

COUNCIL OF
FINANCIAL
REGULATORS

ANNUAL REPORT

1998

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1. COUNCIL OF FINANCIAL REGULATORS

The Council of Financial Regulators is a 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). Until its responsibilities transfer to APRA, the Australian Financial Institutions Commission (AFIC) also participates in the Council.

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.

The Council was established in 1998 as the successor to the Council of Financial Supervisors (CFS). The CFS had been formed in 1992 to improve co-ordination and communication among the then major financial regulators: the RBA; the Insurance and Superannuation Commission (ISC); the Australian Securities Commission (ASC); and AFIC. The CFS had met about once every quarter and had its final meeting in February 1998. It produced five Annual Reports covering its activities and developments in the financial system and in regulation/supervision.

The new Council forms part of wide-ranging changes to Australia's financial regulatory structure in 1998, prompted by the recommendations of the Financial System Inquiry (the Wallis Committee). The changes included the establishment of a single prudential regulator (APRA), the establishment of a separate regulator (ASIC) to deal with market integrity and consumer protection issues across the financial system, and revised responsibilities for the RBA, involving its withdrawal from prudential supervision of banks but more extensive regulatory powers in the payments system.

Within this new structure, the Inquiry recommended the establishment of the Council to carry forward the work of its predecessor. The Inquiry saw the Council as "the collaborative dimension of the regulatory agencies' activity", not as a separate body, with its strength coming from the commitment of its members to co-operate closely. The Inquiry proposed that the Council's membership should not be extended to other agencies or representatives, and that the Council be a non-statutory body to help avoid any suggestion that it had regulatory functions separate from those of its members. The Inquiry also recommended that, like the CFS, the Council's structure and administrative arrangements be determined by its members. The Government accepted the Inquiry's recommendations in this area.

Membership of the new 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 has agreed a new charter, administrative arrangements and work program (see box below and Appendix A).¹

The Council is pleased that the Inquiry and the Government endorsed the previous CFS 'model' – that is, informal arrangements that provide a flexible, low-cost approach to regulatory co-ordination among the main financial system regulators. As the CFS noted in its September 1996 submission to the Inquiry, that model of relative informality and flexibility is well-suited to dealing effectively with the rapid change in Australia's financial system, while confining membership to the main regulatory agencies enhances its operational efficiency. The new arrangements maintain the independence of the Council and, in its view, provide an appropriate level of accountability.

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.

1 During the transition to the new financial regulatory framework, the Council has been meeting in an interim configuration comprising representatives of the new and existing regulatory agencies.

Council Activities in 1998

The major focus for the Council over the past year has been to assist in bedding-down Australia's new financial regulatory framework. A particular interest has been the arrangements for co-operation and information-sharing between members. Chapter 2 outlines the new regulatory structure, highlighting the role of the three regulatory agencies and how their activities are co-ordinated.

Chapter 3 discusses other important issues on the Council's agenda. On the domestic front, dealing with the Year 2000 problem is a priority for each Council member. The Council itself has been keen to encourage disclosure of Year 2000 preparations in the Australian financial sector and has set up a Year 2000 'co-ordinators group' amongst its members to co-ordinate Year 2000 initiatives and international commitments.

On the international front, crises in emerging markets over the past year or more, which have at times threatened global financial and economic stability, have led to a raft of proposals for improving domestic regulatory structures and international regulatory co-operation, under the general rubric of a new 'international financial architecture'. Individually, Council members are playing active roles in this debate in various international gatherings. The Council provides a forum for discussing reform proposals, particularly those which raise cross-jurisdictional issues in Australia, with the aim of improving co-ordination and avoiding duplication. The Council has established an 'international officers group' to keep in contact with each other in order to co-ordinate Australian participation in international fora. The Council's other main area of interest is developments in the supervision of financial conglomerates – in particular, progress by the Joint Forum on Financial Conglomerates.

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

The Council wishes to acknowledge the key contribution made by Ms Rayne de Gruchy, former AFIC Executive Director, who has recently left the Council.

2. AUSTRALIA'S NEW FINANCIAL REGULATORY FRAMEWORK

Summary of New Framework

Released in April 1997, the *Final Report of the Financial System Inquiry* proposed wide-ranging reforms to the structure of financial regulation in Australia, designed to achieve a more competitive, efficient and flexible financial system. The Government accepted these proposals almost in their entirety in its September 1997 response and undertook an extensive legislative program to give them substantive effect by 1 July 1998.

Under the new framework, an integrated prudential supervisor, the **Australian Prudential Regulation Authority** (APRA), has been established to take over responsibility for the prudential regulation of banks, previously held by the Reserve Bank of Australia (RBA), and of life and general insurance and superannuation, previously the responsibility of the Insurance and Superannuation Commission (ISC)¹. Supervision of building societies, credit unions and friendly societies – which has to date been overseen by the Australian Financial Institutions Commission (AFIC) under the Financial Institutions Scheme – is expected to transfer to APRA from State jurisdictions some time in 1999. When this transfer is completed, all deposit-taking institutions in Australia will be regulated by APRA under one licensing regime and will be covered by the same depositor protection provisions.

