



## Media Release

### Reforms to the Supervision of Australia's Financial Markets

24 August 2009

The Australian Financial Markets Association (AFMA) welcomes the Government's announcement of reforms to the supervision of Australia's financial markets. The current regulatory system, including the Australian Securities Exchange's regulation of its market through ASX Markets Supervision, has been effective in preserving the high standing of Australia's markets and regulation in an international context. The Government's proposal provides a regulatory framework to meet the needs of a changing and increasingly more complex landscape for market supervision, the emergence of new trading platforms and will enable competition by facilitating multi-operator markets.

Our experience is that participants in financial markets expect competition among market operators will promote more cost-effective and innovative capital markets. However, as AFMA has identified in discussions with the Government, a multi-operator market would require a 'whole of market' approach to regulation.

In addition, a whole of market approach to supervision responds to developments in the structures of markets accelerated by the reforms coming out of the global financial crisis to improve market integrity and system stability. A financial market regulator like the Australian Securities and Investments Commission (ASIC) needs to be sufficiently close to a market and able to look across the interactions between markets for various financial products, in order to make timely judgments and take effective action when necessary. The announced reforms will give ASIC the ability to do this.

The details of the reforms, practical issues and implications arising from the change in arrangements still need to be considered. In particular, for the new regulatory regime to be fully effective, it will be necessary for ASIC to move operationally closer to the market to give it the capacity to identify, assess and respond to market developments in a real time manner. AFMA will work with the Government, ASIC and other stakeholders on the details and assist with implementation of the reforms.

AFMA notes that consideration of outstanding market license applications has been delayed until the third quarter of 2010. AFMA believes that outstanding applications for market operator licenses should be dealt with as soon as practically feasible now that the supervisory framework suitable for a multi-operator environment has been decided on.

**Australian Financial Markets Association**

ABN 69 793 968 987

Level 3, Plaza Building, 95 Pitt Street GPO Box 3655 Sydney NSW 2001

Tel: +612 9776 7955 Fax: +61 2 9776 4488

Email: [info@afma.com.au](mailto:info@afma.com.au) Web: [www.afma.com.au](http://www.afma.com.au)

Contact details for further information:

Duncan Fairweather  
Executive Director  
(612) 9776 7990  
[dfairweather@afma.com.au](mailto:dfairweather@afma.com.au)

**Notes for Editors:**

Australian Financial Markets Association (AFMA):

The Australian Financial Markets Association is the peak industry association for Australia's wholesale banking and financial markets. These markets play a pivotal role in the Australian economy by making it possible for Australian financial institutions and companies to conduct business with each other and with their counterparts overseas.

AFMA represents industry participants in the wholesale banking and financial markets, including Australian and foreign banks, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers.