



MEDIA RELEASE

COMPETITIVE MARKET SHOULD BE FIRST PRIORITY FOR ASIC

31 January 2011

AFMA has urged ASIC to give priority to measures that will assist the early introduction of competition to equity markets in its submission in response to ASIC's consultation paper (CP 145) on the structure of Australia's equity market and proposed market integrity rules (MIR).

CP145 rightly takes a strategic and holistic approach to the evolution of equity markets in Australia. However, it is important that consideration of some of the longer term, whole-of-market issues does not impede the early introduction of competition.

AFMA's members include all of the leading equities brokers in Australia.

AFMA has suggested to ASIC that it gives first priority to MIR that are necessary to facilitate a stable and effective multi-operator environment. These comprise practical measures including the people and products to which the rules will apply, best execution, reporting requirements and co-ordination between market operators.

The next priority should be proposals that could enhance market integrity and efficiency. These include volatility controls for extreme market movements, minimum standards for direct electronic access and algorithmic trading and post-trade disclosures.

Then should come proposals on the structure and future competitive development of the market which involve broader public policy debate and possible changes to the Corporations Act. These include reporting requirements for dark pools and fair access to markets.

AFMA's submission identifies key transition issues; most notably a stable IT environment for testing of system connectivity and a flexible approach to enforcement of new rules during the transition period.

It also emphasises the need for clearing and settlement services to be provided on a fair and effective basis regardless of the trading platform on which the trades are executed. Access to centralised clearing and settlement is crucial to efficient and competitive operation of the equities market.

Two proposals in CP 145 lie outside ASIC's mandate. Suspicious activity reporting is already covered by the anti-money laundering legislation and rules, while short-sale disclosure rules have already been dealt with by Government.

AFMA acknowledges the significant task that ASIC faces in completing the regulatory groundwork for market competition. The prioritisation we suggest should assist ASIC to complete this work in an effective way and within a manageable timeframe.

AFMA appreciates the opportunity provided by ASIC for the industry to contribute to its regulatory development process through our response to CP 145.

The full AFMA submission can be found [here](#).

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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.