

ASIC Industry Funding



ASIC

Australian Securities & Investments Commission

The Government has introduced new laws that change the way ASIC is funded. The legislation took effect on 1 July 2017. Under the new arrangements, regulated entities will pay the costs of ASIC's regulatory services.

ASIC's regulatory costs will be allocated across 48 industry subsectors based on ASIC's actual costs incurred in the previous financial year. Forecast costs for ASIC's regulatory work will be shared by subsector and published in the annual Cost Recovery Implementation Statement (CRIS) each October.

Fees-for-service apply to licensing and professional registrations, applications for relief, and review of corporate finance transaction documents. Fees-for-service changes will likely take effect from 1 July 2018 subject to legislation.

Key dates

- Aug 2017:** ASIC Corporate Plan published with a focus on FY17-18 activities.
- Oct 2017:** Forecast FY17-18 leviable costs by subsector published in the Cost Recovery Implementation Statement (CRIS) for consultation with industry.
- Dec 2017:** Government to consult with industry on changes to fee-for-service charges.
- March 2018:** ASIC to publish indicative industry funding levies for FY17-18 (for approximately 80% of regulated entities based on FY17-18 forecast data).
- June 2018:** ASIC to publish indicative levies for FY18-19 (for approximately 80% of regulated entities based on FY18-19 forecast data).
- July 2018:** New fee-for-service charges commence (subject to legislation). Annual Review Fees increase by approximately \$5 for all small proprietary companies.
- Jul - Sep 2018:** Regulated Entities required to submit information about their key business metrics via a new ASIC portal (FY17-18 operations).
- October 2018:** Forecast FY18-19 leviable costs by subsector published in Cost Recovery Implementation Statement (CRIS).
- January 2019:** ASIC will send levy invoices to regulated entities for FY17-18 regulatory costs, based on the submitted business operation metrics by regulated entities.
- February 2019:** Entities to pay their levy invoice or face interest penalties.
- March 2019 onwards:** ASIC to pursue late payments.

Levy types

Flat levies

A flat levy applies to many subsectors. A flat levy shares the total cost of regulating a subsector equally among the entities operating in that subsector. A flat levy will be calculated by dividing ASIC's regulatory costs for a subsector, between the number of entities in that subsector. A flat levy minimises the reporting burden for industry and makes it easier for entities to estimate their levy amount.



Graduated levies

In some subsectors, an entity's size or level of business activity will drive the level of risk and regulatory effort required from ASIC and therefore the levy charged. A graduated levy will be calculated by dividing ASIC's regulatory costs for a subsector between entities based on the relevant metric.



Subsectors with flat levies

- ♦ Australian derivative trade repository operators*
- ♦ Credit rating agencies
- ♦ Custodians
- ♦ Exempt CS facility operators*
- ♦ Exempt market operators*
- ♦ Insurance product distributors
- ♦ Large futures exchange operators*
- ♦ Large proprietary companies
- ♦ Licensees that provide general advice only
- ♦ Licensees that provide personal advice to retail clients only on non-relevant financial products
- ♦ Licensees that provide financial product advice only to wholesale clients
- ♦ Managed discretionary account providers
- ♦ Margin lenders
- ♦ Overseas market operators*
- ♦ Payment product providers - FY17-18
- ♦ Public companies (unlisted)
- ♦ Registered company auditors
- ♦ Retail over-the-counter derivatives issuers
- ♦ Risk management product providers
- ♦ Small derivatives market operators*
- ♦ Small futures exchange operators*
- ♦ Small securities exchange operators*
- ♦ Small securities exchange operators with self listing function only*
- ♦ Tiers 1- 4 clearing and settlement facility operators*
- ♦ Traditional trustee company service providers
- ♦ Wholesale electricity dealers
- ♦ Wholesale trustees - FY17-18

ASIC's regulatory costs for small proprietary companies will be collected through an increase of approximately \$5 to their Annual Review Fee, which will take effect from 1 July 2018. A small increase to the Annual Review Fee was designed as the most efficient way to recover ASIC's regulatory costs for small proprietary companies whilst minimising their reporting burden.

*Levy is charged per market/facility/repository, not per entity

Subsectors with graduated levies

Subsector	Minimum levy	Metric for graduated levy
Auditors of disclosing entities	n/a	Audit fee revenue
Corporate advisors	\$1,000	Gross revenue - above \$100,000
Credit intermediaries	\$1,000	Number of credit representatives
Credit providers (including small credit amount providers)	\$2,000	Gross credit provided - above \$100M (non-small contracts) & gross credit provided (small amount contracts)
Deposit product providers	\$2,000	Deposits held - above \$10M
Insurance product providers	\$20,000	Premiums / revenue less reinsurance expense above \$5M
Large futures exchange participants	\$9,000	Number of messages & transactions
Large securities exchange operators	n/a	Total transaction value
Large securities exchange participants	\$9,000	Number of messages & transactions
Licensees that provide personal advice to retail clients on relevant financial products	\$1,500	Adjusted number of relevant advisers
Listed corporations	\$4,000	Market capitalisation- above \$5M, up to \$20B
Operators of investor directed portfolio services (IDPS)	\$10,000	Gross revenue from IDPS activity
Over the counter (OTC) traders	\$1,000	Number of persons engaged in OTC trading activities
Payment product providers - FY18-19	\$2,000	Gross revenue less dealing expenses
Registered liquidators	\$2,500	Number of appointments & notifiable events
Responsible entities	\$7,000	Adjusted asset value above - \$10M
Securities dealers	\$1,000	Total transaction value
Superannuation trustees	\$18,000	Adjusted asset value - above \$250M
Wholesale trustees - FY18-19	\$1,000	Adjusted asset value