Financial Markets (Derivatives Margin and Benchmarking) Reform Amendment Bill: Policy Approval and Approval for Introduction

Portfolio Commerce and Consumer Affairs

On 13 February 2019, the Cabinet Economic Development Committee:

1

2 noted that the Bill:

2.1 amends a number of existing Acts to remove impediments to compliance with foreign margin requirements for Over-The-Counter (OTC) derivatives;

2.2 establishes a new licensing regime for administrators of financial benchmarks under the Financial Markets Conduct Act 2013;

3 agreed that:

3.1 the Financial Markets Authority be given the power to compel:

3.1.1 a licensed administrator of a financial benchmark to continue administering that benchmark for a specified period and in accordance with specified requirements;

3.1.2 a contributor to a benchmark to continue providing data or information to the administrator of the financial benchmark for a specified period and in accordance with specified requirements;

3.2 civil liability, including a maximum pecuniary penalty of $200,000 in the case of an individual or $600,000 in any other case, should attach for non-compliance with the powers described in paragraph 3.1 above;

4 approved the Financial Markets (Derivatives Margin and Benchmarking) Reform Amendment Bill for introduction, subject to the final approval of the Government caucus and sufficient support in the House of Representatives;

5 agreed that the Bill be introduced in late February or early March 2019;
agreed that the government propose that the Bill be:

6.1 referred to the Finance and Expenditure Committee for consideration;
6.2 enacted by 1 September 2019.

Janine Harvey
Committee Secretary

Present: Officials present from:

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Minister of Commerce and Consumer Affairs