



November 2011

AFMA Market Committee Rules

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AFMA Market Committee Rules

1. PURPOSE

A core function of AFMA is to encourage high professional standards in the wholesale financial markets and to facilitate the effective self management of OTC markets through agreed market conventions and standards.

Market Committees¹ are elected by members and are the primary means through which AFMA undertakes its coordinating role in the OTC markets. These committees develop consensus in the market on technical matters such as transaction documentation, standards, trading conventions and market data, which is necessary for efficient OTC market operation.

Working Groups may be established within a committee to deal with specific issues of significance.

2. GOVERNANCE

AFMA's Board has ultimate responsibility for the affairs of the Association. Within this context, the Market Governance Committee has oversight of AFMA's role in industry self regulation; it oversees the activities of the Market Committees and advises the Board on issues of relevance.

The responsibilities of the Market Governance Committee include:

- The development and maintenance of market protocols and operational standards that facilitate and promote the efficient and smooth running of the financial markets in Australia.
- Advise the Board on issues that affect the reputation of financial markets.
- The promotion of high ethical standards in the Australian financial markets.

The Market Governance Committee regularly reviews the activities of the Market Committees and has the authority to provide direction as it considers necessary.

Market Committees may refer matters to the Market Governance Committee for its advice and direction and should do so when a matter being considered may have ramifications beyond the committee's area of responsibility.

¹ AFMA's Policy and Operation Committees serve a different purpose to Market Committees and they do not have a formal role in setting market standards. Hence, these guidelines do not apply to them.



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3. FORMATION

3.1. Market Committees

- Membership is restricted to AFMA Financial Market Member organisations.
- Committees may have up to 12 member organisations.
- The membership term is for two years, ending on 31 December of an odd year.
- AFMA Financial Market Members will be invited to nominate for membership of all committees before the end of each cycle.
- If more than 12 nominations are received for a committee, its membership is determined by a vote among the nominating organisations. Committee numbers may exceed 12 in the event of a tie for twelfth place.
- An organisation is limited to one membership of any committee.
- Failure of a member to attend two consecutive committee meetings without an adequate explanation may result in the Market Governance Committee terminating the organisation's membership.
- The committee will determine the appropriate organisation to fill a casual vacancy created by the resignation of a member. In making such determination, consideration should be given to maintaining balance within the Committee across the relevant industry sectors.
- In addition to members nominated/elected to the committee, over the course of its life a committee can add up to two additional members with the approval of the Committee, subject to the voting requirement in section 6.
- Regulatory observers may be invited to attend meetings.
- From time to time it will be appropriate for market participant guest(s) to attend a single meeting, where the guest(s) bring expertise and knowledge not currently available to the committee and which relate specifically to a matter being considered. Guests should be present only for that part of the meeting directly relevant to their presentation. This may arise from:
 - An organisation which may or may not be an AFMA Member wanting to obtain feedback from a committee on a proposed product/service. Committees are not a forum for entities to seek to gain a commercial advantage. Accordingly, there should be demonstrable potential benefit to the market at large from a guest presenting to a committee.
 - The committee seeking interaction with market participants. This will arise where a committee agrees to seek external input to a particular issue, having considered the question of commercial advantage.

3.2. Working Groups

- Committees can establish working groups for a one off purpose, such as preparing an industry submission or looking at a specific issue in the market.



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- Working group members are usually sourced from the committee establishing the group, but may also include individuals with the required expertise who need not necessarily be AFMA members .
- There is no restriction on working group membership numbers.
- The working group may make recommendations to the committee, but the responsibility of any decision rests with the committee

4. RESPONSIBILITIES

- An organisation will appoint a representative with suitable expertise and experience to each committee of which it is a member.
- Each member of a committee has a responsibility to attend meetings and actively contribute.
- If a member is unable to attend a committee meeting, he/she should make every effort to nominate an alternate.
- When considering issues raised each member should primarily have regard to the broader interests of the financial markets. The direct implications for a member's organisation should not significantly influence their contribution.
- Members should not seek to promote their organisation's products or services at the expense of competitors not represented on the committee.

