

<b>Agency</b>	Australian Securities and Investments Commission
<b>Committee</b>	Parliamentary Joint Committee on Corporations and Financial Services
<b>Question Number</b>	QoN 023
<b>Topic</b>	AMP Financial Planning Pty Ltd
<b>Written/Spoken</b>	Written
<b>Committee member</b>	Mr Julian Hill MP, Member for Bruce, Victoria

#### **Question 023-01:**

The committee has received evidence of substantial reductions in the practice values of AMP financial planners under the AMP Buyer of Last Resort scheme and the transition away from grandfathered commissions.

Did the Royal Commission anticipate the destruction of practice values (small businesses in effect) in the transition away from grandfathered commissions?

#### **Answer:**

ASIC cannot speculate as to whether the Royal Commission anticipated the “destruction of practice values in the transition away from grandfathered commissions”.

#### **Question 023-02:**

AMP’s audit of its financial planners seems to have further reduced practice values by applying 2020 compliance standards to transactions and practices that occurred in the previous one or two decades.

What drove this? Why was it done? Who determined the audit standards and methodology? What were they and why?

What view and role does ASIC have with respect to the methodology and application of the audit process to financial planners?

#### **Answer:**

ASIC cannot answer questions about AMP’s motivations, reasoning and decision-making.

ASIC has no role in relation to the methodology and application of the audit process to the determination of rights under the Buyer of Last Resort contracts between AMP and its representatives.

ASIC, in its role as financial services regulator, is responsible for ensuring that AMP complies with its financial services obligations, including its obligations to ensure that its representatives, such as financial advisers, comply with the financial services laws. In complying with these obligations AMP may conduct audits of its financial advisers.

#### **Question 023-03:**

The three-year restraint of trade clauses imposed by AMP on its financial planners as part of the scheme seem unreasonably harsh in the circumstances. Further, it is difficult for those subject to restraint of trade clauses to litigate them.

Does ASIC have a view or a role with respect to the restraint of clauses being imposed by AMP on its financial planners?

If ASIC does not have a role, which regulator does?

**Answer:**

ASIC does not have a view or role with respect to the restraint of trade clause.

Based on ASIC's understanding of the Buyer of Last Resort agreements, ASIC is not aware of any regulator that has a specific legislative role in relation to restraint of trade clauses in those agreements.

**Question 023-04**

Does ASIC have a view on whether AMP's overall approach amounts to an unreasonable misuse of power over small businesses?

**Answer:**

ASIC does not hold a view in relation to this issue.

**Question 023-05**

Is ASIC aware of other wealth management entities with transition issues like those occurring at AMP with aggrieved financial planners and / or financial advisors?

**Answer**

No.