

# FMI STANDARD 21: EFFICIENCY AND EFFECTIVENESS

FS21



## 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 securities settlement system; or
  - (c) a central securities depository; 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. Subject to certain conditions, section 34(1)(k) provides that a standard may deal with, or otherwise relate to, requirements relating to one or more standards issued by international organisations that impose requirements or provide for recommended practices in relation to 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 of an FMI must ensure that the FMI is operated efficiently and effectively in meeting the requirements of the FMI's participants and the markets the FMI serves.
- 2) Further to the requirements in clause (1), an operator must:
  - a) ensure that the FMI is designed to meet the needs of the FMI's participants and the markets the FMI serves, including:
    - i) the choice of a clearing and settlement arrangement; and
    - ii) the operating structure; and
    - iii) the scope of products cleared, settled, or recorded; and
    - iv) the use of technology and procedures; and
  - b) have clearly defined goals and objectives for the FMI that are measurable and achievable, including in the areas of minimum service levels, risk management expectations, and business priorities.

*(See Guidance for Standard 21: 'Efficiency and Effectiveness', in Guidance for the FMI Standards for more detail).*