



MEDIA RELEASE

AFMA responds to outcomes of the Financial System Inquiry

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The Australian Financial Markets Association (AFMA) welcomes the commitment by the Government to maintain an efficient and resilient financial system in its response to the Murray Financial System Inquiry Report.

AFMA CEO David Lynch said key to success now would be implementing the new measures in a way that will best achieve this outcome.

“We believe the Government’s response to the Murray Report provides a basis to further develop a financial system that treats its users fairly and promotes the productivity and growth of the national economy,” he said. “Other government policy measures, including tax reforms, must work hand in glove with the Murray reforms to support Australian business and make Australia an attractive place to conduct financial market activities.”

Head of Policy Tracey Lyons said that AFMA supported the sensible, evidence-based approach adopted by the Government in relation to **limited recourse borrowing by super funds**. “This approach appropriately aligns taxation and regulatory outcomes with respect to important products such as instalment warrants,” she said.

Ms Lyons noted that AFMA agreed with priority given by the Government to develop legislative amendments to facilitate the continued participation of Australian participants in **global derivative and capital markets**. “We have engaged with the Government to adopt a holistic approach to reforms in this area, noting the existence of Australian domestic taxation impediments that reduce the competitiveness of Australian participants in these markets. We also welcome the Government’s commitment to continue to enhance the regime for the issue of simple corporate bonds to retail investors and looks forward to working with the authorities on this initiative.”

Commenting on changes to **financial advice**, Ms Lyons said AFMA supported raising the professional standards of financial advisers, and had been an active participant in the consultation processes and Government working groups to develop a framework around this.

Regarding **ASIC**, Ms Lyons said that AFMA would be active in ensuring the proposed product design and distribution obligation and the ASIC intervention power were implemented in a manner that would not unnecessarily inhibit business from developing new products and services and making them available to investors. “We welcome the Government’s focus on the capabilities and performance of the financial sector regulators,” she said. “We believe that additional regulator transparency and accountability arrangements are needed, particularly in an environment where ASIC is funded by industry, should the Government decide to proceed with that proposal. Given the Terms of Reference of a reconstituted and well-resourced Financial Sector Advisory Council are to be settled shortly, AFMA looks forward to FSAC playing an active role in creating a powerful bridge between industry and policy makers.”

For comment and interviews with Tracey Lyons and David Lynch:

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About AFMA:

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. A [list of AFMA members](#) is available on the AFMA website.