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Submitted online: [financialmarkets@treasury.gov.au](mailto:financialmarkets@treasury.gov.au)

Dear Mr Lim

### **Implementation of Australia's G-20 over-the-counter derivative commitments**

Origin Energy (Origin) appreciates the opportunity to provide comments to The Treasury's Proposal Paper on the implementation of Australia's G-20 over-the-counter derivatives commitments.

Origin recognises that Australia is obliged to implement the G-20 reform agenda for trade reporting, central clearing and platform trading, consistent with the Commodity Futures Trading Commission (CFTC) and the European Market Infrastructure Regulation (EMIR). We consider that the effectiveness of implementing the regime in Australia, however, is based on having well targeted regulations to ensure systemically important activity and information is being captured. With this in mind our views on the issues discussed in the Proposal Paper are as follows:

#### *1. Mandatory central clearing*

We support the proposal that mandatory central clearing of US Dollar, Euro, British Pound and Yen dominated interest rate derivatives be restricted to large financial institutions with significant cross border activities in these products. Given that the intent of the regulations is to capture information that is of systemic importance there is little value of extending this proposal beyond these institutions.

#### *2. Permanent exemption of end-users from trade reporting*

Origin does not consider end users to be systemically important, and supports making permanent the current temporary exemption for end-users from trade reporting. A permanent exemption will help ensure that the reporting framework is targeted to systemically important information and increase confidence for participants and provide greater clarity around reporting obligations.

Derivative trading for internal risk management purposes is unlikely to be of sufficient volume or size where the business is predominately domestically focused and does not involve significant cross-border trading activity. The reporting framework should therefore be targeted to large financial institutions that engage in significant cross-border derivative trading that could be considered systemically important within Australia or required to be consistent the CFTC and EMIR regulations.

### 3. *A focused reference to AFSL in the regulations*

Reporting requirements for AFSL holders should be targeted to systemically important information and subject to materiality thresholds. Where an AFSL holder engages in trading activity with authorisations, which is similar to that undertaken by a non-licensed end user, the AFSL holder should be subject to comparable regulations. This is likely to enhance the efficiency of the reporting framework and ensure that the underlying intent of the regulatory framework is being met. This would recognise that financial service licensees do not necessarily engage in derivative trading that could be considered systemically important.

Should you have any questions or wish to discuss this information further, please contact Ashley Kemp on (02) 9503 5061 or [ashley.kemp@originenergy.com.au](mailto:ashley.kemp@originenergy.com.au).

Yours sincerely,



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