MEDIA RELEASE

22 December 2009

ASX Submission on Reforms to Financial Markets Supervision

The Australian Securities Exchange (ASX) has today released its submission to the Treasury consultation on *Reforms to the supervision of Australia's financial markets*.

ASX has highlighted additional steps that the Government will need to take as part of its proposed supervision reforms, which replace financial market operators (like ASX) with ASIC as having direct regulatory responsibility for brokers and real-time trading.

To improve the prospects of investors achieving a net benefit from the Government's proposals, ASIC's new powers and accountabilities need to be clearer.

ASX recommends adjustments to:

- Close loopholes in the draft legislation that would allow foreign-owned markets operating in Australia to escape the new ASIC rules;
- Enable investors to have the same ability to access compensation funds in the event of loss caused to them by a broker, irrespective of the exchange to which a broker submitted a client's order;
- Ensure that ASIC's wide new powers to create rules in place of exchange rules and to promptly enforce those rules apply to all relevant trading venues even-handedly, including dark pools;
- Recognise that, in the event of multiple providers of trade facilities, no single operator can be responsible for the integrity of the entire market and, therefore, the licence obligations of all trade facility operators, including ASX, need to be clarified to acknowledge their changed role in influencing integrity outcomes; and
- Create accountability mechanisms to ensure that the regulator, ASIC, is effectively maintaining market integrity and that the basis upon which market users are levied fees by the Government and ASIC, via market operators as collection agents, does not create market distortions.

ASX's submission paper can be found under the What's New section of the ASX website:
http://www.asx.com.au/about/whats_new.htm#treasury_submission

Media inquiries:

Matthew Gibbs
Manager, Corporate Relations
(BH) +61 2 9227 0218
(Mobile) 0411 121219
matthew.gibbs@asx.com.au

Roula Rodopoulos
Corporate Relations Adviser
(BH) +61 2 9227 0410
(Mobile) 0418 219496
roula.rodopoulos@asx.com.au