



4 June 2021

Market Conduct Division
The Treasury
Langton Crescent
Parkes ACT 2600

By email: MCDproxyadvice@treasury.gov.au

Dear MCD Team

Greater transparency of proxy advice consultation

The Australian Financial Markets Association (AFMA) represents the interests of over 110 participants in Australia's wholesale banking and financial markets. Our members include Australian and foreign-owned banks, securities companies, treasury corporations, traders across a wide range of markets and industry service providers. Our members are the major providers of services to Australian businesses and retail investors who use the financial markets.

AFMA welcomes the opportunity to comment on the *Greater Transparency of Proxy Advice* consultation. AFMA's key focus is on seeking clarity and confirmation that any proposed proxy adviser regulation does not extend to independent sell-side research published by investment banks, which in our view would be contrary to current law and general principles of market integrity regulation.

The scope of the Consultation Paper clearly targets regulation of four main proxy advisers. However, proxy advice is a general descriptor in the proposed regulation. There is a risk that such a general term and broad new definition being introduced into regulation, may directly or indirectly pick up activities which were not intended to be regulated under the policy objective of new legislation. The unfortunate consequence of such uncertainty is possible regulation where it was not intended, which is inappropriate and may see entities subject to additional ASIC oversight under what it perceives is a new mandate. AFMA does not want to see this happen to sell-side independent research through inadvertently being treated as 'proxy advice' under any new regulation.

Independent sell-side research is a distinct and already closely regulated area, as demonstrated in ASIC's Regulatory Guide 264. Accordingly, AFMA submits that any new

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regulation should expressly exclude independent sell-side research, which is already regulated under ASIC Regulatory Guides 264 and 79.

In conclusion, AFMA considers our request to be necessary and desirable as a matter of good public policy consistent with current law.

Please contact David Love either on 02 9776 7995 or by email dlove@afma.com.au in regard to this letter.

Yours sincerely

A handwritten signature in blue ink that reads "David Love". The signature is written in a cursive, flowing style.

David Love
General Counsel & International Adviser