



MEDIA RELEASE

A Positive Step to Develop the Retail Bond Market

13 December 2011

The Australian Financial Markets Association (AFMA) welcomed the release today of the Government's discussion paper as a significant step towards the development of a more vibrant retail corporate bond market.

A larger domestic corporate bond market is consistent with the policy objective of promoting efficient and competitive capital markets to help finance Australian businesses and provide new investment opportunities for individuals and fund managers.

This is especially relevant in an environment where the availability of credit globally is tightening.

The industry believes that both retail and wholesale corporate bond markets can grow but there's no silver bullet to overcome the challenges and it will take time to achieve. A range of factors including regulation, taxation, distribution and investment culture will help shape the future of the corporate bond market.

The proposals released for discussion today are significant because they could address a number of regulatory concerns that have been identified during industry discussions on development of the retail bond market. In particular, measures to streamline disclosure and ensure the liability regime for directors is appropriate would support a responsive regulatory regime enabling issuers to more readily access debt funding, and that provides investment opportunities for retail investors, with appropriate levels of protection.

AFMA will review the proposals in detail and we look forward to working with the Government through consultation process to ensure the regulatory settings allow for ease of access for issuers and well-informed participation by retail investors.

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Notes for Editors:

The Australian Financial Markets Association (AFMA) is the leading industry association promoting efficiency, integrity and professionalism in Australia's financial markets and provides leadership in advancing the interests of all market participants. These markets are an integral

feature of the economy and perform the vital function of facilitating the efficient use of capital and management of risk. Market participants perform a range of important roles within these markets, including financial intermediation and market making.

AFMA represents over 130 members, including Australian and international banks, leading brokers, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers.