

## Addendum to ASIC Market Supervision cost recovery implementation statement (CRIS)

**The following information is provided to supplement the text set out in section 5 of the CRIS regarding the outcomes of consultations:**

Two late submissions to the consultation on the draft Cost Recovery Implementation Statement (CRIS) were received – one from the Australian Financial Markets Association (AFMA) and one from Chi-X Australia (Chi-X).

In their submission, AFMA stated that they had no specific comments about the cost recovery arrangements for the 2015-16 financial year, as set out in the draft CRIS. AFMA advised they understood the reasons for deferring a review of cost recovery methodology. AFMA further stated they supported a review of the current cost recovery arrangements in the context of a broader review of ASIC's funding model (a possible outcome of the Government's response to the Financial System Inquiry) and that in the meantime, ASIC should proceed to review market supervision cost recovery arrangements and continue to identify efficiencies and savings in the current cost recovery regime.

Chi-X advised that they understood the reasons for deferring a review of the current cost recovery methodology, but noted they have concerns about the current cost recovery arrangements. Chi-X's main concern was that the incidence of fees was not fully aligned with the costs of regulating the relevant activity. Overall, Chi-X stated that a significant portion of its gross trading revenue is lost to cost recovery and that certain entities (that create the need for regulation but do not incur fees) therefore need to be more accurately captured by the current cost recovery arrangements.