



5 December 2013

Head of Secretariat
Financial System Inquiry
The Treasury
Langton Crescent
PARKES ACT 2600

Submission on the Financial System Inquiry Draft Terms of Reference

On behalf of Macquarie Group, I would like to make this submission on the draft terms of reference for the Financial System Inquiry ("Inquiry").

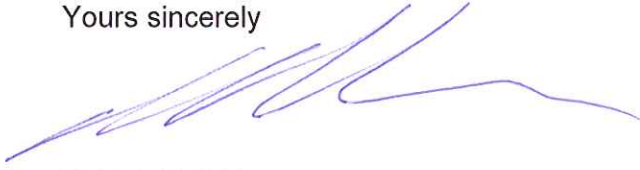
We have reviewed the draft terms of reference and note that these are sufficiently broad for the purposes of the Inquiry.

In conducting its review, we believe that the Inquiry should have regard to the following principles:

- The Australian financial system must be competitive, both domestically and on an international basis. A competitive financial system will be an efficient system and will foster innovation which ultimately benefits all users of financial services.
- The benefits of regulation of financial institutions should be assessed in light of the full cost of regulation including its effect on competition as part of 2.3 of the draft terms of reference
- Australia should be positioned as a global financial centre and policies put in place to foster this. Australia has a highly skilled workforce, established rule of law, proximity to growth economies in Asia, and a large and growing quantum of investable funds including through the superannuation industry. Development of Australia as a global financial centre will promote domestic competition and international competitiveness, improve the availability of financial services, products and capital for all end users, assist Australia in funding its growth, and promote economic growth and create employment opportunities.

Please contact Trevor Burns in Macquarie's Government Relations on +61 2 6103 3112 should you have any queries.

Yours sincerely

A handwritten signature in blue ink, consisting of several fluid, overlapping strokes that form a stylized representation of the name 'Patrick Upfold'.

Patrick Upfold
Chief Financial Officer
Macquarie Group Limited