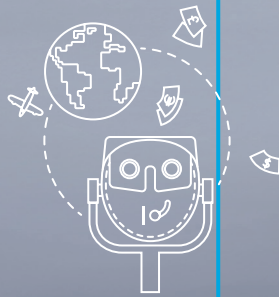


Financial INSIGHT

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ASIC'S NEW FUNDING MODEL – HOW WILL YOU BE AFFECTED?

What is it?

1 July 2017 saw the introduction of a new Industry Funding Model at the Australian Securities and Investments Commission (ASIC), following the passage into law of the ASIC Supervisory Cost Recovery Levy Act 2017. The new model enacts a fundamental public policy shift, by seeking to move the cost of ASIC's regulatory activities away from the Australian taxpayer, and directly on to those industries being regulated.

In order to achieve this, ASIC will charge a levy onto all leviable entities, which are subject to its regulation. There are multiple types of leviable entity, and the method of calculation of the levy varies by industry sector. The levy may be either a fixed amount, or graduated according to size.

There are over 50 industry subsectors affected by the levy, including:

- Companies registered under the Corporations Act 2001
- Entities providing investment management and superannuation services
- Entities providing financial services, credit services, or market infrastructure
- Auditors and authorised audit companies
- Registered Liquidators

What will I have to do under the new Industry Funding Model?

The first year that the levy will be charged for is the year ended 30 June 2018. However, some entities may not know the costs for some time after this. Entities will complete annual returns by October 2018, and, for those sectors with a flat fee structure, ASIC's levy may form part of their lodgement fee. Where the fee is variable, ASIC will use the annual return data to calculate and issue invoices in January 2019.

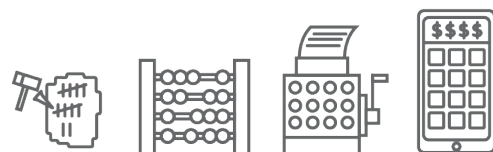
How much will I have to pay?

The table below sets out the levy to be made on some of the more common affected sectors under the ASIC Supervisory Cost Recovery Levy Regulations 2017.

For the amount to raise, and any flat levies, the indicative figure provided is based on data provided by ASIC on their anticipated expenses and the number of affected entities for the 2016-17 year. These numbers are estimates only, and may be subject to change for the 2017-18 year.

Where variable levies are to be charged, we have indicated the basis of calculation, rather than the actual cost, as this will not be known until ASIC have collected the relevant data.

Where an entity falls into several of the above categories, it may be subject to multiple levies.



Entity	Amount to raise	Basis on which levy will be calculated, and estimated annual levy, where available
Corporate Sector		
Listed Public Company	\$48.5m	<ul style="list-style-type: none"> Minimum annual levy of \$4,000 Sliding scale of \$0.33 per \$10,000 of market capitalisation over \$5m Maximum annual levy of \$662,000
Unlisted Public Company	\$5.8m	<ul style="list-style-type: none"> Annual levy of \$300.
Large Proprietary Company	\$3m	<ul style="list-style-type: none"> Annual levy of \$350
Small Proprietary Company	\$9.7m	<ul style="list-style-type: none"> Annual levy of \$5, to be incorporated into ASIC's annual review fee for proprietary companies
Registered Liquidators	\$8.5m	<ul style="list-style-type: none"> Annual levy of \$2,500 per registered liquidator; and Graduated levy based on the number of ongoing external administrative appointments, and the number of prescribed documents lodged with ASIC
Registered Company Auditors	\$0.8m	<ul style="list-style-type: none"> Annual levy of \$170
Auditors / Audit firms of Publicly Listed Entities	\$4.3m	<ul style="list-style-type: none"> Graduated levy based on audit firm's audit fee revenue for listed companies as a percentage of total audit fees on all listed companies
Investment Management and Superannuation sector		
Superannuation Trustees	\$8.5m	<ul style="list-style-type: none"> Minimum annual levy of \$18,000 Variable levy of \$0.05 per \$10,000 of Funds Under Management greater than \$250m
SMSF Auditors	\$0.4m	<ul style="list-style-type: none"> Annual levy of \$60
Responsible Entities	\$23.5m	<ul style="list-style-type: none"> Minimum annual levy of \$7,000 Variable levy of \$0.24 per \$10,000 of Funds Under Management greater than \$10m
Wholesale Trustees	\$13.8m	<ul style="list-style-type: none"> Annual levy of \$8,000 in first year Will switch to a variable levy in future years, based on the value of assets in schemes issued by the trustee, with a minimum of \$1,000
Investor-Directed Portfolio Services Operators	\$1.6m	<ul style="list-style-type: none"> Minimum annual levy of \$10,000 Additional variable levy based on revenue from IDPS activity undertaken under the entity's AFSL.
Custodians	\$0.5m	<ul style="list-style-type: none"> Annual levy of \$560
Traditional Trustee Company Service Providers	\$0.2m	<ul style="list-style-type: none"> Annual levy of \$20,500
Managed Discretionary Account Providers	\$0.2m	<ul style="list-style-type: none"> Annual levy of \$3,000
Financial Advice sector		
AFS Licensees authorised to provide financial product advice to retail clients (relevant products)	\$22m	<ul style="list-style-type: none"> Annual levy of \$1,500 per adviser listed on the financial advisers' register
AFS Licensees authorised to provide financial product advice to retail clients (non-relevant products)	\$0.9m	<ul style="list-style-type: none"> Annual levy of \$1,500
AFS Licensees authorised to provide general advice only	\$0.8m	<ul style="list-style-type: none"> Annual levy of \$920
AFS Licensees authorised to provide financial product advice to wholesale clients	\$0.2m	<ul style="list-style-type: none"> Annual levy of \$170