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26 June 2009

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](mailto:corporations.joint@aph.gov.au)

Dear Sir/ Madam

### **Inquiry into Agribusiness Managed Investment Schemes (MIS)**

CPA Australia represents the diverse interests of more than 122,000 members in finance, accounting and business in 100 countries throughout the world. Our vision is to make CPA Australia the global professional accountancy designation for strategic business leaders.

We make this submission not only on behalf of our members, but also the accounting profession generally, taking into account the broader public interest. We have provided both comments and recommendations where possible. This includes comments on the following Terms of Reference – 1, 4, 5, 6, 7, 8, 9, 10, 11 and 12.

The key recommendations raised in our submission are as follows:

- generally it is not the role of government to set markets, therefore financial planner remuneration must be left as a matter for industry to determine within the current legislative and regulatory parameters
- industry and regulators continue their efforts to produce simple and useful disclosure documents
- ASIC provides specific guidance on what level of client inquiries are expected to be conducted by a providing entity and to what extent the providing entity must consider and investigate the subject matter of the advice, where the providing entity's licence authorisation conditions are limited to one or a few financial products
- ASIC to undertake a marketing campaign promoting FIDO as the first stop for investors and potential investors for information and resources to ensure that they are informed, educated and active, in accordance with ASIC's approach to consumer education
- an annual benchmarking process be implemented to track the success of raising the awareness of FIDO

- investigation be undertaken by ASIC or another independent government body to research the past returns of the different agribusiness MIS and that this information be made publicly available to help inform the market, and
- no decisions or actions regarding legislative or regulatory change should be made until the conclusion of the Inquiry into Financial Products and Services in Australia.

Should you have any questions regarding this submission, please do not hesitate to contact Garry Addison, Senior Tax Counsel, on 03 9606 9771 or [garry.addison@cpaaustralia.com.au](mailto:garry.addison@cpaaustralia.com.au).

Yours sincerely

A handwritten signature in cursive script, appearing to read "Paul Drum".

Paul Drum FCPA  
General Manager – Policy & Research

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## **Inquiry into Agribusiness Managed Investment Schemes**

### **1. Business models and scheme structures of MIS**

Regarding business models and the scheme structures of MIS we offer the following comments:

- there is a range of regulatory requirements relating to the role of Australian Financial Services Licensees (AFSL) and the operation of Managed Investment Schemes (MIS) which come within the ambit of the Australian Securities and Investments Commission (ASIC). In addition, in the case of the recent problems with Timbercorp and Great Southern the relevant companies were both listed on the Australian Securities Exchange (ASX) and thus subject to the oversight and listing rules of the ASX.
- it has been the abovementioned companies themselves which have collapsed, not the financial products under the MIS schemes that have been offered by these companies.
- our organisation has not analysed the business models or scheme structures relating agribusiness – this is the business of investment analysts and others.

### **2. The impact of past and present taxation treatments and rulings related to MIS**

No comment provided.

### **3. Any conflicts of interest for the board members and other directors**

No comment provided.

### **4. Commissions, fees and other remuneration paid to marketers, distributors, related entities and sellers of MIS to investors (including accountants and financial advisers)**

The issue of fees and other remuneration is a constant and often negative focus for the financial services industry. We acknowledge that upfront commissions have been a traditional feature of agribusiness MIS products. These commissions have been the cause of much debate and concern, potentially influencing or even driving the motivations of advisers who recommend whether a person should invest or not invest in such products.

CPA Australia has been a strong advocate of fee-based remuneration for many years and this is reflected in accounting professional statement APS 12 - Statement of Financial Advisory Services<sup>1</sup> that was released 2005. APS 12 states that fee-based remuneration is best practice for our members engaged in financial advisory services and encourages members to follow this protocol/ approach in their dealings with clients.

APS 12 specifies two key principles as a guide. Firstly, the total amount to be paid by the client, by whatever means, fairly reflects the value of the work performed. This applies to both initial and ongoing remuneration. Financial planners and clients should first agree on the fee for provision of financial planning services, and then discuss the method of payment

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<sup>1</sup> A copy of APS 12 – Statement of Financial Advisory Services can be viewed at [http://www.cpaaustralia.com.au/2372\\_16404](http://www.cpaaustralia.com.au/2372_16404)

separately. By separating how the fee is determined and how the fee is paid, you ensure transparency and significantly reduce any potential or perceived conflicts of interest.

Secondly, the client is clearly advised of the total cost of advice before work is commenced. It is essential the client understands how the total fee was determined and how the fee will be paid before agreeing to the terms of engagement.

Once the amount of the fee is established, a secondary issue is the means by which the fee will be paid.

