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Preface

There have been significant changes to the regulation of the securities market and corporate law in Australia since the seventh edition of this book. These have arguably paled in significance compared to world events, which have led to a number of important reforms concerning prudential regulation and the regulation of financial markets generally, in both Australia and other jurisdictions. Some of this background is discussed briefly in Chapter 1 of this book.

The Australian Government has had the benefit of a number of reports dealing with these and related events. Following the report of the Corporations and Markets Advisory Committee (CAMAC) entitled *Aspects of Market Integrity*, released June 2009, and significant losses sustained by investors in a number of major Australian organisations (such as Storm Financial and Opus Prime), many of these issues were referred to the Parliamentary Joint Committee on Corporations and Financial Services for review. It issued a report entitled *Inquiry into Financial Products and Services in Australia* (November 2009) (the Ripoll Report). The recommendations in that report, coupled with those made by CAMAC, have led to a range of changes in the regulation of our markets. Many of these changes are discussed in various parts of this book.

Coincidentally with these events, in 2009 the Australian Government also decided to transfer the primary responsibility for supervising the operation of trading and related activity on Australia's financial markets from the Australian Securities Exchange (ASX) to the Australian Securities and Investments Commission (ASIC).

One aim of the Corporations Amendment (Financial Market Supervision) Act 2010 (Cth) (the FM Act) which came into effect on 1 August 2010, was to overcome perceived conflicts of interests flowing from the supervisory obligations administered by the ASX and the commercial interests of its members. The problems arising from the supervisory function performed by the ASX, where its own members' interests could arguably be seen at times to compete with the ASX's own interests, were likely to intensify with the increased complexity in the operations of our securities markets and the 'products' that were traded on them. The arguable 'monopoly' position held by the ASX in its operations was also cited as affecting its oversight of potential market misconduct. One result flowing from the FM Act is that the ASX is now no longer the sole organisation with a licence to operate in the securities markets.¹ Chi-X has been operating now as a licensed operator for over 12 months. While its participation in the markets is only growing slowly, there is no doubt

1. Other licensed domestic financial markets include: National Stock Exchange of Australia Ltd; SIM Venture Securities Exchange Ltd; Yieldbroker Pty Ltd; Asia Pacific Exchange Ltd; Mercari Pty Ltd; IMB Ltd; BGC Partners (Australia) Pty Ltd; and Bloomberg Tradebook Australia Pty Ltd (current as of May 2012).