



MEDIA RELEASE

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ASX lodges submission to the Financial System Inquiry

ASX has today lodged its submission to the Financial System Inquiry. The Inquiry comes at an important time, with the global regulatory and competitive environment evolving significantly in recent years. Choices can be made now to secure the future of Australia's financial markets and make the most of the opportunities in Asia.

ASX encourages the Inquiry to express its views on the following topics:

- The ways in which Australia can work more closely with other regional financial centres to ensure that global regulations are tailored to the needs of the Asian region.
- The need for direct control by Australia's policy makers and regulators over systemically important financial markets and infrastructure.

For Australia's policy makers and regulators to have direct control, it is necessary that location requirements be adopted for all systemically important financial markets in Australia. This best positions Australia's financial markets for long-term stability. Moreover, having a central financial market infrastructure is a pre-condition to be a financial centre.

Location requirements are already in place for most of the systemically important markets that are traded on the exchange. ASX recommends that they be extended to include the over-the-counter A\$ interest rate market. This is one of the world's largest derivatives markets and critical to the functioning of the economy. ASX's recommendations create an outcome that is consistent with other major financial markets.

With direct controls of systemically important financial markets infrastructure in place, there is a case to remove the 15% ownership restriction that currently applies only to ASX. This limit provided additional protection when the regulatory settings were less well defined. ASX has asked the Inquiry for its views on the need for ownership restrictions.

Elmer Funke Kupper, ASX Managing Director and CEO, said: "ASX is optimistic about the future of Australia's financial markets. Our markets are large, successful and well regulated. They are well placed to support a vibrant domestic economy and a greater role for Australia in the region. ASX's submission suggests ways to further develop and strengthen them.

"Having a central financial market infrastructure is a pre-condition to becoming a financial centre. All major financial hubs, including those in Asia, have strong financial markets infrastructures in place. They attract capital, investment and skills. We believe Australia, as one of the best performing markets in the world, can be a leader in the region and take control of its future."

ASX's submission is available: <http://www.asx.com.au/regulation/public-consultations.htm>

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