

CHAPTER 6

OTHER FRAMEWORKS FOR MARKET SUPERVISION

Introduction

6.1 The Committee's third term of reference requires it to examine other frameworks or structures for market supervision, including frameworks or structures of, or examined by, overseas exchanges.

6.2 Demutualisation has been a global trend and many stock exchanges around the world have either demutualised, have taken steps towards demutualising or are contemplating this step. Almost universally, this has led to a discussion about market supervision, including alternative supervisory arrangements.

6.3 A difficulty faced by the Committee is that few submissions responded to the term of reference in any detail. As noted in Chapter 2, most submissions expressed satisfaction with the current model and expressed no desire to change it. The only notable exceptions were the Computershare submission and that of Dr Shann Turnbull, both of which have been discussed elsewhere in this report. There was very little detailed discussion of the issue at the three public hearings held.

6.4 Accordingly, the Committee has identified a number of alternative models and their relative advantages and disadvantages.

6.5 The Committee has relied on three sources of information:

- the ASX submission;
- a white paper published by the United States of America's Securities Industry Association entitled "Reinventing self regulation" and
- papers published by the International Organisation of Securities Commissions (IOSCO).

6.6 The Committee has collated the information about alternative models in Appendix 3.