Amendments to the *Banking Act 1959* have given APRA clearer and stronger powers to act decisively in the interests of depositors than were available (in the case of bank depositors) to the RBA. These include the power to revoke licences, to make prudential standards or issue enforceable directions, and to resolve the situation of an authorised deposit-taking institution (ADI) in difficulty. In such a case, APRA can appoint an investigator or statutory manager, or take control of the institution itself. It can remain in control until the difficulties of that institution have been resolved. If the difficulties prove intractable, however, APRA has the power to wind-up the institution and distribute its assets.

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, the

1 APRA regulates the compliance of superannuation funds with the prudential regulation and retirement income provisions of the *Superannuation Industry Superannuation (Supervision) Act 1993*, while ASIC has responsibility for the other provisions. Regulation of so-called 'excluded funds' is to be transferred to the Australian Tax Office.

legislation requires that all ADI's hold assets in Australia at least equal to their deposit liabilities in Australia. However, the new arrangements do not confer any form of guarantee of depositors' funds and depositors have no recourse to APRA; nor does APRA have any obligation to make good any losses incurred by institutions under its supervision. As for ADIs, in the event of financial failure of a life company, general insurer, friendly society or superannuation fund, APRA will be empowered to intervene in the management of the troubled entity in the interests of members and policyholders (these powers are in the process of being upgraded and harmonised). In the case of superannuation, the Treasurer can levy the industry to partially compensate members for losses due to fraud, where such compensation is judged to be in the national interest. Again, however, members' and policyholders' entitlements are not guaranteed by either APRA or the Government.

The **Australian Securities and Investments Commission** (ASIC) has assumed responsibility for market integrity and consumer protection across the financial system. These functions are additional to those taken over from its predecessor, the Australian Securities Commission, particularly administration of the Corporations Law. ASIC sets and enforces standards for financial market behaviour and for selling financial products, including investments, insurance, superannuation and deposit-taking activities (but not lending).

As part of its consumer protection role, ASIC monitors 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*. This was formerly carried out by the Australian Payments System Council, which has been disbanded. In relation to consumer protection and market integrity issues in the financial sector, ASIC now has the powers previously exercised by the ISC and by the Australian Competition and Consumer Commission. ASIC also administers the consumer-related provisions of the *Retirement Savings Account Act 1997*. In addition, ASIC now provides administrative support to the Superannuation Complaints Tribunal (SCT). The SCT is unique in the financial services industry, being a statutory dispute resolution scheme. As a result of recent decisions of the Full Federal Court, the review powers of the SCT have been rendered inoperable. A number of options are being considered to ensure that superannuation fund members continue to have access to a cost-free, independent and effective dispute resolution scheme. ASIC is committed to the development of such a scheme as soon as possible.

The **Reserve Bank of Australia** retains responsibility for monetary policy and for overall financial system stability. The RBA no longer has an obligation to protect the interests of bank depositors and it does not supervise any individual financial institutions. Its focus is now a broader one, namely, dealing with threats to financial stability which have the potential to spill over to economic activity and consumer and

investor confidence. The RBA retains its discretionary role of 'lender of last resort' for emergency liquidity support in the event of threats to financial stability.

At the same time, the RBA has been given greatly enhanced regulatory powers in the payments system, exercised by the new Payments System Board within the RBA. These powers are aimed at promoting efficiency and competition in the payments system, consistent with overall financial stability. If the RBA, for example, assesses there is scope to improve the access, 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 settlement accounts for participants in the payments system.

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

Transition to the New Framework

The Council has closely monitored the transition to the new regulatory framework and is pleased with the smooth progress to date. APRA was formally established on 1 July 1998, with ISC staff and the RBA's bank supervision staff transferring to APRA's employment on that date. Re-location of staff to APRA's new Head Office in Sydney was completed by November. Assessing the scope to harmonise regulatory techniques and standards applying to banking, insurance and superannuation has been an early priority for APRA, as has the development of a comprehensive policy for prudential supervision of conglomerates. ASIC also began carrying out its expanded responsibilities under its new name on 1 July 1998.

The transition will not be complete, however, until the transfer of responsibilities for institutions covered by the Financial Institutions (FI) Scheme. The FI Scheme is a co-operative, State-based system of prudential supervision and regulation set up by the States and Territories in 1992. Uniform legislation governs the operation of building societies, credit unions and friendly societies; the first two of these groups have been covered by the FI Scheme since July 1992 and friendly societies since October 1997. AFIC is the lead regulator of the FI Scheme, responsible for the development of prudential standards, the direct supervision of Special Services Providers to the building societies and credit unions, and the co-ordination of supervision for the groups covered. Day-to-day responsibility for supervision and corporate regulation rests with the State Supervisory Authorities, which are independent statutory authorities based in each State and Territory.

