

# **FMI STANDARD 18: ACCESS AND PARTICIPATION REQUIREMENTS**

FS18



## DOCUMENT VERSION HISTORY

1 March 2024	First issue date
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## INTRODUCTION

### Application

- i. This standard applies to every operator of a designated FMI that was specified in its designation notice under section 29(2)(f) of the Financial Market Infrastructures Act 2021 (the **Act**) as falling within one or more of the following classes of designated FMIs:
  - (a) a pure payment system; or
  - (b) a central securities depository; or
  - (c) a securities settlement system; or
  - (d) a central counterparty.

### Legal powers

- ii. Under section 8 of the Act the regulator is defined as the RBNZ and the FMA acting jointly (or the RBNZ acting on its own in relation to pure payment systems).
- iii. Section 12 of the Act provides the regulator's functions. These include regulating designated FMIs, dealing with designated FMIs that are distressed, and other functions under the Act.
- iv. Subject to certain statutory prerequisites, section 31 of the Act empowers the regulator to make standards for designated FMIs.
- v. Section 34 sets out the matters that standards may deal with or otherwise relate to. Section 34(1)(c) provides that a standard may deal with, or otherwise relate, to how operators must provide access to services under designated FMIs, including how persons may become participants of designated FMIs.

### Interpretation

- vi. Words and phrases used in this standard have the same meaning as in the Act.

### Commencement

- vii. This standard comes into force on 1 March 2024.

## REQUIREMENTS

- 1) An operator must have objective, risk-based, and publicly disclosed criteria for participation in the FMI, which permit fair and open access to the FMI.
- 2) Further to the requirements in clause (1) an operator must:
  - a) allow fair and open access to the FMI's services, including by direct and, where relevant, indirect participants and other FMIs; and
  - b) ensure that access requirements are:
    - i) based on reasonable risk-related participation requirements; and
    - ii) justified in terms of the safety and efficiency of the FMI and the markets that the FMI serves; and
    - iii) tailored to, and commensurate with, the FMI's specific risks; and
    - iv) publicly disclosed; and
  - c) set requirements that have the least restrictive impact on access to the FMI that circumstances permit, subject to the maintenance of acceptable risk standards; and
  - d) monitor compliance with participation requirements for the FMI on an ongoing basis and have clearly defined and publicly disclosed procedures for facilitating the suspension and orderly exit of a participant that breaches, or no longer meets, the participation requirements.

*(See Guidance for Standard 18: 'Access and Participation Requirements', in Guidance for the FMI Standards for more detail).*