

12 August 2021

Australian Securities and Investment Commission
[REDACTED]
[REDACTED]

By email: [REDACTED]

To whom it may concern,

Cost recovery implementation statement 2020-21 - ASIC Levy Methodology for Responsible Entities

ASIC has been industry funded for a number of years and issues invoices to regulated entities to recover most of its regulatory costs. The Financial Services Council (**FSC**) is broadly supportive of ASIC's Industry funding model and appreciates that ASIC and Treasury consult with the financial services industry from time to time on the methodology.

ASIC has released the Cost recovery implementation statement for 2020-21 (**CRIS**) which is open for comment. In this regard, the FSC wishes to raise a proposed alteration to the methodology for responsible entities.

The current approach to calculating the fees owed by responsible entities is based on the "total value of assets" (**Total Assets**) in registered schemes operated by the responsible entity (**REs**).

Member feedback has raised concerns that using Total Assets may not be the best measure for calculating the ASIC levy for RE's. Total Assets includes derivatives exposure which inflates the value of the fund, however it is not reflective of the Funds Under Management actually managed which is based on net assets.

The FSC supports ASIC using the Net Asset Value (**NAV**), instead of Total Assets, to calculate the levy for REs. Net Assets is a more accurate reflection of Funds Under Management and basis for allocation of costs.

From an ASIC standpoint, we do not envisage that using NAV, instead of Total Assets, would have any adverse implications for the total quantum of levies raised by ASIC. ASIC could continue to collect the same amount from the industry however the calculation for how much is collected from each fund manager would be based on the NAV managed by REs instead of Total Assets.

We request that consideration be given to using the NAV, instead of Total Assets, for the RE ASIC levy methodology for the final CRIS and future invoices issued to RE's.

We would welcome the opportunity to discuss this further or answer any questions you may have. My contact number is [REDACTED].

Kind regards,

Bianca Richardson
Policy Director, Investments and Global Markets