

## Attachment C – explanation of miscellaneous rule amendments

RULE	EXPLANATION
Rule S1.1 (Definitions and Interpretation): definitions of 'Excluded Asset' and 'Related/Associated Person Balance'	Amended to: <ul style="list-style-type: none"> <li>– reflect that funds lodged with persons who are licensed to clear derivatives are carved out of these items, which reflects the current position;</li> <li>– update the references in these definitions from 30 days to 31 days, to bring these in line with the definition of Liquid which was amended in November 2017</li> </ul>
Rule S1.1 (Definitions and Interpretation): definition of 'Government Debt Instrument'	Amended to fix formatting errors
Rule S1.1 (Definitions and Interpretation): definition of 'Qualifying Debt Instruments'	Simplified to: <ul style="list-style-type: none"> <li>– remove references to the recognition of credit rating agencies by APRA and instead rely on Table 1.5 of Schedule 1 Annexure 5 to identify the relevant credit rating agencies;</li> <li>– remove certain debt instruments which are unrated;</li> <li>– expressly provide that where debt instruments under part (f) are collateralised, they need to be fully collateralised; and</li> <li>– fix a typographical error</li> </ul>
Tables 2, 3 and 4 of Schedule 1 Annexure 2 and Clauses 9 and 17 of Schedule 1 Annexure 3	Capitalise defined terms (Equity Net Position and Debt Net Position)
Parts 1 and 2 of Annexure 3	Removal of margin method and arbitrage method position risk calculation methods, and associated cross references to those methods.  These two position risk calculation methods, which represent an alternative method for calculating equity position risk amounts and debt position risk amounts, are being removed from the rules given they are not currently used by ASX Clear participants and not expected to be used in the future
Table 1.5 of Schedule 1 Annexure 5	Updated to reflect the list of agencies whose credit ratings can be used for the purpose of the definition of Qualifying Debt Instruments and to clarify the table headings to reflect long term and short term ratings.
Table 1.6 of Schedule 1 Annexure 5	Update the Recognised Market Indexes to reflect the current names and add the Singapore Straits Times Index
Table 2.1 of Schedule 1 Annexure 5	Amended to: <ul style="list-style-type: none"> <li>– expressly provide that a 20% risk weighting can be applied for counterparties who are ASX Clear participants that comply with ASX Clear's Risk Based Capital Requirements and market participants that comply with ASIC's risk based capital requirements under the ASIC Market Integrity Rules;</li> <li>– expressly provide that a 50% risk weighting can be applied for counterparties who are non-bank ASX Clear (Futures) participants;</li> <li>– fix formatting errors;</li> </ul>
Tables 3.1 and 3.2 of Schedule 1 Annexure 5	Amended to:

	<ul style="list-style-type: none"><li>– update the names of Recognised Non-European Regulators, including removing a historical reference to Australian Securities Exchange Limited. Counterparties that are non-bank ASX Clear (Futures) participants will still be eligible for a 50% risk weighting by virtue of the changes to Table 2.1 of Annexure 5; and;</li><li>– update the names of Recognised European Regulators.</li></ul>
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