



15 April 2024

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

Dear Sir/Madam,

***Re: Submission in relation to the proposed changes to the wholesale investor & wholesale client tests***

Please note that I am making this submission for myself and on behalf of my wife as we are both affected by the proposed changes to wholesale investor and wholesale client tests.

In relation to the proposed changes, we are supportive of making the wholesale investor and wholesale client hurdles higher, however, the proposed changes which increase the financial thresholds have the unintended consequence of disqualifying people who should qualify based upon their knowledge of financial products but, for family or health reasons, have temporarily taken time out of work and cease to qualify based on income earned.

The wholesale investor and wholesale client test needs an academic or work experience 'knowledge' hurdle. This would act as a far better test than the existing financial tests.

By way of example, my wife and I have undergraduate university degrees in either Commerce and Economics and either an Masters of Business Administration or Masters in Applied Finance. We are also former investment bankers (and me, most recently, 8+ years in senior management in a large, listed investment management firm) and we used to develop many of the financial products in which wholesale investors invest their money. It would be fair to say that we have an extremely thorough knowledge of the regulations, taxation implications and risks associated with financial products targeted at wholesale investors and are very capable of understanding the risks of an investment.

As an ancillary point, it is also worth noting that my wife and I are meaningful investors in the venture capital asset class and have been for some time. We invest our money both through a professional venture capital fund manager and directly with founders, a few of whom we have helped grow both through the provision of our capital and with our business expertise, the latter of which is inextricably linked to our investment. If the government made the changes being contemplated, then, without supplementing the test with a 'knowledge' hurdle, a number of skilled investors like my wife and I would be disqualified from investing. This would limit our ability to diversify our wealth and access a high-growth asset class which we understand well, and it would also have implications for the venture and start-up capital sector which relies on growth capital.

In summary, we agree with many of the changes that the government is considering however firmly believe that a 'knowledge' test should be introduced.

Yours sincerely

