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Corporations (Securities Exchanges Levies) Bill  
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Corporations (Securities Exchanges Levies) Bill 2001

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15 June 2001

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# Corporations (Securities Exchanges 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 impose levies for securities exchange fidelity funds. 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 Digests for the Corporations (Fees) Bill 2001 and the Corporations Bill 2001<sup>1</sup>.

Australia currently has three operational stock exchanges: the Australian Stock Exchange (ASX), the Stock Exchange of Newcastle Limited (NSX) and BSX Limited (located in Bendigo). At present, the ASX is the only 'participating exchange'. It is a member of the Securities Exchange Guarantee Corporation (SEGC) and is involved in the National Guarantee Fund scheme<sup>2</sup>.

Part 7.9 of the existing Corporations Law and the prospective *Corporations Act 2001* provide that non-participating exchanges must establish and maintain a fidelity fund. The legislation provides for initial membership, annual and additional levies to be paid to a securities exchange as a fidelity fund contribution.

### **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 initial membership, annual and additional levies. The Explanatory Memorandum notes that these levies are equivalent to those payable under section 902 of the Corporations Law<sup>3</sup>.

The relevant securities exchange is empowered to determine the levy amounts. The limits on these levies are the same as currently apply under the Corporations Law (**clause 5**). Liability to pay the annual membership fidelity fund contribution will cease if the fund exceeds \$2 000 000 or a lower amount prescribed by regulation (**clause 6**).

Where a person has a liability to pay an annual fidelity fund contribution or an additional contribution under section 902 of the Corporations Law at the time of the commencement of the proposed *Corporations Act 2001*, then **subclauses 8(3) and (4)** impose 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 8(5)**.

## Endnotes

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- 1 <http://www.aph.gov.au/library/pubs/bd/2000-01/01BD140.htm>
- 2 The 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. For more information see: <http://www.segc.com.au>.
- 3 p. 3.

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