

29 January 2016

Division Head
Financial System Division
The Treasury
Langton Crescent
Parkes ACT 2600
By email: resilienceandcollateral@treasury.gov.au

Dear Sir/Madam

Enhanced Protection of Client Money

The Australian Bankers' Association (**ABA**) welcomes the opportunity to provide feedback on the Treasury Policy Paper: *Enhanced Protection of Client Money (Policy Paper)*.

With the active participation of its members, the ABA provides analysis, advice and advocacy for the banking industry and contributes to the development of public policy on banking and other financial services. The ABA works with government, regulators and other stakeholders to improve public awareness and understanding of the industry's contribution to the economy and to ensure Australia's banking customers continue to benefit from a stable, competitive and accessible banking industry.

The ABA supports the Government's intention to make amendments to the client money regime under the *Corporations Act 2001*, thereby enhancing the existing protections provided to retail clients of financial services providers whilst maintaining efficiencies in wholesale markets.

The ABA agrees that improvements are needed to ensure that investors' monies are adequately protected when held by intermediaries. Australia must continue to have a robust client money regime which adequately protects retail clients and their money. It is important that all intermediaries, including market participants, are held to the same standards so that retail clients are not confused about the treatment of their monies with different intermediaries.

The ABA has no specific comments on the detail of the Government's proposed reforms to the client money regime as outlined in the Policy Paper. The ABA does, however, welcome the recognition by Government that the final reforms in respect of wholesale clients need to maintain efficiencies in wholesale markets by ensuring that the amended client money regime does not prevent participants in the wholesale derivatives market from being able to comply with other regulatory obligations.

The ABA looks forward to reviewing the draft legislation implementing the reforms as set out in the Treasury Policy Paper.

Yours faithfully



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