

MEDIA RELEASE

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ASIC funding proposal will damage stockbrokers warns industry body**New proposal will lead to job losses, potential exit of firms to lower cost jurisdictions**

The Federal Government's proposal for ASIC cost recovery will jeopardise the financial position of many stockbroking firms, leading to further job losses and the potential exit of firms to lower cost jurisdictions overseas, the stockbroking industry has warned.

In its submission about the Government's proposed ASIC funding model, the Stockbrokers Association of Australia warns that some broking firms will be slugged with an increase in supervisory costs of up to 400 per cent which they will be unable to pass on to investors.

The Association said this will result in a dis-proportionate impact on smaller broking firms, who are already under significant compliance and industry cost burdens.

"The broking industry already contributes around \$16 million to ASIC supervision through the Market Supervision Cost Recovery levy," said Andrew Green, CEO of the Stockbrokers Association of Australia.

"Brokers are also subject to other cost recovery regimes, including AUSTRAC cost recovery and Financial Ombudsman Service (FOS) annual fees.

"The ASIC funding proposal is just another tax on the industry which could lead to firms closing operations in Australia and moving offshore to lower cost jurisdictions.

"This will weaken Australia's position and compromise our ability to compete with other markets in our region," he said.

Mr Green said the new proposal could also result in broking firms being hit with additional costs being passed through from other sectors of the industry such as market exchange operators.

In its submission, the Association said an alternative mechanism the Government could consider is a transaction based levy.

"While a levy has a number of shortcomings, it would overcome the difficulties brokers face in passing through costs. A transaction levy such as that employed in Hong Kong, which is based on the dollar value of the transaction, may be preferable to a cost recovery burden that would significantly damage the broking sector."

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