conference Australasian Forum, 31 July 2000.

Segal, J., *ASIC Issues: an Update on the Last 12 Months*, Insurance Council of Australia, 10 August 2000.

Segal, J., *E-commerce and Financial Services*, ASIC Melbourne E-Commerce Seminar, 16 October 2000.

Segal, J., *Trends in the Regulation of Financial Markets and their Participants – a Regulator's Perspective*, International Swaps and Derivatives Association/Australian Financial Markets Association Conference, 19 October 2000.

Segal, J., *Monitoring the Self-Regulatory Landscape*, Financial Services Consumer Conference 2000, 9 November 2000.

Segal, J., *Managing the Transition to Cyberworld*, Third Annual Asian Financial Law Conference, 20 November 2000.

Reserve Bank of Australia

Battellino, R., *Australian Financial Markets: Looking Back and Looking Ahead*, Australian Finance and Capital Markets Conference, 24-25 February 2000.

Gizycki, M. and Lowe, P., *The Australian Financial System in the 1990s*, RBA Conference on "The Australian Economy in the 1990s", 24-25 July 2000.

Grenville, S., *Globalisation and the International Financial Architecture: Writing (and Righting) the Rules*, CEDA Gold Series Dinner, 29 June 2000.

Grenville, S., *Notes on East Asian Financial Co-operation*, ANU International Conference on Financial Markets and Policies in East Asia, 4 September 2000.

Veale, J.M., *The Payments System and the Law: Some Points of Intersection*, Banking Law Conference, Monash University, 27 October 2000.

Reserve Bank of Australia Bulletin, *The Impact of Y2K on Financial Markets in Australia*, January 2000.

Reserve Bank of Australia Bulletin, *Foreign Exchange Exposures of Australian Banks*, August 2000.