As part of its response to the Financial System Inquiry, the Government endorsed the recommendation to transfer responsibility for the prudential supervision of the State-based financial institutions to APRA and the corporate regulation of these institutions to ASIC. In-principle agreement with the State and Territory Governments was reached in June 1998. To carry these reforms into effect, legislation in the Commonwealth and each of the State and Territory Parliaments is required. The first stage of legislative amendments, including changes to the *Banking Act 1959*, was made in June 1998 to take account of building societies, credit unions and Special Services Providers. The second stage of Commonwealth legislation includes amending the *Life Insurance Act 1995* to incorporate the supervision of friendly societies and passage of the *Financial Sector (Transfers of Business) Bill 1999* which will facilitate mergers between ADIs or life insurers. APRA will be able to use the latter as a quick and efficient prudential tool in cases where a supervised institution is in financial distress. Other legislation must be passed by Commonwealth, State and Territory Parliaments to wind-up each of the State-based supervisors, transfer corporate regulation to ASIC and make other necessary administrative changes.

Following extensive consultation at an official level, the Prime Minister sent a Heads of Agreement to State and Territory Governments in late November 1998 to formalise the means by which the transfer of AFIC's responsibilities will be achieved. The Commonwealth aims to achieve this transfer by 1 July 1999. In the interim, AFIC, APRA, ASIC and the State Supervisory Authorities are working closely to ensure that the transfer causes a minimum of disruption for supervised institutions.

Co-ordination between Council Members

The Financial System Inquiry argued that strong mechanisms should be established to ensure effective co-ordination and co-operation between the three regulatory agencies. The Council believes that such mechanisms should 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 legislation underpinning the new financial regulatory framework has built in some of these mechanisms. For example, 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. Legislation authorising the exchange of confidential information between the three regulators has also been passed.

In addition, less formal co-ordination mechanisms have been put into place. The Council itself provides an overarching structure. Strong bilateral links are also being built between the members, in terms of their evolving responsibilities. The framework for

co-operation has 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.

3. MAJOR ISSUES FOR THE COUNCIL IN 1998

Year 2000 Problem

The 'Year 2000 problem' – the possibility that computer systems will be unable to deal correctly with dates beyond 31 December 1999 – has the potential, if not addressed fully, to create serious disruption to the financial system and it has rightly been a preoccupation of each of the Council members. Recognising the importance of the problem, the Council itself decided to establish a Year 2000 'co-ordinators group' of relevant staff from each member. The aims of this group are to:

- share information on Year 2000 developments between Council members;
- encourage a consistent approach to supervising Year 2000 preparations across the financial sector;
- co-ordinate the regulators' involvement with domestic financial industry groups and participation in international regulatory groups; and
- co-ordinate the disclosure of Year 2000 preparations in the financial sector.

The group met for the first time in August 1998 and now meets formally on a regular basis; the participants are also in frequent contact to share information and to co-ordinate input into various domestic and international initiatives. A participant in the group reports to the Council at its meetings.

The group also works closely with industry bodies, including the Interbank Working Group (IWG), which was established in August 1997 by the four major banks and the RBA to address Year 2000 issues affecting the banking community. The APRA representative also attends meetings of the Joint Year 2000 Council. This gathering, set up by international financial supervisors in April 1998, consists of representatives from the Basle Committee on Banking Supervision, the Committee on Payment and Settlement Systems, the International Association of Insurance Supervisors (IAIS) and the International Organisation of Securities Commissions (IOSCO). Its aim is to ensure a high level of attention is focussed on the Year 2000 problem by international supervisors, to discuss possible contingency measures and to serve as a point of contact with national and international private-sector initiatives.

The Council of Financial Regulators has taken a number of initiatives to address the various ramifications of the Year 2000 problem. It has, in particular, been encouraging banks and other financial institutions to disclose their progress towards achieving Year 2000 readiness. In January 1999, the Council published a booklet,

Year 2000 Preparations in the Australian Banking and Financial System, which updates an earlier edition issued jointly by the RBA and APRA in July 1998. The booklet, which will be updated regularly during 1999, outlines the activities of all Council members and the Year 2000 preparations being undertaken by regulated institutions. The Council believes it is important that all businesses and infrastructure providers (such as electricity, water, gas and transport) disclose the measures they are taking to address the Year 2000 problem.

The Council has also been considering contingency plans to deal with problems that may impact on individual institutions or have broader systemic implications. The RBA, for example, has already indicated that it is taking steps to supplement its holdings of currency notes to meet a potential increase in demand for currency as the Year 2000 approaches.

In addition, the Council has considered the issue of public holidays around the Year 2000 date change. At present, all States in Australia, except Victoria and New South Wales, have declared Monday, 3 January to be a public holiday. Friday, 31 December 1999 will be a normal working day in all States. Council members wrote to a number of financial institutions and industry bodies seeking their views on this issue. There was strong support for a national public holiday on the Monday, to give institutions an extra day to deal with any problems which might arise over the date change and simplify their business operations on the day. However, there was minimal support for a public holiday on the preceding Friday. The Council agrees that there would be considerable merit in having a public holiday in all States on the Monday. A split holiday on that date would be an unwelcome complication in what will be a period of uncertain pressures on financial and non-financial institutions alike. The Council has taken up this matter with the Government.

International Financial Instability in 1998

The financial disturbances and economic crises which have plagued a number of countries over the past eighteen months – firstly in Asia but later spreading to other regions – have led to a range of proposals for improving domestic regulatory structures and the international financial architecture. Reforms inevitably take time to implement, so the likelihood of further bouts of instability will remain high. In global financial markets, participants react very quickly to new information, however complete and accurate it may be.

