

3 November 2014



Ms Toni Matulick
Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
PO Box 6100
Parliament House
Canberra ACT 2600 Australia

By Email: corporations.joint@aph.gov.au

Dear Ms Matulick

Re: Inquiry into proposals to lift the professional, ethical and education standards in the financial services industry

Thank you for the opportunity to appear at the Hearing. Please find below our response to the questions taken on notice.

Question on Notice 1 (Page 33 of Hansard)

CHAIR: 'The concern of the committee is that if you wholesale mandate changes where it is not required then you are essentially pushing additional cost onto the industry, and therefore onto the consumer, in an area where perhaps there has not been demonstrated additional risk or market failure. We are just keen to understand your perspective on whether you think that level of training for that tier 2 product needs changing. You might want to take that on notice and come back, if you are not prepared to make a statement on that today.'

Mr Bragg : I would probably just make two points about that. Firstly, a more complex product would typically require a higher level of education and training, a higher level of competency—so we would accept that on face value. However, of course, when you are imposing reforms or changes which are wholesale you want to be absolutely certain that you are not imposing more—I hate to say this—'red tape' than you need to. So we are very cognisant of what you are saying.'

Response:

The framework proposed in the FSC's submission envisages that the ACSB would review the competency standards for the different types of advice including Tier 1 and Tier 2 products.

Question on Notice 2 (Page 36 of Hansard)

Senator O'NEILL: 'How many people are in that working group?'

Response:

We have referred the question to Treasury who have advised that they will provide the information to the Parliamentary Joint Committee on Corporations and Financial Services.

Question on Notice 3 (Page 37 of Hansard).

Senator WILLIAMS: 'Were some of those funds under management frozen after the GFC?

Mr Bragg: Yes.

Mr WILLIAMS: Do you know how many?

Mr Bragg: I will take it on notice.'

Response:

There is data available from FSC members and the regulator, ASIC.

After making inquiries with FSC members, we are aware of 16 frozen funds as at 3 November.

We have also sought publicly available data on frozen funds which is included in Information Sheet 142 released by ASIC in 2011.

This document includes data on frozen funds and identifies that there were 87 schemes which were frozen in 2011 (with 87 schemes frozen in 2009 and 81 schemes frozen in 2008). We have included Information Sheet 142 as an attachment.

In our inquiries with ASIC on this matter, we have been informed that ASIC has data on frozen funds which has been recently updated. We have been assured that ASIC will provide it to the Committee as we were not allowed to disclose it.

Yours sincerely

Andrew Bragg
Director of Policy & Global Markets
Financial Services Council