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**From:** Caroline Ramsey  
**Sent:** Monday, 10 March 2008 3:28 p.m.  
**To:**  
**Subject:** FW: Submissions on draft Emissions Units, Settlement Systems and Futures Bill

## Caroline Ramsey

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**From:** Rob Dowler  
**Sent:** Monday, 10 March 2008 3:19 p.m.  
**To:** Caroline Ramsey  
**Subject:** Submissions on draft Emissions Units, Settlement Systems and Futures Bill

On behalf of the Securities Industry Association, which represents the sharebroking industry, and in my role of providing Secretariat support to that body, I convey the following comments on the draft Emissions Units, Settlement Systems and Futures Bill.

The discussion document, at point 33, notes that "The clearing house will be required to provide additional (actual or synthetic) capital to provide the necessary assurances about its credit worthiness." While we have an expectation that the financial resources/viability of an applicant will be reviewed by the regulator under the proposed section 156X, taking account of IOSCO guidelines, we submit that a determination be made whether it is appropriate to include a specific provision in this section of the legislation requiring assessment of financial resources/viability, thereby emphasising the importance of this factor.

We note that the Reserve Bank Act as it stands does not allow for a public consultation process on Rules in designating payment systems, hence the proposal in the draft Bill to designate settlement systems without public consultation is consistent with the currently legislated approach. We submit that a determination be made whether it is beneficial to provide for some form of public consultation in the designation process in the legislation, or in the case of a critical amendment to the Rules subsequent to designation. Such an opportunity might be provided during the review process undertaken by the Reserve Bank and the Securities Commission in considering the designation application and/or amendment to the Rules. Any such public consultation process, if introduced, should be designed to reduce the opportunity for an existing designated settlement system to use any public consultation process to delay or block a competitor from entering the market.

Thank you for the opportunity provided to make comment.

Regards

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