The Australian economy and its financial system have performed robustly in the face of the ‘Asian crisis’, despite close geographical and economic ties with the region. This has not simply been a result of good fortune. The pre-existing strength of the domestic

economy and the soundness of macroeconomic policies have been important contributing factors. So too has been the high level of international confidence in Australia's regulatory and legal structures – an area where some Asian (and other) countries have been marked down heavily. Council members are aware of the need to maintain this confidence in Australia's financial infrastructure, particularly as the new regulatory structure is bedded down. Plaudits hard earned can be too easily lost.

Council members have been involved in a number of multilateral initiatives aimed at improving the functioning and stability of international financial markets and strengthening regulatory frameworks. The main initiatives are summarised below. The Council itself sees its role in this area as a 'clearing house' for sharing information on international financial reform and ensuring a consistent and co-ordinated approach. To this end, it has recently established an 'international officers group' of staff from each member who deal with international relations.

Taking the individual Council members in turn, the RBA participated at the Meeting of Finance Ministers and Central Bank Governors (the so-called 'G22') held in Washington in April and October 1998 and was represented on one of the three Working Parties set up to help develop the new international financial architecture. That Working Party, on 'Managing International Financial Crises', made several recommendations designed to ensure that private-sector providers of loans share in the cost of the resolution of a crisis, not just the taxpayers of the country in crisis. Another working party (where Australia was represented by the Commonwealth Treasury) made recommendations to improve the usefulness, accuracy and timeliness of information disclosed by the private sector and of data on foreign exchange reserves, external debt and financial sector soundness. It also encouraged the compilation of data on the international exposures of investment banks, hedge funds and other institutional investors, and called on the International Monetary Fund to prepare a Transparency Report summarising the extent to which an economy meets internationally recognised disclosure standards. Work on disclosure is now being carried on at the Bank for International Settlements (BIS) under the auspices of the Committee on the Global Financial System (previously the Euro-currency Standing Committee) in two different working groups, both of which have RBA representation.

The RBA was also a member of the Prime Minister's Task Force on International Financial Reform, which reported in December 1998. The Task Force identified a number of key principles and elements for reforming the international financial system to produce greater stability in capital flows, minimise the risk of future financial crises and provide a more effective mechanism for managing them when they occur. The main elements include improved transparency by corporations, governments and international financial institutions; stronger standards for financial supervision in

countries, which should be subject to external surveillance; supervision of highly leveraged hedge funds and large institutional investors; improved management of future crises with effective involvement of the private sector; maintenance of trade finance during a period of crisis management; and strengthening of national insolvency regimes.

On the bank supervision front, APRA took over the RBA's membership of the Core Principles Liaison Group of the Basle Committee on Banking Supervision. This Group is responsible for developing strategies to encourage countries to embrace the Core Principles for Effective Banking Supervision, promulgated by the Basle Committee in 1997. Through this Group, APRA is also participating in the Basle Committee's review of the 1998 Capital Accord.

In October 1998, APRA and the RBA co-hosted in Sydney the bi-annual International Conference of Banking Supervisors, held under the auspices of the Basle Committee. The Conference, which involved banking supervisory authorities from about 120 countries, reaffirmed the importance of the Core Principles and discussed the range of operational risks facing banks.

APRA is also represented on the Executive Committee of IAIS. During 1998, IAIS approved three new supervisory standards, covering licensing requirements for insurance companies; procedures and standards for on-site inspections; and the supervision of insurers' derivatives activities.

ASIC continued to play an active role in IOSCO. ASIC is a member of both the Executive and Technical Committees and is represented on the latter's five working parties, which cover multinational accounting and disclosure; regulation of secondary markets; regulation of market intermediaries; enforcement and exchange of information; and investment management. (ASIC chairs this last working party.) Towards the end of 1998, IOSCO established a task force to deal with issues posed for securities regulators by highly leveraged institutions; ASIC is a member. In 1998, IOSCO published its *Principles of Effective Securities Regulation*; ASIC was represented on the task force which prepared these Principles, and is serving on the implementation task force.

ASIC contributed to the Corporate Governance initiative of the Asia-Pacific Economic Cooperation (APEC) forum, in particular through a Symposium held in Sydney in November 1998. Eight countries from the region as well as representatives from the Asian Development Bank took part. ASIC is a participant in the APEC Securities Regulators' Training Advisory Group. APRA has also made contributions to the APEC Banking Supervisors' Training Advisory Group.

Financial Conglomerates

Financial conglomerates are groups of companies under common ownership whose functions encompass two or more financial services such as banking, insurance and securities. In recent years financial conglomerates have become more prominent in the domestic financial system, where they now account for around 80 per cent of total assets, and in international markets. They have proven a very competitive means of providing a broad range of financial services to their customers.

Financial conglomerates were a particular focus of the Council's predecessor because their various activities were regulated by each of the member agencies. They remain a focus of the Council because, under the new financial regulatory structure, financial conglomerates span the responsibilities of both APRA and ASIC; they are also of potential systemic interest for the RBA because of their dominant position in the Australian financial system.

