



1 May 2018

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***Corporations (Fees) Amendment (ASIC Fees) Bill 2018 and amendments to
Corporations (Fees) Regulations 2001 – Exposure Draft***

The Australian Financial Markets Association (AFMA) welcomes the opportunity to make this submission commenting on the Exposure Draft *Corporations (Fees) Amendment (ASIC Fees) Bill 2018* and associated amendments to *Corporations (Fees) Regulations 2001*.

As noted in our submission dated 15 December 2017 commenting on the introduction of fees for service as part of the industry funding model, AFMA supports the general principle of the application of fees for demand-driven services provided by ASIC to the regulated population. In previous submissions, AFMA has noted that the case for applying fees to demand-driven services is stronger than for cost recovery of ASIC's general regulatory activities. This is because regulation in general has significant public good characteristics, whereas demand-driven services are more likely to confer private benefits on regulated entities.

We also noted in the December 2017 submission that while the case for cost recovery in relation to demand-driven services is stronger, it is still important that these fees reflect the efficient cost of supplying demand-driven services. This highlights the need for greater transparency and accountability in relation to the cost recovery model to ensure effective discipline on ASIC's costs and efficiency.

AFMA continues to hold these in-principle views in relation to fees for service.

We make the following comments in relation to the amendments to the *Corporations (Fees) Regulations*.

1. SEGC operating rules

In our December 2017 submission, AFMA highlighted concerns about the proposed fee increase for notice of changes to Securities Exchanges Guarantee Corporation (SEGC) operating rules under section 890G(1) of the Corporations Act. The amount is to be increased from \$161 to \$38,651 and appears at item 17R in Schedule 1 of the Amended Fee Schedule.

We again note that the dominant purpose of SEGC is to operate the National Guarantee Fund (NGF) and reiterate our view that the proposed fees in respect of a notice of changes to the SEGC operating rules are inappropriate given that the NGF is a compensation fund to protect end-users of financial services and SEGC is not a for-profit business enterprise.

2. Market licensee annual reports

The fee of \$330 at item 17CA in the Amended Fee Schedule in relation to a CS facility licensee giving an annual report to ASIC under section 821E(1) is inconsistent with item 15 in relation to a market licensee giving an annual report to ASIC under section 792F(1), which attracts no fee.

Item 17CA should attract no fee.

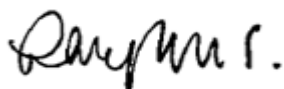
3. Australian derivative trade repository licence

Paragraph 905F(2)(b) of the Corporations Act relates to Australian derivative trade repository licences.

Accordingly, in item 21AB in the Amended Fee Schedule the words "Australian financial services licence" should be deleted and replaced with the words "Australian derivative trade repository licence".

Please contact me on 02 9776 7997 or tl Lyons@afma.com.au if you have any queries about this submission.

Yours sincerely



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