



## MEDIA RELEASE

### The Government Consults on Financial Market Cost Recovery Model

26 August 2011

The Australian Financial Markets Association (AFMA) notes the release by the Government of its consultation paper on the *'Proposed financial market cost recovery model'*.

AFMA welcomes the recognition given in the consultation paper of the following key principles for considering the cost recovery model: fairness; transparency; subject to ongoing review and robust corporate governance; market neutrality; industry competitiveness; international competitiveness; and certainty.

AFMA members accept that cost recovery is a government policy and are willing to pay their fair share of the costs of ASIC market supervision commensurate with the need to maintain a fair and efficient market. AFMA will give careful consideration to the impact of the higher costs and allocation models that are proposed in the consultation paper on market efficiency. We believe that the government process for establishing and reviewing recoverable costs should be subject to effective governance and accountability arrangements to ensure that such costs are reasonable and constrained over the long term.

The Government is proposing to collect from the industry \$62.6 million for the period from 1 January 2012 to 30 June 2015. This is comprised of \$28.2 million for competition and approximately \$34.4 million for the transfer of supervision. For the period 1 January 2012 to 30 June 2013 the cost of supervision will be \$26.6 million. This will be allocated as 16.3% to market operators and 83.7% to market participants.

The Government proposes to raise \$10.9 million in the second half of financial year 2012 and \$18.9 million for financial year 2013. In comparison, the total operating costs for the current half year to 31 December 2011 are \$4.5 million. At present the cost of market supervision is dealt with through interim arrangements that were extended to 31 December 2011. The Government currently recovers \$2.25 million from market operators and \$2.25 million from the National Guarantee Fund and the Australian Securities Exchange Fidelity Fund.

#### 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.

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