The Financial System Inquiry suggested that the new prudential regulator should issue standards for the operation of financial conglomerates covering holding company structures, firewalls, internal controls, intra-group activity reporting and requirements for independent boards of directors on subsidiary entities. APRA turned to this task early and has finalised a set of draft policy proposals which, when implemented, will apply to all conglomerates which have an ADI – including groups which also contain a commercial or non-financial sector entity. (These proposals were made available for public comment in March 1999.)

At the same time, the Council has maintained its close interest in the work of the Joint Forum on Financial Conglomerates (the Joint Forum). The Joint Forum was established in 1996 by the Basle Committee, IOSCO and IAIS (collectively referred to as the 'parent bodies') to develop principles and techniques for the supervision of internationally active financial conglomerates. The Joint Forum consists of up to nine representatives of each of its parent bodies. Australia has been an active participant and its insurance and securities representatives have been members of the Joint Forum since its establishment. Currently, the Joint Forum is chaired by the Chairman of ASIC, and ASIC provides a Secretariat in conjunction with the Basle Committee.

In early 1999, the Joint Forum completed work on a package of papers setting out principles and techniques on:

- capital adequacy of conglomerates, including detecting excessive gearing;
- the fitness and propriety of managers, directors and major shareholders of conglomerates; and
- the exchange of information and co-ordination between supervisors.

The papers followed extensive consultation with supervisors and industry on a global basis; the Joint Forum also drew extensively on the work of its Mapping Task Force, which carried out an intensive study of fourteen major international financial conglomerates. The papers have been endorsed by the Basle Committee and the Technical Committees of IOSCO and IAIS.

In regard to capital adequacy, the Joint Forum has established measurement techniques and principles to facilitate the assessment of capital on a group-wide basis. The techniques recognise that the capital requirements of banking, securities and insurance supervisors differ in their definitions of capital and in the valuation of assets and liabilities. The techniques are based on and intended to complement these individual requirements; there is no single technique for universal application. The guiding principles on assessing capital adequacy are aimed at assisting supervisors in the exercise of their discretion, so that the measurement techniques will yield broadly equivalent results. The Joint Forum tested its capital adequacy principles on nine international financial conglomerates.

The Joint Forum's 'fit and proper' principles recognise that the qualifications of the top management of banks, securities firms and insurance companies are critical to the objectives of supervision. The principles:

- encourage the application of fitness, propriety or other qualification tests to managers and directors of other entities in a conglomerate, and to key shareholders if they exercise a material influence on the operations of regulated entities; and
- promote arrangements to facilitate consultation and the exchange of information between supervisors with respect to those managers and directors of other entities in a conglomerate who have a material influence.

The Joint Forum's work on information-sharing has resulted in the development of a general framework and guiding principles for facilitating information-sharing between supervisors of regulated entities within internationally active financial conglomerates. The framework gives particular attention to the organisation of business activities along business lines, rather than along the lines of the corporate legal structure, and the organisation of corporate control functions on a global or centralised basis rather than on a local basis.

In May 1998, G7 Finance Ministers issued the *Ten Key Principles on Information Sharing*, which are largely directed at the legislative framework within which information sharing takes place. In a self-assessment exercise, the Joint Forum found there was generally a high level of compliance with the Principles in Joint Forum countries, including Australia; however, some conflicts with local legislative frameworks were identified.

In regard to regulatory co-ordination, the Joint Forum has developed guidance to supervisors on how co-ordinators (one or more) might be identified and on their roles and responsibilities in emergency and non-emergency situations. The intention in designating a co-ordinator is to facilitate timely and efficient information-sharing between supervisors covering different entities within a financial conglomerate. The Joint Forum's approach to co-ordination was also endorsed by G7 Finance Ministers in May 1998.

Though it still has work in progress on intra-group transactions and exposures and on the transparency of conglomerate structures, the Joint Forum has largely fulfilled its original mandate and its parent bodies are expected to decide its future during 1999. However, a recent report by the President of the Deutsche Bundesbank, *International Cooperation and Coordination in the Area of Financial Market Supervision and Surveillance* (February 1999), has suggested that the work of the Joint Forum should continue.

APPENDIX A

COUNCIL MEMBERSHIP

Organisation	Representation	Internet Address	Information Office
Reserve Bank of Australia	Mr IJ Macfarlane (Chairman) Governor Dr JF Laker Assistant Governor (Financial System)	www.rba.gov.au	(02) 9551 9721
Australian Prudential Regulation Authority	Mr GJ Thompson Chief Executive Officer Mr GN Johnson Chief Manager, Policy Co-Ordination and Application	www.apra.gov.au	(02) 9210 3000
Australian Securities and Investments Commission	Mr A Cameron Chairman Mr SF Tregillis National Director, Regulation	www.asic.gov.au	(02) 9911 2600
Australian Financial Institutions Commission*	Mr MA Moreland Executive Director	www.afic.com.au	(07) 3842 2742

*AFIC continues to participate in the Council on an interim basis, pending the expected transfer of its responsibilities to APRA in 1999.

