**Corporations Amendment Regulations 2000 (No. 3) 2000 No. 31**

EXPLANATORY STATEMENT

Statutory Rules 2000 No. 31

Issued by the authority of the Minister for Financial Services and Regulation

*Corporations Act 1989*

Corporations Amendment Regulations 2000 (No. 3)

Section 22 of the *Corporations Act 1989*(the Act) empowers the Governor-General to make regulations not inconsistent with the Act or the Corporations Law (the Law), prescribing matters which are required or permitted by the Law to be prescribed by regulations, or are necessary or convenient to be prescribed by regulations for carrying out or giving effect to the Law.

The purpose of the regulations is to amend Corporations Regulations 7.1.03 and 8.1.02, by prescribing new indexes and amending the names of selected existing indexes already prescribed. The amendments are necessary due to impending changes to the Australian Stock Exchange's benchmark index, the 'All Ordinaries Index' in April 2000, and a recent alliance struck between the Australian Stock Exchange and Standard & Poor's. Under the alliance, Standard and Poor's Index Services will operate the Australian Stock Exchange's index business on behalf of the exchange. This involves calculating and maintaining the suite of Australian Stock Exchange indices at an operational level, as well as promotion and licensing of the indices.

Regulation 7.1.03 prescribes indexes for subparagraph (b)(ii) of the definition of an *option contract*in section 9 of the Corporations Law. Regulation 8.1.02 prescribes indexes for the purposes of paragraph (b) of the definition of an *eligible exchange-traded option*in section 9 of the Corporations Law.

The prescription of additional indexes in Regulation 7.1.03, will enable the Australian Stock Exchange and any other approved securities exchange to trade options over the indexes, and third parties to write warrants over the indexes and list them on a securities exchange. At present, options can be listed on a securities exchange over a number of ASX indices, which include the All Industrials, All Resources and Gold share price indices, as well as over overseas indices such as the S&P 500 Composite Stock Price Index. Eight existing prescribed indices are to have their name amended due to Australian Stock Exchange alliance with Standard & Poor's.

The amendment to Regulation 8.1.02 to prescribe additional indices, will allow any approved futures exchange, including the Sydney Futures Exchange (SFE) to offer index linked eligible exchange-traded option products. At present, the only prescribed index that an eligible exchange traded option is traded over is the Australian Stock Exchange Twenty Leaders Share Price Index (SPI). This existing prescribed index in Regulation 8.1.02 is to have its name amended, along with three other indices.

The following additional indices are to be prescribed in Regulations 7.1.03 and 8.1.02:

\*       S&P/ASX 200 Share Price Index;

\*       S&P/ASX 300 Share Price Index;

\*       S&P/ASX Small Ordinaries Accumulation Index;

\*       S&P/ASX Small Ordinaries Share Price Index; and

\*       Share Price Index.

Additionally, the 'S&P/ASX 50 Share Price Index' will be prescribed in Regulation 8.1.02. The equivalent index is already prescribed in Regulation 7.1.03.

Details of the regulations are in the Attachment.

The regulations commence on gazettal.

**ATTACHMENT**

These regulations are known as the *Corporations Amendment Regulations*2000 and are to amend the *Corporations (Regulations) 1990.*They will commence on gazettal.

**Regulation 7.1.03**

An option contract is one that is entered into on a securities exchange. As they are traded on a securities exchange, they fall under the definition of a security, and as such are subject to Chapter 7 of the Law. The provisions relating to the trading of securities contracts, therefore, apply to the trading of option contracts.

Item [1] - Regulation 7.1.03

Amends the names of five indexes that are already prescribed, to reflect the recent alliance between the Australian Stock Exchange and Standard & Poor's.

\*       'Australian Stock Exchange Fifty Leaders Share Price Index' is being changed to 'S&P/ASX

       50 Share Price Index'.'

\*       'Australian Stock Exchange Twenty Leaders Share Price Index' is being changed to

       'S&P/ASX 20 Share Price Index'.

\*       'Australian Stock Exchange All Industrials Share Price Index' is being changed to 'S&P/ASX

       All Industrials Share Price Index'.

\*       'Australian Stock Exchange All Resources Share Price Index' is being changed to 'S&P/ASX

       All Resources Share Price Index'.

\*       'Australian Stock Exchange Gold Share Price Index' is being changed to 'S&P/ASX Gold

       Share Price Index'.

Item [2] - Regulation 7.1.03

Amends three existing indices in the context of the Standard and Poor's alliance and prescribes five new indices in Regulation 7.1.03 due to impending changes to the All Ordinaries Index:

The names of the following three indices are being amended:

\*       'Australian Stock Exchange 100 Accumulation Index' is being changed to 'S&PASX 100

       Accumulation Index'.

\*       'Australian Stock Exchange All Ordinaries Accumulation Index' is being changed to 'All

       Ordinaries Accumulation Index'.

\*       'Australian Stock Exchange 100 Share Price Index' is being changed to 'S&P/ASX 100 Share

       Price Index'.

The following five indices are newly prescribed in Regulation 7.1.03:

\*       'Australian Stock Exchange 200 Share Price Index';

\*       'Australian Stock Exchange 300 Share Price Index';

\*       'Australian Stock Exchange Small Ordinaries Accumulation Index';

\*       'Australian Stock Exchange Small Ordinaries Share Price Index'; and

\*       'Share Price Index'.

**Regulation 8.1.02**

Eligible exchange traded options refer to options on an index that are entered into on a futures exchange. Because they are entered into on a futures exchange, these options fall under the definition of a futures contract (for the purposes section 72 of the Corporations Law), and as such are subject to Chapter 8 of the Corporations Law. The provisions relating to the trading of futures contracts, therefore, apply to the trading of eligible exchange traded options.

Item [3] - Regulation 8.1.02

Amends the name of an index that is already prescribed to reflect the new name used by the Australian Stock Exchange.

\*       'Australian Stock Exchange Twenty Leaders Share Price Index' is being changed

       to 'S&P/ASX 20 Share Price Index'.

Prescribes a new index, whose equivalent is already prescribed in Regulation 7.1.03:

\*       'S&P/ASX 50 Share Price Index'.

Item [4] - Regulation 8.1.02

Amends three existing indices in the context of the Standard & Poor's alliance and prescribes -five new indices in Regulation 8.1.02 due to impending changes to the All Ordinaries Index:

The names of the following three indices are being amended:

\*       'Australian Stock Exchange All Ordinaries Accumulation Index' is being changed to 'All

       Ordinaries Accumulation Index'.

\*       'Australian Stock Exchange 100 Accumulation Index' is being changed to 'S&P/ASX 100

       Accumulation Index'.

\*       'Australian Stock Exchange 100 Share Price Index' is being changed to 'S&P/ASX 100 Share

       Price Index'.

The following five indices are newly prescribed in Regulation 8.1.02:

\*       'Australian Stock Exchange 200 Share Price Index';

\*       'Australian Stock Exchange 300 Share Price Index';

\*       'Australian Stock Exchange Small Ordinaries Accumulation Index';

\*       'Australian Stock Exchange Small Ordinaries Share Price Index'; and

\*       'Share Price Index'.