

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

**Budget Estimates**

1 June – 3 June 2010

**Question: BET 324**

**Topic: Transfer of ASX supervisor role to ASIC**

**Hansard Page: Written**

**Senator EGGLESTON asked:**

What is the justification for transferring the Australian Stock Exchange's role as market supervisor to ASIC? Is this intended to create competition between stock exchanges, for example Chi-X? What fees will be charged to companies that want to list on both the ASX and Chi-X? Are there going to be separate charges for listing on only one of the exchanges? Will this extend to dealing with insider trading claims?

**Answer:**

**What is the justification for transferring the Australian Stock Exchange's role as market supervisor to ASIC?**

When the Government announced that ASIC would take over supervision of real-time trading of Australia's domestic licensed markets in August 2009, it noted that this was a necessary step in the process towards considering competition for trading in quoted securities between market operators. As the Minister said in his announcement of 24 August 2009,

*"Having one whole-of-market supervisor will consolidate the current individual supervisory responsibilities into one entity, streamlining supervision and enforcement, and providing complete supervision of trading on the market. Moving to whole-of-market supervision is also the first step in the process towards considering competition between market operators."*

The Government subsequently announced in March this year its support for competition and in-principle approval for Chi-X's market licence application.

**Is this intended to create competition between stock exchanges, for example Chi-X?**

Please see above.

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**What fees will be charged to companies that want to list on both the ASX and Chi-X?**

The fee that a market operator charges for listing a company on their exchange is a commercial matter for the relevant market operators. To be clear, competition between market operators for trading in quoted securities does not necessarily mean that there will be competition among market operators in the "listing" of companies.

For example, at least at the outset, companies whose shares are able to be traded on Chi-X will not be "listed" on Chi-X, as Chi-X is not proposing to offer any listing services. The company will be listed on ASX (as per ASX's current process of admission to listing under its listing rules), and then secondary trading in the shares of that company will be able to take place on both ASX (as currently happens) **and** Chi-X. In these circumstances, ASX (as is now the case) and Chi-X will not charge the company to have its shares traded, but will instead charge a fee to those who trade the shares. This fee will be a matter for the relevant market operators and is likely to be the subject of some competition between ASX and Chi-X.

**Are there going to be separate charges for listing on only one of the exchanges?**

Please see above.

**Will this extend to dealing with insider trading claims?**

In relation to claims of insider trading, Australian legislation currently prohibits a person from trading on "inside information" in relation to a range of financial products. This is still the case, regardless of whether or not the financial products in question are able to be traded on one or multiple financial markets.