

From: [Davey, Ian](#)
To: [James Grapsas](#)
Cc: [Compliance Committee](#)
Subject: ASIC Consultation Paper 336: Financial Requirements: Treatment of Leased Assets
Date: Wednesday, 24 February 2021 3:55:06 PM
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Dear James,

I trust you are keeping well.

Burrell Stockbroking Pty Ltd is an AFSL and an ASX Market Participant.

I don't see that the consultation paper mentions the risk based capital liquidity regime that market participants are subject to, so I am not sure whether you need to take on board my comment.

Currently we lodge a monthly and annual capital liquidity return to ASIC, using the ASX portal and lodgement software. ASX have adopted the following stance in relation to ROUA's "ASX has considered the treatment of ROU (Right of Use) assets and lease liabilities for ASX Clear Rule S1 purposes and determined that as the movement in the ROU asset is linked to the movement of the corresponding lease liability, participants will be able to treat the net of the ROU asset and the corresponding lease liability as a prescribed excluded asset (under part (l) of the definition of excluded asset). The netting of ROU asset and lease liability must be done on a lease by lease and not aggregate basis (i.e. ROU assets of multiple leases cannot be aggregated and then offset with the aggregate of lease liabilities) and the net amount treated as a prescribed excluded asset must always be positive or zero."

We are happy with this approach, and I suppose ASIC are as well, because our monthly and annual returns are accepted – as prepared using the ASX lodgement software, but it would be good to have this clarified in the ASIC Market Integrity Rules (Securities Markets – Capital 2017).

Thank you and regards,

Ian

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