



MEDIA RELEASE

ASIC Market Structure Reforms

28 June 2012

With today's release of its draft Market Integrity Rules ASIC has confirmed that it has been responsive to industry concerns raised in relation to its wide ranging consultation on equity market reform.

ASIC's policy review was a major undertaking that sought to address issues arising from the transfer of market supervision from the ASX, the various impacts of technology on financial markets and the commencement of market operator competition. The initial stage of the review saw the successful launch of market operator competition, and with the release of the draft Rules ASIC have indicated their intended directions for the markets over the next few years.

The industry will welcome ASIC's landing on almost all of the key issues in the Rules. We expect many of the proposals to contribute to very significant increases in ASIC's surveillance capability with minimal impact on market participants.

AFMA's primary concern is around ASIC's proposed regulation of dark liquidity, as the imposition of a price improvement requirement for all listed stocks will interfere unnecessarily in the price bargaining process for those stocks whose price formation process is not at any risk from dark liquidity. The industry believes that refining ASIC's proposal to be a more flexible and better targeted response to this issue is possible and will ask ASIC to further explore this option during the consultation process. This approach would provide firm and effective regulation of dark liquidity that would set the pace in global terms for best practice regulation.

AFMA is also concerned that ASIC's proposals in relation to real-time short-sale tagging go further than the legislated arrangements determined by the Australian Parliament and will impose unnecessary unwarranted costs on market participants at a time when the industry faces continued cost pressures and uncertainty.

The industry has welcomed the consultative approach of ASIC and will work constructively through the consultation process to address the outstanding areas of concern.

Contact details for further information:

David Lynch
Executive Director
+61 2 9776 7991
dlynch@afma.com.au

Australian Financial Markets Association
Level 3 Plaza Building, 95 Pitt Street Sydney NSW 2000
Tel: +61 2 9776 7955 Fax: +61 2 9776 4488
Email: info@afma.com.au Web: www.afma.com.au

Notes for Editors:

The Australian Financial Markets Association (AFMA) is the leading industry association promoting efficiency, integrity and professionalism in Australia's financial markets and provides leadership in advancing the interests of all market participants. These markets are an integral feature of the economy and perform the vital function of facilitating the efficient use of capital and management of risk. Market participants perform a range of important roles within these markets, including financial intermediation and market making.

AFMA represents over 130 members, including Australian and international banks, leading brokers, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers.