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## Submission on Protection of Critical Infrastructure and Systems of National Significance

NPP Australia Limited (**NPP Australia**) welcomes the opportunity to make this submission on the *Exposure Draft of the Security Legislation Amendment (Critical Infrastructure) Bill 2020 (the Bill)*. The Bill proposes to extend the application of the *Security of Critical Infrastructure Act 2018* to critical financial market infrastructure assets, which includes assets critical to the operation of a critical payment system, and the entities responsible for the assets.

NPP Australia supports the Government's policy objective of provision of direct assistance to private sector entities on critical cyber matters and positive security obligations for operators of critical assets. We also support the Council of Australian Governments (COAG) principles of best practice regulation (**COAG principles**) and the adoption of regulatory proposals that generate the greatest net benefits for the community.

The Reserve Bank of Australia, by the Payments System Board, has responsibility for the safety and stability of payment systems in Australia, and for the supervision or oversight of systemically important payment systems (SIPS). The Payments System Board sets policy for supervision and oversight of financial market infrastructures, including SIPS. The Payments System Board's policy is that SIPS are expected to observe the *Principles for Financial Market Infrastructures* (Principles) issued by the Committee on Payments and Market Infrastructures (**CPMI**) and International Organization of Securities Commissions (**IOSCO**). Those Principles in turn require a SIPS to have effective operational risk management systems, policies, procedures, and controls to ensure a high degree of security and operational reliability, effective business continuity management for timely recovery of operations and fulfilment of its obligations, including in the event of a wide-scale or major disruption. The Reserve Bank of Australia's RITS is the only system that has been determined to be systemically important.

NPP Australia observes that the criteria for determining critical financial market assets under the Bill are generally but not precisely aligned to the Payments System Board's criteria for determining that a payments system is a SIPS.

NPP Australia considers that the extension of the *Security of Critical Infrastructure Act 2018* to assets that are critical to a critical payment system should be subject to the payment system in question also being designated as a SIPS under the policy of the Payments System Board. We consider that this approach is consistent with the COAG principles, will provide clarity of regulatory mandates and avoid regulatory duplication.

### About NPP Australia

NPP Australia is responsible for the development and operation of the New Payments Platform (**NPP**), new utility payments infrastructure commissioned and funded by NPP Australia's founding shareholders for and on behalf of the Australian payments industry. The NPP has been designed as a highly secure, highly available and highly resilient network to facilitate fast, flexible and data-rich account-to-account payment services for Australian consumers, businesses and government agencies.

The NPP brings enormous potential for future payments innovation through its speed, data capability, open-access design and unique layered architecture. The platform is intended to support multiple products and services as well as enable more digital processes, which will deliver back-office efficiencies and cost savings to Australian businesses and government agencies. Since the NPP launched in February 2018, more than 100 financial institutions and payment service providers have rolled out NPP services to their government, retail, corporate and institutional customers. As at November 2020, more than 72 million accounts are now able to make and receive payments via the NPP. Volumes are growing steadily with an average of 1.7 million transactions a day now processed via the platform. Since launch the NPP has facilitated the exchange of payments totalling more than \$1 trillion.

For inquiries please contact [REDACTED]