



## MEDIA RELEASE

### Financial System Inquiry's Final Report

**8 December 2014**

The release of the Financial System Inquiry's final report is a major step in the Government's process to develop the Australian financial system in a way that best meets the evolving needs of Australian businesses, households and government.

AFMA agrees with the Report's assertion that there is not a strong case to change Australia's institutional arrangements for making and implementing financial stability policy.

Within this framework, the Report recommends a range of new regulatory measures and revisions to existing regulation. These include measures supported by AFMA in our representations to the Inquiry, such as a strengthening of the Australian Financial Services Licensing regime and better professional standards for advisers. The Report recommends the introduction of a principles-based financial product design and distribution obligation, which expands on work that AFMA has already done with our members in relation to product design and approval. The Report's recommendation is a logical next step to ensure industry-wide best practice and better outcomes for consumers.

The Report proposes more stable funding for regulators and an industry funding model for ASIC. AFMA acknowledges the benefit to the economy of regulators being properly resourced to implement government policy. AFMA agrees with the Report's assessment that an industry funding model would require careful implementation if it is to achieve its objectives. Both the industry cost of compliance and government charges for regulation have increased over the last decade. AFMA will seek a consistent approach across regulators (including AUSTRAC) that recognises the industry impacts of funding measures and the public benefit of regulation.

AFMA supports the Inquiry's recommendation for more effective oversight of financial regulators, which is a means to help sustain the efficiency and effectiveness of our regulatory system. We will assess the role of the proposed Financial Regulator Assessment Board within the framework of the proposed changes to the funding and power of regulators.

AFMA welcomes Recommendation 33 to reduce disclosure requirements for large listed corporates issuing 'simple' bonds. AFMA will work with industry participants to support this initiative with a focus on developing standard documentation.

AFMA welcomes the observations in the Report about the need for tax settings that do not distort capital and risk allocation within the financial system, and the implications of this for the global

competitiveness of Australian business. The challenge for stakeholders such as AFMA is to ensure that such issues are appropriately prioritised and given due consideration in the Tax White Paper process.

AFMA will participate in the Government's consultation on the Report and press for a clear strategic approach by Government to ensure the financial markets can meet the needs of the economy in a way that is efficient, fair and promotes productive use of our resources.

**Notes for Editors:**

The Australian Financial Markets Association (AFMA) is the leading industry association promoting efficiency, integrity and professionalism in Australia's financial markets and provides leadership in advancing the interests of all market participants. These markets are an integral feature of the economy and perform the vital function of facilitating the efficient use of capital and management of risk. Market participants perform a range of important roles within these markets, including financial intermediation and market making.

AFMA represents over 130 members, including Australian and international banks, leading brokers, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers.

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