

# ASIC CONSULTS ON INDUSTRY FUNDING MODEL

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Legal Briefings - By **Michael Vrisakis** and **Alison Wheatley**

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The Federal Government has [released](#) the draft regulations on the operation of the industry funding model for ASIC. The *ASIC Supervisory Cost Recovery Levy Regulations 2017 (Regulations)* establish the mechanisms that will be used to calculate the levies payable by each class of regulated entity, each financial year.

The Regulations apply either a flat or graduated levy to regulated entities in each subsector. Industry subsectors include corporate, deposit taking and credit, investment management and superannuation, financial advice, market infrastructure and intermediaries and insurance.

The Explanatory Memorandum to the Regulations explains that the Regulations prescribe flat levies to allocate ASIC's regulatory costs in subsectors where the costs are around the same for each entity and the administrative and regulatory burden associated with calculating tailored levies outweighs the benefit of having greater detail (such as custodians and traditional trustee company service providers).

On the other hand, graduated levies have been prescribed for subsectors where ASIC's regulatory costs vary significantly across its regulated population (such as credit intermediaries, deposit product providers, personal advice providers, IDPS operators, responsible entities, superannuation trustees and insurance providers). Other levies are based on a variable component depending on any given entity's share of the total activity in the subsector. For listed public companies, the Regulations prescribe a maximum levy cap.

Additionally, the Regulations:

- establish the criteria for determining the subsectors an entity is a part of;

- set out the formulas and metrics to be used for calculating the amount of levy payable for entities in each subsector;
- provide for ASIC to make an annual legislative instrument specifying information about each of the regulated industry subsectors that must be used in the formulas for calculating the amount of levy payable by entities in each subsector; and
- prescribe certain amounts that should not be included as part of ASIC's regulatory costs.

Kelly O'Dwyer commented that the Regulations will make the industry more accountable through increasing transparency of ASIC's costs and activities.

The Federal Government is currently seeking stakeholder views. Submissions close on the 26 May 2017.



## KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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