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 1998, 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 on-going 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

G.J. Thompson
Chief Executive Officer
Australian Prudential Regulation
Authority

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 cooperation 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 1998

Type of Institution	Main Supervisor/ Regulator	Main Characteristics	No. of Active Institutions ^a	Total Assets ^b (\$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	621 ^a
Non-bank financial intermediaries				
Building societies	AFIC ^b	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.	20	12
Credit unions	AFIC ^b	Mutually owned institutions, credit unions provide deposit, personal/housing loan, and payment services to members.	234	19
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.	55	68
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.	98	62
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).	58	37
Other non-bank intermediaries		Include pastoral finance companies, Special Service Providers, co-operative housing societies and intra-group financiers.	n.a.	10

Type of Institution	Main Supervisor/ Regulator	Main Characteristics	No. of Active Institutions ^a	Total Assets ^b (\$b)
Funds managers and insurers				
Life insurance companies	APRA ^d	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.	45	166
Superannuation and approved deposit funds (ADFs) – outside of life insurance companies	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).	179,509	241
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.	501	110
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).	14	8
Friendly societies	AFIC/State Supervisory Authorities ^b	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.	74	7
General insurance companies	APRA ^d	Provide insurance for property, motor vehicles, employers' liability, etc. Assets are invested mainly in deposits and loans, government securities and equities.	110	79 ^e

a 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 at December 1998 were \$812 billion.

b Supervisory responsibilities for the Financial Institutions Scheme are expected to pass to APRA from State jurisdictions some time in 1999.

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

e Estimate

n.a. not available

APPENDIX D

MAIN DEVELOPMENTS IN REGULATION/SUPERVISION OF THE AUSTRALIAN FINANCIAL SYSTEM: 1997-1998

1997

- Nov The *Superannuation Legislation Amendment Bill 1997* is introduced into Parliament. It includes technical amendments to the *Bankruptcy, Superannuation Industry (Supervision) and Superannuation (Resolution Of Complaints) Acts*.
- Dec ISC warns insurance companies and superannuation fund trustees to take action to ensure that their computer systems can cope with the Year 2000 problem.
- The life insurance actuarial standard on *Cost of Investment Performance Guarantees* takes effect.

1998

- Jan RBA introduces new guidelines for Australian banks covering capital standards for market risk. These guidelines, which follow closely the recommendations of the Basle Committee on Banking Supervision, require banks to hold capital against the risk of loss from changes in interest rates, foreign exchange rates, equity prices and commodity prices.
- Feb Federal Court rulings mean that the Superannuation Complaints Tribunal is unable to use its review powers and is left with an enquiry and conciliation role only.
- ASC, in co-operation with complaints resolution schemes for banking, life and general insurance, superannuation and investment advice, opens Financial Complaints Referral Centre on a trial basis.
- Mar ISC conducts a series of fraud prevention workshops for superannuation trustees.
- Apr RBA issues new prudential guidelines dealing with liquidity management by banks, which will replace the Prime Assets Requirement (PAR). Under the new framework, the RBA (and APRA after 1 July) will agree with each bank a liquidity policy which sets out how that bank plans to manage liquidity under different

circumstances. Once a liquidity policy is agreed with a bank, that bank will no longer be required to observe PAR.

The *Insurance Laws Amendment Act 1998* receives Royal Assent. The Act improves the ISC's ability to gather statistics from general insurers, arrangements pertaining to insurance brokers' dealings with clients and general insurance disclosure requirements.

The Australian Accounting Standards Board re-issues its draft accounting standards for life insurers.

ASC launches investor education campaign, *High Returns = High Risks*, warning people of the dangers of investing in schemes offering unusually high returns.

May The *Superannuation Legislation Amendment (Choice of Superannuation Funds) Bill 1998* is introduced into Federal Parliament.

The Government announces the proposed transfer of the regulation of the majority of small superannuation funds (ie those with fewer than five members) to the Australian Taxation Office, and changes to the investment rules and penalty arrangements applying to all superannuation funds.

Jun Australia's Real-Time Gross Settlement (RTGS) system for high-value payments goes 'live'. RTGS strengthens the safety of the payments system by replacing a deferred net settlement system with one under which high-value payments are settled individually, as they are made, using funds in members' Exchange Settlement Accounts at the RBA.

The *Financial Sector Reform (Amendments and Transitional Provisions) Act 1998* receives Royal Assent. This Act deals with various matters associated with the transfer of regulatory functions associated with the establishment of APRA and ASIC.

The *Financial Sector (Shareholdings) Act 1998* receives Royal Assent. It provides that a person must not have 15 per cent stake in, or practical control of, an authorised deposit-taking institution or insurer unless the Treasurer has given approval. This Act replaces the *Banks (Shareholdings) Act 1972* and part of the *Insurance Acquisitions and Takeovers Act 1991*.

The *Payment System (Regulation) Act 1998* receives Royal Assent. This Act gives the RBA wide-ranging powers in the payments system. The RBA may 'designate' a particular payment system as being subject to its regulation, determine rules for participation in that system, set standards for safety and efficiency in that system and arbitrate on disputes in that system. The Act also

requires holders of the stored value of purchased payment facilities to be either supervised by APRA or regulated or exempted by the RBA.

