



1 June 2015

Manager
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ASIC Market Supervision Cost Recovery Arrangements July 2015-June 2016

ASX understands the rationale for leaving the cost recovery methodology for market supervision unchanged in 2015-16, pending Government consideration of the recommendations of the Financial System Inquiry (FSI), including a more comprehensive industry funding model for ASIC.

This is a practical approach given the need to provide certainty for industry for the coming financial year and the recognition that any review of the methodology would be a time consuming process, requiring significant consultation with industry. ASX notes that the Department of Finance has confirmed that the current methodology is consistent with the Government's cost recovery policy.

If the Government decides to broaden the scope of regulatory activities funded by industry it implies even more detailed analysis and industry consultation will be required on the new cost burden on the sector and its potential application to new stakeholder groups. ASX will contribute to any policy discussion should it occur.

A cost-recovery model can supplement appropriate budget-based funding of regulatory arrangements, subject to a transparent accountability framework being in place, including consultation with affected industry stakeholders.

If you have any questions on this matter you could contact Gary Hobourn, Senior Economic Analyst, Regulatory and Public Policy (tel: 02 9227 0930, email: gary.hobourn@asx.com.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Amanda Harkness', written in a cursive style.

Amanda J. Harkness
Group General Counsel & Company Secretary