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Thursday, 21 March 2024

Parliamentary Joint Committee on Corporations and Financial Services,

RE: INQUIRY INTO THE WHOLESALE INVESTOR AND WHOLESALE CLIENT TESTS

I am the Managing Director of Marquette Properties, a specialist wholesale investment manager for commercial property syndicates with approximately \$1.2 billion in Funds Under Management via the investments of over 550 families, individuals, and companies.

We have recently read of the proposed reforms in relation to the Wholesale and Sophisticated Investor qualification thresholds and have grave concerns for our investors, our business, and our industry. The reported intention to increase the wholesale investor threshold from its current \$2.5m net assets level to more than \$4.5m would have devastating effects on our existing investor base, our assets and our capacity as a business going forward.

We have built our business over the last 14 years on the basis of our successful track record of achieving strong returns for all of our Wholesale clients. The proposed changes would dramatically alter how we operate and service our investor base, as well as our existing investor's current holdings. For example, the staff within our own business would no longer qualify for Wholesale designation under the changes.

We believe these changes are drastically inconsistent with the desires of our clients and many aspirational Australians looking to build wealth.

We operate under an Australian Financial Services Licence (AFSL) in a highly regulated and audited industry with considerable oversight and ongoing reporting.

In conclusion, we strongly feel that the proposed 'reforms' will be a harmful change for our investors, our industry, and our business due to the following key reasons:

- Large numbers of existing wholesale investors would be disadvantaged (i.e. they would be prohibited from participating in investments that they have enjoyed in the past);
- Financially competent, astute and savvy consumers would be forced into retail offerings with their commensurate higher costs and lower returns;
- Consumer choice, diversification and access to deal and investment flow would be greatly reduced;



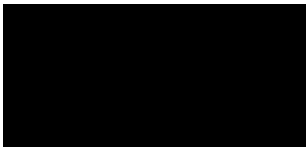
- Competition would be significantly lessened and “the top end of town” will be benefited by driving out smaller firms; and
- The non-bank lending sector that provides significant funding to Australian businesses would be starved of funds.

We are responsible managers of our investor's funds and we, ourselves, are hardworking, tax paying members of this industry. We do not want our investors or ourselves punished through no fault of our own.

We urge you strongly to reconsider the proposed changes and engage in direct dialogue with whom these reforms impact before any decision is made.

Should you have any queries, or require further information, or wish to meet to discuss this important issue, please contact the undersigned.

Yours sincerely,



TOBIAS LEWIS

Managing Director,
Marquette Properties Pty Ltd

