

## **STOCKBROKERS ASSOCIATION WELCOMES ASIC REPORT ON DARK LIQUIDITY AND HIGH FREQUENCY TRADING**

The Stockbrokers Association of Australia Limited welcomed the release today by ASIC of the Report by its twin task forces into Dark Liquidity and High Frequency Trading ((REP 331), together with the Consultation Paper with Proposals for regulating these subjects (CP 202).

These issues have been dominating the public debate in recent times. The Stockbrokers Association has been concerned for some time that these issues have undoubtedly affected confidence in the market, not only among market participants but also among buy-side institutions.

In the Association's view, while some of the concerns that are held are very real, there has also been an excessive degree of emotion, which is not conducive to a rational analysis of the issues.

"Last year, the Association's Board highlighted that there was a need for more academic study of the issues raised by HFT and Dark Pools, and ASIC's Report today appears to have gone a long way towards filling this gap," said the Managing Director and CEO of the Stockbrokers Association, David Horsfield.

"A great deal of research and analysis has gone into the Report, and ASIC and its Task Forces are to be commended on the professional way in which they have consulted with the market and gone about their work.

"There is obviously a lot of detail in Report 331 and the Consultation Paper, and our members will need time to analyse the contents in detail. However, these documents should assist in a rational debate about the issues that have been identified."

One area of particular note is the confirmation of the impact that dark pool trading was having on the lit market. It is vital that market quality on the lit markets be maintained, and it is good to see that ASIC is proposing ways to ensure the appropriate regulation of dark trading venues.

"The Stockbrokers Association will work closely with ASIC to ensure that the regulatory measures that are implemented are the best ones so that Australia's markets maintain their high standards of integrity, and remain globally competitive in an era of rapid technological change," Mr Horsfield said.

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