



## Media Release

### The Government Addresses Industry Concern about Margin Lending Transition

25 June 2009

The Australian Financial Markets Association (AFMA) supports the policy objectives behind the Corporations Legislation Amendment (Financial Services Modernisation) Bill 2009, which was introduced into Parliament today to improve the regulation of margin lending and provide a greater level of consumer protection to retail investors.

AFMA's members involved in the margin loan market aim to operate to a high standard and service their clients in an efficient and responsible manner. This necessarily includes procedures that support effective disclosure, proper margin call notification and good lending practices.

We agree with the Government that the new margin loan legislation represents a significant improvement in consumer protection, as it introduces minimum operating standards that must be applied by all margin lenders, whether they are mainstream providers or otherwise.

AFMA appreciates the value of the consultation process in the development of the new law and the Government's recognition of the scale of the implementation challenges, including the development of new operating systems and training of staff. The Government's decision to give margin lenders a 12 month period, rather than the three months originally proposed, to prepare for the new regime is especially important given these practical considerations.

AFMA also welcomes the Government's decision to focus the regulation more clearly on retail clients who require protection. The Bill shows improvement from the exposure draft by avoiding unintended regulatory obligations being placed on business lending.

#### Notes for Editors:

Australian Financial Markets Association (AFMA):

The Australian Financial Markets Association is the peak industry association for Australia's wholesale banking and financial markets. These markets play a pivotal role in the Australian economy by making it possible for Australian financial institutions and companies to conduct business with each other and with their counterparts overseas.

AFMA represents industry participants in the wholesale banking and financial markets, including Australian and foreign banks, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers.

Contact details for further information:

Duncan Fairweather  
Executive Director  
(612) 9776 7990  
(614) 1225 6200  
[dfairweather@afma.com.au](mailto:dfairweather@afma.com.au)

**Australian Financial Markets Association**

ABN 69 793 968 987

Level 3, Plaza Building, 95 Pitt Street GPO Box 3655 Sydney NSW 2001

Tel: +612 9776 7955 Fax: +61 2 9776 4488

Email: [info@afma.com.au](mailto:info@afma.com.au) Web: [www.afma.com.au](http://www.afma.com.au)