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Strong banks – strong Australia

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Ms Tina Girgis
Business Analyst
Australian Securities & Investments Commission
By email: policy.submissions@asic.gov.au

Dear Ms Girgis,

Cost Recovery Implementation Statement (CRIS): Levies for ASIC industry funding (2017-18)

The Australian Bankers' Association (**ABA**) welcomes the opportunity to comment on the draft Cost Recovery Implementation Statement (CRIS): Levies for ASIC Industry Funding.

With the active participation of its members, the ABA provides analysis, advice and advocacy for the banking industry and contributes to the development of public policy on banking and other financial services. The ABA works with government, regulators and other stakeholders to improve public awareness and understanding of the industry's contribution to the economy and to ensure Australia's banking customers continue to benefit from a stable, competitive and accessible banking industry.

There are a number of aspects of the industry funding arrangements which require clarification in the CRIS.

Timing of Implementation. On p13 and p18 it is noted that there has been recalibration of the timing of the commencement of some elements of the industry funding model, particularly fee-for-service. Further clarification of the timelines for all elements of the industry funding model would be of assistance.

Indicative levies. The "Key events and estimated dates" on p112 indicates that ASIC will release indicative levies for 2017-18 in March 2018. We understand that one of the difficulties in estimating indicative levies up to this point has been an absence of all the necessary data (the table indicates that ASIC will only be able to calculate the levies for approximately 80 per cent of the leviable entities). Confirmation is requested on whether ASIC will be requesting data from stakeholders prior to the estimation of the indicative levies for the March 2018 release, and if so, when this would be required and the mechanism (e.g. online portal).

Levy rates. The CRIS sets out new subsector totals to be levied, with some subsectors more than doubling in their total levies. Given industry only has the levy rates indicated in the initial proposals material, it would be helpful, to ensure the levy cost is adequately budgeted for, for the estimated levy rates implied by the subsector levies in the CRIS to be published.

Changes from the Proposals Paper and the exposure draft legislation (paras 28-49 of the CRIS). An explanation of the reasons for the changes in elements of the industry funding model from the Proposals Paper and the CRIS would be of assistance. Examples of the changes include:

- Large Pty companies: increased costs to be recovered from subsector, from $3.0m to $7.573m
- Credit providers sector: Increased costs to be recovered, from $9.3m under the Proposals Paper to $17.861m in the CRIS
- Credit intermediaries: decreased costs to be recovered from subsector, from $15+m to $9+m

- Wholesale trustees: decreased costs to be recovered from subsector, from $13.8m to $6.603m
- Market participants: split between large securities exchange participants (total to be recovered $19.039m) and large futures exchange participants (total to be recovered $5.684m)
- Securities dealers: decreased costs to be recovered from subsector, from $2.9m to $1.627m
- Investment banks: ($9.7m recoverable) replaced with corporate advisers ($5.568m) and OTC traders ($13.075m)
- Advice:
    - Personal, Tier 1 retail clients – increased costs to be recovered from subsector, from $22m to $26.152m
    - Personal, Tier 2 retail clients - decreased costs to be recovered from subsector, from $0.9m to $0.462m
    - General advice only - increased costs to be recovered from subsector, from $0.8m to $2.03m
- Insurance: product issuers $4.1m replaced with "providers" ($11.448) though larger population captured now under CRIS.

I would be happy to further discuss these issues.

Yours sincerely

A G Pear

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