



Report tabled on the Corporations (Fees) Amendment Bill 2011

The Chair of the House Economics Committee, Ms Julie Owens MP, today tabled a report supporting the Corporations (Fees) Amendment Bill 2011. It allows the Australian Securities and Investments Commission (ASIC) to levy fees on stockbrokers to fund its market supervision activities, which includes monitoring the conduct of participants, handling commercial conflicts of interest and enforcing compliance with the market's operating rules.

The bill is part of the Government's wider policy to increase competition in financial markets and increase Australia's profile as a financial centre.

Until August 2010, the ASX supervised the stock market. This function was shifted to ASIC to promote greater competition in financial markets. Chi-X Australia is expected to commence operating a market for cash equity shares later in the year, subject to conditions being met. This threat of competition has brought down ASX costs to stockbrokers by \$20 million annually. The ASX has also brought in a wider range of services.

Charging stockbrokers directly, rather than having ASX and Chi-X pass on the charges, will increase competition. It means that stockbrokers are less likely to face increased costs if they deal with multiple market operators. It also reduces the scope for market operators to cross-subsidise the parts of their business subject to competition.

The principle that Government agencies should recover their costs from businesses, where those businesses receive a direct benefit from those agencies' activities, has been long standing. It was raised in the Wallis review in 1997 and became policy under the previous Government in 2005.

The Chair said, 'The bill is very simple. It allows ASIC to charge stockbrokers for its supervisory functions.'

'The forthcoming regulations will determine how the charges will operate. Treasury has issued a very comprehensive discussion paper, which will serve as an appropriate basis for designing the fees.'

'The bill is not the centrepiece of the shift to competition, but it is informed by competition principles and will be an important part of the "competition infrastructure".'

The report, including a dissent from Opposition committee members, is available at [http://www.aph.gov.au/house/committee/economics/Corporation%20\(fees\)/report.htm](http://www.aph.gov.au/house/committee/economics/Corporation%20(fees)/report.htm).

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