

Dear Sir/Madam,

**NSX comments on ASIC Cost Recovery Implementation Statement: Fees for service under the ASIC industry funding model (2018-19)**

NSX operates a financial market in Australia and, to this end, is the holder of an Australian Market Licence, as defined by section 761A of the Corporations Act 2001. NSX welcomes the opportunity to comment on ASIC's Cost Recovery Implementation Statement for fees for service.

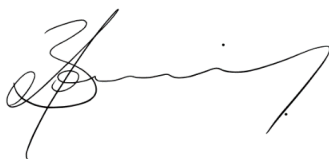
For context, NSX is currently undertaking a reform of its market, including its rule book, in order to meet regulatory expectations and align with industry standards. NSX believes extensive reform is essential at this pivotal point in the evolution of Australian exchange markets so as to facilitate greater competition and benefit consumers through greater choice. This program of work is a significant undertaking which will undoubtedly involve extensive liaison with and input by ASIC but which is essential at this critical stage in NSX's progression. Whilst NSX values the input and guidance of ASIC in this process, NSX is concerned that the new fee structures and levels which are proposed will disproportionately impact on NSX and detract from its ability to achieve this transformational strategy.

In NSX's view, ASIC's risk assessment fails to identify the following three additional key risks:

1. The fees, irrespective of the calculation methodology, will have a disproportionate impact on innovators and emerging competitors such as the NSX at a critical time in the evolution of the market (and this is the very reason why NSX has previously suggested the inclusion of a fee waiver in appropriate circumstances).
2. The tiers envisaged (low complexity and high complexity) do not adequately cover all levels of regulatory effort likely to be deployed by ASIC in undertaking various regulatory tasks and business processes. For example, there is a delta of over \$35,000 between fees for reviewing a low complexity operating rule change and a highly complex operating rule change, with no touch points in between, giving rise to the concern that applications of low to medium or medium complexity will, by default, attract the highest level of fees. This is disproportionate and unduly burdensome on regulated entities.
3. ASIC is not incentivised to achieve efficiencies in performing business processing and deploying regulatory effort. ASIC's ability to periodically increase fees in circumstances where it devotes more regulatory effort than originally anticipated, combined with an absence of external benchmarking of that effort, results in ASIC not being accountable for demonstrating that maximum productivity has been achieved with minimum wastage.

We welcome the opportunity for ASIC to provide industry with further clarity on how it proposes to address these additional risks.

Yours sincerely,



**Ann Bowering**  
Managing Director and CEO

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