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Corporations (National Guarantee Fund Levies)  
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Corporations (National Guarantee Fund Levies) Bill 2001

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# Corporations (National Guarantee Fund Levies) Bill 2001

**Date Introduced:** 24 May 2001

**House:** House of Representatives

**Portfolio:** Treasury

**Commencement:** At the same time as the *Corporations Act 2001*. It is intended that Act will commence on July 1 2001.

## Purpose

To provide for the imposition of levies for the National Guarantee Fund. This Bill, in substance, re-enacts the corresponding existing provisions of the Corporations Law national scheme as a single piece of Commonwealth legislation.

## Background

The principal Background to the issues giving rise to this Bill can be found in the Bills Digest for the Corporations (Fees) Bill 2001 and the Corporations Bill 2001<sup>1</sup>.

### What is the National Guarantee Fund?

The National Guarantee Fund (NGF) is a compensation fund that is available to meet claims arising from dealings with stockbrokers including where: a stockbroker transfers securities without authority; or where the stockbroker becomes insolvent and fails to meet its obligations to a person who had previously entrusted property to it<sup>2</sup>. The Fund is administered by the Securities Exchange Guarantee Corporation (SEGC). The NGF may be funded by levies on securities transactions, the ASX and ASX members.

**Warning:**

*This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.*

*This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.*

## Main Provisions

**Clause 4** imposes levies in relation to transactions involving securities by a person or partnership; participating securities exchanges<sup>3</sup>; and members of an exchange. The Explanatory Memorandum notes that these levies are equivalent to those payable under sections 938, 940 and 941 of the Corporations Law<sup>4</sup>.

The levy rates are determined by the SEGC (**clause 5**). Where a person has a liability to pay a levy under section 938, 940 or 941 of the Corporations Law at the time of the commencement of the proposed *Corporations Act 2001*, then **clause 6** imposes a new liability to pay the levy. Determinations setting levy rates made prior to the commencement of the proposed *Corporations Act 2001* are preserved by **subclause 6(4)**.

There will be no double collection of levies. Liability to pay under the provisions of the corporations law will be extinguished by the relevant Commonwealth, State or Territory legislation<sup>5</sup>.

## Endnotes

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- 1 <http://www.aph.gov.au/library/pubs/bd/2000-01/01BD140.htm>
- 2 More information on the NGF can be found the NGF information booklet which is at the following link: <http://www.segc.com.au>
- 3 The ASX is currently the only participating exchange.
- 4 p. 3.
- 5 See for example, Corporations (Repeals, Consequentials and Transitionals) Bill 2001.

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