

SFE NOTICE NO.

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Immediately

Austraclear Members – Operational User Controls

SFE Austraclear is aware that having an effective control environment is necessary to support the on-going accuracy and completeness of transactions executed by Members. However, as noted in Section 18.3 of the Austraclear Operations Manual, it is not feasible for all of the control objectives relating to the Austraclear System to be completely achieved through SFE implemented controls.

This Notice provides Austraclear Members with a list of procedures that should be considered for adoption in order to fully achieve Austraclear internal control objectives in terms of Section 18.3 of the Austraclear Operating Manual.

Members are advised to also consider these procedures as part of their Exigo system implementation efforts.

Should you have any queries, please contact SFE Austraclear Service Desk on 1300 362 257 or by email aclr@sfe.com.au



David Raper

General Manager – Business Operations

Member User Control Considerations

As noted in Section 18.3 of the Austraclear Operations Manual, it is not feasible for all of the control objectives relating to the Austraclear System to be completely achieved through SFE implemented controls. The table below highlights procedures that should be considered by Members in order to fully achieve the Austraclear control objectives identified. Other control objectives may be defined by Members and should also be addressed by the Member's user procedures.

Ref #	Internal Control Objective	User Consideration Ref #	User Consideration
1	Controls provide reasonable assurance that new Member, lodgement, uplift and maturity transactions are accurately processed by Austraclear staff in the Austraclear System.	UC1	Members should ensure that staff approved as authorised signatories for the purposes of authorising Austraclear instructions have the requisite knowledge, skills and experience to exercise those authorities
		UC2	Members should ensure that changes to authorised signatories are advised in a timely manner to Austraclear
2	Controls provide reasonable assurance that transactions are processed in a timely manner in accordance with valid instructions sent by authorised users.	UC3	Members should maintain and regularly test procedures designed to address instances of processing disruptions in their environment which impact their responsibilities to the Austraclear system
3	Controls provide reasonable assurance that reporting is available to users to verify transactions initiated by them.	UC4	Members should reconcile their holdings and/or transactions processed in Austraclear to internal records on a regular basis
		UC5	Participating Clearing Banks should design, implement and maintain appropriate risk management procedures to ensure that they are able to continue to meet their obligations to the Austraclear System in the event of a failure of any one of their customers
4	Controls provide reasonable assurance that the computer facilities are physically protected from unauthorised access and from accidental or deliberate loss or damage.	UC6	Members should maintain and regularly test controls which physically protect their computer facilities and connections to Austraclear from unauthorised access and accidental loss deliberate loss or damage

Ref #	Internal Control Objective	User Consideration Ref #	User Consideration
5	Controls provide reasonable assurance that access security to prevent unauthorised access to the Austraclear System and data by the SFE's staff is in place and breaches of security are logged.	UC7	<p>Members should implement and a formal process to approve the granting of new rights to and amend the rights of a user's access to the Austraclear System. This process should include acceptance by the user of the conditions (including relevant Austraclear System conditions) under which access is granted, and management should inform the user of the Information Security Policy requirements of the Member as they apply to the Austraclear System.</p> <p>The level of access granted to a user should be the minimum necessary for that user to do their job and this level of access should be approved by an appropriate level of management at the Member. The access request process should include procedures to deal with:</p> <ul style="list-style-type: none"> (i) the reporting on and actions taken to address attempted security breaches; (ii) actual breaches that may occur including the reporting of any such breaches to Austraclear; (iii) the deletion of a user's access rights to the computer when staff leave the organisation; (iv) the review and follow-up of repeated attempts to access the Austraclear System; and (v) the periodic review of access rights to the computer for staff to confirm that they are appropriate
6	Controls provide reasonable assurance that system changes, job schedule changes and enhancements are subject to approval, testing and sign-off prior to implementation.	UC8	Members should implement and maintain controls designed to ensure that any changes to their environment do not adversely disrupt their connection to the Austraclear System
7	Controls provide reasonable assurance that a disaster recovery plan based on a backup processing site, alternative communications and administrative backup arrangements exists to ensure that the Austraclear System can continue in the event of foreseeable disasters.	UC9	Members should design, implement and regularly test disaster recovery policies, procedures and plans designed to maintain their ability to continue to meet their obligations to the Austraclear System in the event of foreseeable disasters
8	Controls provide reasonable assurance that the appropriate contingency arrangements are in place to deal with communications and computing failures with the clearing banks.	UC10	Members should design, implement and regularly test business continuity policies, procedures and plans designed to maintain their ability to continue to meet their obligations to the Austraclear System in the event of foreseeable business disruptions scenarios not already covered by their disaster recovery plans such as the failure of a systemically important institution
		UC11	Clearing Bank Members should design, implement and maintain sufficient redundancy in their communications links to the Austraclear System. The effectiveness of this redundancy should be tested on a periodic basis

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9	Controls provide reasonable assurance that services outsourced to third parties are delivered to levels of performance and control specified by service level agreements signed with the SFE.	UC12	Where Members engage third parties to support any aspect of their connection to and/or use of the Austraclear System, they should implement procedures to ensure that these third parties supply their services in a manner which supports the Members ongoing obligations to the Austraclear System