The Life Insurance Actuarial Standard on *Minimum Surrender Values and Paid-up Values* comes into force.

Jul The Australian Prudential Regulation Authority (APRA) comes into existence as the single prudential regulator for banks, insurance companies and superannuation funds.

ASIC replaces the ASC, with expanded responsibilities for market integrity and consumer protection across the financial services sector.

The *Managed Investments Act 1998* receives Royal Assent. The Act reforms the law regulating managed investment schemes and establishes a 'single responsible entity' in place of the existing dual structure of investment manager and trustee. ASIC releases detailed policy and procedural guidance on compliance with the new legislation.

The *Payment Systems and Netting Act 1998* receives Royal Assent. The Act allows Australian banks to enter into netting contracts with legal certainty; in turn, this will allow the recognition of netting for capital adequacy purposes. The Act also ensures the finality of RTGS transactions by allowing the RBA to exempt such transactions from possible application of the 'zero hour' rule, which would date the insolvency of an institution from the midnight before it was declared.

RBA and APRA release a booklet, *Year 2000 Preparations in the Australian Banking and Financial System*, describing the Year 2000 preparations of financial institutions in Australia and the activities of the financial sector regulators. It also describes preparations in payments and securities settlement systems.

The *Life Insurance (Conduct and Disclosure) Bill 1998* is introduced into Parliament. This includes provisions comparable to the Corporations Law in relation to product disclosure, financial advice and prohibitions on misleading and deceptive conduct.

Aug APRA amends its capital adequacy requirements for banks, to achieve consistency with the capital regime applying to building societies and credit unions.

ASIC launches its first book, *Scams and Swindlers*, containing case studies on scams, swindlers and their victims.

The Assistant Treasurer announces the Government's decision that superannuation funds offering asset test exempt pensions will have to provide actuarial certification of their ability to meet promised payments.

The RBA's Payments System Board holds its first meeting.

Sep APRA releases a booklet, *Y2K – Year 2000 Responsibilities: A Guide for Super Fund Trustees*, describing the potential impact of the Year 2000 problem on superannuation funds and outlining an action plan for superannuation fund trustees to ensure Year 2000 compliance.

APRA commences a program of revising and re-issuing its Superannuation Circulars which provide general guidance on issues arising under the *Superannuation Industry (Supervision) Act 1993*.

Oct RBA and APRA release a Memorandum of Understanding covering their respective responsibilities for promoting the stability of the Australian financial system.

APRA and ASIC release a Memorandum of Understanding setting out how the two agencies will co-operate in the regulation of the Australian financial system.

APRA releases details of its audit requirements for the derivatives risk management statements of superannuation funds.

Nov The Australian Accounting Standards Board releases the accounting standard *Life Insurance Business (AASB-1038)*.

APRA and ASIC release a joint booklet, *A Guide for Trustees of Corporate, Public Offer and Industry Superannuation Funds*, providing guidelines on the respective roles and responsibilities of the two agencies.

The Minister for Financial Services and Regulation launches ASIC's new Consumer Advisory Panel.

Dec The *Superannuation Legislation Amendment Bill 1997* is reintroduced into Parliament as the *Superannuation Legislation Amendment Bill 1998*.

The *Superannuation Legislation Amendment (Resolution of Complaints) Act 1998* receives Royal Assent. The Act provides an interim solution to the constitutional problem experienced by the Superannuation Complaints Tribunal.

APRA issues draft amendments to its capital requirements for banks incorporating new provisions for bilateral netting. The provisions are consistent with the guidelines of the Basle Committee on Banking Supervision.

APPENDIX E

SPEECHES AND ARTICLES OF COUNCIL MEMBERS

Copies of the following speeches and articles are published on the web site or available from the Information Office of the relevant agency - see page 20. Speeches by ASIC staff are also available in the ASIC Digest.

Australian Financial Institutions Commission

de Gruchy, R., *The Future of Credit Unions*, Australian Institute of Credit Union Managers CEO's Forum, 11 May 1998.

de Gruchy, R., *Levelling the Playing Field*, Australian Financial Institutions Auditors' Association Annual Conference, 14 May 1998.

Honor, B., *The Transfer of the FI Scheme's Responsibilities to Commonwealth Regulation*, Credit Union Lawyers Network Conference, 13 October 1998.

Khoo, B.K., *The Year 2000 Problem – A Supervisory Perspective*, VicFIC Industry Seminar, 28 September 1998.

Moreland, M.A., *Current Issues for the Audit Profession*, Australian Financial Institutions Auditors' Association Annual Conference, 14 May 1998.

Tomkins, S.A., *New AFIC Standards: Demutualisation and Credit Union Mutuality*, Australian Institute of Credit Union Directors Conference, 16 May 1998.

Australian Prudential Regulation Authority

Carmichael, J., *The New Prudential Regulatory Environment*, Australian Corporate Treasurers, 13 August 1998.

Carmichael, J., *APRA: Some Reflections on Where We Have Been and Where We Are Heading*, Australian Institute of Credit Union Management Conference, 29 August 1998.

