



## STATEMENT

### **Government measures announced today to strengthen ASIC**

**20 April 2016**

#### **Cost Recovery**

The Australian Financial Markets Association (AFMA) believes that ASIC should be properly funded to meet its responsibilities and that participants in the financial services sector should be prepared to provide a proportionate amount of ASIC's funding through cost recovery.

While incentives in the regulatory system would work better under a mixed funding model, AFMA understands the Government's fiscal challenges and its decision to adopt a 'user pays' industry funding model for ASIC.

The Government's commitment to consult extensively with industry to refine and settle the funding model is important as a mechanism to help ensure the public benefit from competition and innovation in the financial system is maintained and our international competitiveness is not unduly affected.

#### **ASIC's Capability**

A properly resourced securities and investments regulator with well-directed strategic priorities is important to the efficiency and fairness of the financial system for all users. The Capability Review Report offers clarity on the matters that are relevant to meeting this objective.

ASIC has powerful rule making and other administrative discretions granted to it as a regulator under the Corporations Act and the ASIC Act, with more to be provided through the package of measures announced today.

This highlights the Government's role in providing effective external oversight, as reflected in the Capability Review Report.

#### **Product Intervention Power**

AFMA will work with government to ensure that the ASIC intervention power provides proper protection for consumers and does not unduly inhibit the ongoing development of products that benefit consumers.

## **Product Approval Principles**

AFMA's Product Approval Principles received favourable comment by the Financial System Inquiry but do not have broader industry coverage or enforceability. A formal regulatory obligation would achieve a more standardised approach across the whole industry. AFMA will use the government consultation process to support development of an effective and proportionate design and distribution obligation.

*Please attribute these remarks to David Lynch, CEO, AFMA.*

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