5. MEETINGS

- Committees will meet on a quarterly basis or as required.
- Telephone and videoconference linkages can be used to facilitate meetings.
- The Chairperson will preside over each meeting.
- Costs incurred in preparing for and attending committee meetings are for the account of the organisations being represented.
- AFMA Members who are not represented on a committee can raise issues to be included on the agenda. Approval rests with the committee Chairperson.



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6. VOTING

- A quorum for a meeting is two thirds of the members.
- Committees should work towards reaching a consensus.
- Where matters have to be determined by a ballot, an affirmative vote from at least 75% of committee members present is required for a motion to be carried.
- Before finalising its view on a matter that may be significant in a wider market context, a committee should seek information from the relevant Policy Executive regarding policy positions or views held by AFMA in the broad interests of its members and consider referring the matter to the Market Governance Committee for guidance.

7. CHAIRPERSON

Each committee will elect a Chairperson. In the absence of the Chairperson at a committee meeting a deputy should be nominated.

The Chairperson's responsibilities include:

- Agree meeting dates, times and venues and any changes thereto with the Secretariat. Agree the agenda for meetings with the Secretariat.
- Determine if a quorum for a meeting (ie, two thirds of committee members) is in attendance.
- Conduct meetings in an orderly fashion, in accordance with the agenda.
- Encourage members to deliberate on matters and make consensus decisions rather than resorting to a vote.
- If discussion is becoming protracted or opinion is becoming divided, summarise the discussion points and suggest a way to resolve the impasse.
- Monitor the effectiveness of committee members in meeting their responsibilities.
- Review and approve draft minutes prior to their distribution.
- Review requests from non-members to make representations to committees.
- Be available to make unattributed written comments in relation to products covered by the committee in relation to the annual Australian Financial Markets Report.
- Where possible, represent the committee before regulators in relation to submissions.



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8. SECRETARIAT

- The AFMA Secretariat will provide a dedicated Policy Executive and administrative support for the committee.
- The Secretariat will prepare a draft agenda for the approval of the Chairperson.
- The Secretariat will seek to ensure that details of the next meeting are sent to members a week prior to the meeting date and that any subsequent changes are promulgated as soon as possible. Notices in relation to adjourned meetings will, as far as possible, be sent to members at least three days prior to the original meeting date.
- The Secretariat will monitor attendance at meetings and report to the Chairperson, so a recommendation may be made to the Market Governance Committee if a member misses two consecutive meetings without adequate explanation.
- Minutes of meetings will be drafted by the Secretariat and sent to the Chairperson for approval.
- Approved minutes should be sent to members by the Secretariat within ten working days of the meeting.

9. AGENDA

The agenda for each meeting should include:

- A confirmation of the minutes of the previous meeting.
- Progress on action items from previous meetings.
- New business items for the meeting.
- An "Other Business" item.
- Setting (or confirming) the date, time and place for the next meeting.

10. MINUTES

- Minutes are a summary of committee meeting outcomes and proceedings; they are not a verbatim account of the meeting. However, a Committee may decide that specific matters of importance should be recorded in greater detail in the minutes.
- Minutes are confidential documents and care should be taken in their circulation.
- Minutes should have a confidentiality clause as a footer to the front page and be distributed in PDF. The exception is when sending draft minutes to the Chairman where a clean document with *track changes* turned on should be sent.



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- Care should be taken that the minutes clearly and accurately convey the meeting's position. Emotive or potentially ambiguous words should be avoided.
- In general, comments should not be attributed to a particular person or organisation. Phrases like "The committee noted..." or "The committee determined..." are suitable. Exceptions apply on a common sense basis. For example, where a report/presentation is listed in the agenda it may be appropriate to refer to specific information, such as "J Smith, Director of XYZ, gave a presentation on ...".
- Resolutions will be proposed and seconded by specific organisations, eg "Proposed: Westpac; Seconded: CBA". The fate of the resolution is then shown.
- If an organisation disagrees with the course of action adopted by the committee and wishes that objection to be recorded in the minutes it should be recorded as "The proposal was agreed to by the committee with ABC Bank dissenting...".
- In order to be effective, action items should specify who is to do what and by when.
- Documents tabled during the course of a meeting are generally not appended to the minutes, unless the committee agrees to a specific request to do so. There may be occasions when an exception should be made for completeness or efficiency.