Carmichael, J., *APRA – The New Prudential Regulator*, Australian Institute of Banking and Finance Annual Conference, 2 October 1998.

Carmichael, J., *APRA – The New Prudential Regulatory Environment*, Committee for Economic Development of Australia Lunch, 6 October 1998.

Carmichael, J., *APRA – The New Regime for Prudential Supervision*, Australian Superannuation Funds Association National Conference, 4 November 1998.

Carmichael, J., *Australia's New Regulatory Model*, Forex 1998, Asia Pacific Conference – ACI Assembly, 27 November 1998.

Thompson, G.J., *Introducing APRA*, Insurance Council of Australia Conference, 6 August 1998.

Thompson, G.J., *APRA and the New World of Financial Regulation*, Committee for Economic Development of Australia, 27 August 1998.

Thompson, G.J., *APRA: The New Face of Prudential Regulation*, Australasian Institute of Credit Union Directors, 28 August 1998.

Thompson, G.J., *APRA – The Outlook for Prudential Regulation*, The Investment and Financial Services Association Financial Services Conference, 8 September 1998.

Thompson, G.J., *APRA – Its Objectives and Powers*, Monash University Law School Foundation, 27 October 1998.

Thompson, G.J., *APRA in the New World of Financial Regulation*, Chartered Institute of Company Secretaries in Australia, 5 November 1998.

Thompson, G.J., *APRA and the New Era for Credit Unions*, Annual Creditlink Conference, 20 November 1998.

Thompson, G.J., *The Regulatory Challenge*, An Open Forum with ASIC and APRA, Securities Institute of Australia, 27 November 1998.

Australian Securities and Investments Commission

Cameron, A., *The New ACFSC: Australia's "Competent, Focused and Sophisticated" Commission and its Role as the Consumer Regulator in the Financial System*, Australian Consumers' Association Annual General Meeting, 24 November 1997.

Cameron, A., *Y2K – The Billion Dollar Bug – the ASIC's Approach*, Securities Institute of Australia, 20 February 1998.

Cameron, A., *The New Australian Securities and Investments Commission (ASIC) – Future Directions and Challenges*, Chartered Institute of Company Secretaries, 30 April 1998.

Cameron, A., *ASIC – The New Regulator Meets the New Managed Investments Regime*, IBC Conference on Compliance in Managed Investments, 21 July 1998.

Cameron, A., *The Future of Corporate Regulation in Australia*, 15th Annual Company Secretaries Conference, 19 October 1998.

Day, W. P., *Coming Clean: Disclosure of Fees, Charges and Performance*, The Investment and Financial Services Association Financial Services Conference, 8 September 1998.

Day, W.P., *Managing Regulation in the Global Market Place*, The Group of 100 National Congress, 9 September 1998.

Day, W.P., *Auditors Awake!*, Audit Intensive Day, Australian Society of Certified Practising Accountants, 25 November 1998.

Segal, J., *Professionalism and the Financial Advisory Services Industry*, The Financial Planning Association of Australia, Professional Organisations Dinner, 13 May 1998.

Reserve Bank of Australia

Campbell, F., *Reserve Bank Domestic Market Operations under RTGS*, AFMA TechnoFuture '98 Seminar Program, 19 October 1998.

Gray, B.L., *Achieving Effective Supervision*, 10th Annual Australasian Finance and Banking Conference, 5 December 1997.

Grenville, S.A., *Asia and the Financial Sector*, 10th Annual Australasian Finance and Banking Conference, 4 December 1997.

Grenville, S.A., *Exchange Rates and Crises*, Third Biennial Pacific Rim Allied Economic Organisations Conference, 16 January 1998.

Grenville, S.A., *The Asian Economic Crisis*, Australian Business Economists and the Economic Society of Australia (NSW Branch), 12 March 1998.

Grenville, S.A., *The Asia Crisis, Capital Flows and the International Financial Architecture*, Monash University Law School Foundation, 21 May 1998.

Grenville, S.A., *Capital Flows and Crises*, Credit Suisse First Boston Australia Conference "The Global Financial System – The Risks of Closure", 13 November 1998.

Macfarlane, I.J., *The Changing Nature of Economic Crises*, Australian Business Economists 13th Annual Forecasting Conference, 4 December 1997.

Macfarlane, I.J., *The Asian Situation: An Australian Perspective*, American Australian Association, in conjunction with the Asia Society, 11 March 1998.

Macfarlane, I.J., *Some Thoughts on Australia's Position in Light of Recent Events in Asia*, Australian Stock Exchange, Australian Institute of Company Directors and The Secretaries Institute of Australia, Bull and Bear Luncheon, 26 March 1998.

Macfarlane, I.J., *Recent International Developments in Perspective*, Committee for Economic Development of Australia Annual General Meeting Dinner, 25 November 1998.

Reserve Bank of Australia Bulletin, *Core Principles for Effective Banking Supervision*, December 1997.

Reserve Bank of Australia Bulletin, *Australia's New Financial Regulatory Framework*, July 1998.

Reserve Bank of Australia Bulletin, *Some Features of the Australian Payments System*, December 1998.