



Inquiry into the *Corporations (Fees) Amendment Bill 2011*

The House of Representatives Economics Committee will inquire into and report on the *Corporations (Fees) Amendment Bill 2011*.

The Bill amends the entities which may be charged fees for the performance by the Australian Securities and Investments Commission (ASIC) of its financial market supervision functions under the Corporations Act 2001.

The Explanatory Memorandum (EM) to the Bill explains that the amendments will enable market participants (such as stockbrokers and derivatives traders), as well as market operators (such as licensed entities in the ASX group, and operators of a number of smaller financial markets) to be charged fees to recover the funding provided to ASIC to undertake its market supervision functions. Currently, only market operators may be charged fees for this purpose.

On 31 March 2010 the government announced support for competition between markets for trading in listed shares. The EM notes that 'this decision paved the way for the potential entry of multiple market operators in Australia in competition with ASX, which would also be subject to market supervision by ASIC.' The Government believes that Competition in Australia's financial markets is critical to promoting exchange innovation, lowering transaction costs for market participants, leveraging Australia's pool of national superannuation savings, and improving liquidity and access to capital for companies

The new fee arrangements will be prescribed in the Fees Regulations. Details of the proposed fees are in the Treasury Consultation Paper *Proposed financial market supervision cost recovery model*. The Consultation Paper can be obtained from the Treasury website. The proposed new fee arrangements are expected to be finalised following consideration of industry responses to the Consultation Paper.

The EM states that 'this amendment will not in itself increase the total fees being levied for the purposes of ASIC's supervision of financial markets. Rather, it allows fees to be levied against market participants and market operators — rather than only market operators.' The EM notes that 'Under current arrangements, market operators are levied the entire fee amount, and are presumed to pass this on to the participants in their market.' The substantive amendments commence on the later of the day of Royal Assent, and 1 January 2012.

The Chair of the Committee, Julie Owens, said that the committee will examine the adequacy of the bills in achieving the policy objective and where possible identify any unintended consequences.

The Bill and EM are available from the committee's website. **Submissions should be sent to the committee by close of business on Wednesday, 7 September 2011.**

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