



5 June 2015

Mr Daniel McAuliffe
Manager, Banking and Capital Markets Regulation Unit
Financial System and Services Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Mr McAuliffe

**ASIC Market Supervision Cost Recovery Implementation Statement (Draft)
1 July 2015 to 30 June 2016**

Thank you for the opportunity to make comments on the draft Cost Recovery Implementation Statement (CRIS) for ASIC market supervision cost recovery for the period 1 July 2016 to 30 June 2016.

A number of AFMA members who are equities market participants are subject to the cost recovery arrangements. This submission reflects the views of those members gathered through our committee and other feedback processes. Members may also make their own submissions.

AFMA understands that there is no proposed change to the cost recovery methodology or the scope of entities that are subject to the cost recovery arrangements compared to the previous period. We also understand that the arrangements will not be reviewed for this financial year, pending a decision by the Government on the recommendations by the Financial System Inquiry and the Senate Inquiry into the Performance of ASIC that an industry funding model for ASIC should be implemented.

AFMA has no specific comments about the recovery arrangements for financial year 2015/16 as set out in the draft CRIS.

Our expectation is that any decision by the Government about whether to implement an industry funding model will involve substantial consultation, given the broad range of regulated entities that are likely to be subject to such arrangements. It is not clear that

this can be completed by the end of this financial year, or that the details of the recovery arrangements can be finalised in order to be operable next financial year.

In light of this, AFMA supports a comprehensive review of the existing market supervision cost recovery arrangements before the end of this current financial year that takes account of the entities, other than equities market participants and market operators, who are beneficiaries of ASIC market supervision. The review should have as one of its core objectives a broadening of the cost recovery arrangements so that it more accurately reflects the areas in which ASIC expends its market supervision resources.

AFMA also strongly supports a continued focus by ASIC on the identification of efficiencies and savings through the ongoing improvement of market supervision capability. There is scope to create greater market-wide efficiencies - for example, AFMA has discussed with ASIC the possibility of giving market participants access to limited components of the market supervision systems to support participants' compliance and monitoring activities. While we understand the reservations ASIC has about its ability to provide third party access to the surveillance systems, AFMA believes that ASIC, the Government and industry should be actively looking for these kinds of opportunities to reduce duplication, and create cost savings.

Please contact me on 02 9776 7997 or tlyons@afma.com.au if you have any queries about this submission.

Yours sincerely



Tracey Lyons
Head of Policy