There are many combinations of possible payment methods and commissions are one possible method of payment of the fee. The client should be able to choose to offset the commission payments against fees payable and where such a commission is greater than the agreed fee, a rebate should be provided to the client.

We also note that in situations where a fee for service method is not adopted and a commission is payable from the MIS, there may be a conflict of interest. Current disclosure obligations, required by the *Corporations Act 2001* and *Regulatory Guide 175 Licensing: Financial product advisers – Conduct and disclosure* (RG 175), necessitate that the statement of advice (SOA) disclose in a clear, concise and effective manner all conflicts of interest that may affect the advice and the information regarding remuneration and benefits. RG 175 also requires the Financial Services Guide (FSG) to disclose information about remuneration, commission and other benefits that the providing entity will or reasonably expect to receive.

It is also very encouraging to see that both the FPA and IFSA are finally showing some signs of following the accounting profession's lead in this regard. However the issue has quite some way to go before it is resolved or reaches its conclusion.

**Recommendation:**

**Generally it is not the role of government to set markets, therefore financial planner remuneration must be left as a matter for industry to determine within the current legislative and regulatory parameters.**

## **5. The accuracy of promotional material for MIS, particularly information relating to claimed benefits and returns (including carbon offsets)**

There is already considerable regulation and guidance that licensees must be aware of and adhere to when producing both disclosure documents and promotional material for the respective schemes.

For example, Regulatory Guide 168 *Disclosure: Product Disclosure Statements (and other disclosure obligations)* provides policy guidance by the ASIC on how to prepare a product disclosure document (PDS) in compliance with the PDS requirements in the *Corporations Act 2001*. It includes six 'Good disclosure principles', which are:

1. Disclosure should be timely
2. Disclosure should be relevant and complete
3. Disclosure should promote product understanding
4. Disclosure should promote product comparison
5. Disclosure should highlight important information
6. Disclosure should have regard to consumers' needs.

ASIC also encourages the principles in RG 168 be considered when developing promotional publications (RG 168.17).

Guidance has also been provided by ASIC in Regulatory Guide 170 *Prospective financial information* (RG 170) regarding the use of prospective financial information that can be included in disclosure documents such as PDSs. RG 170 requires:

- The issuer to assess whether the information is required
- Information must have reasonable grounds
- Indicative features of what may suggest reasonable grounds
- Informed assessment, which includes ensuring that enough information is provided to the investor to allow them to make an informed assessment as to whether the prospective information is relevant and reliable and identify with certainty the facts that support the prospective information, and
- Warning about the reliability of prospective information.

ASIC also state in RG 170.29 that they generally consider that prospective financial information for a period of more than two years may require independent or objectively verifiable sources of information to establish that there are reasonable grounds to provide it. This has led to the majority of PDSs including one or more independent expert reports to ensure that all projections are externally verified.

Licensees are also required to comply with the *Australian Securities and Investments Commission Act 2001 (ASIC Act)*, section 12CB of which prohibits unconscionable conduct. ASIC, under the *ASIC Act*, can issue an enforceable undertaking should they conclude that a licensee is publishing misleading or deceptive material.

However, the problem emanating from the above is that statements of advice (SOA) and PDSs can run in excess of 70 pages. There is so much information provided to the investor in these documents that it unreasonable to expect they will take the time to read, let alone understand, the information detailed in these documents. While there have been some efforts made to provide guidance on how to reduce the length and complexity of such documents, the reality is that it is unlikely that these documents will reduce in size due to concerns by the issuers that if this level of information and detail is not provided, they may not comply with the relevant mandated disclosure requirements.

We note that work has begun to address this issue, with ASIC releasing an example SOA and the Financial Services Working Group releasing a short form PDS for the first home saver account. However, it continues to be an ongoing problem that will need resolution to ensure that the investor is provided with valuable and meaningful information to enable them to properly assess the risk and return trade-off associated with various financial products and thereby allow them to be confident when making such important financial and investment decisions.

**Recommendation:**

**Industry and regulators continue their efforts to produce simple and useful disclosure documents.**

## **6. The range of individuals and organisations involved with the schemes, including the holders of the relevant Australian Financial Services Licence**

There is a significant amount of regulation regarding AFSLs. An Australian financial services licence (AFSL) authorises the licence holder and its representatives to provide financial services to clients. Providing financial services includes the following activities:

- (a) provide financial product advice
- (b) deal in a financial product
- (c) make a market for a financial product
- (d) operate a registered scheme, or
- (e) provide a custodial or depository service.

When applying for an AFSL, applicants must specify which financial services and products they wish to be authorised to provide advice and/or deal in under the AFSL. They are required to choose from a broad a list of financial products:

- (a) Deposit and payment products—this includes basic deposit, non-basic deposit and non-cash payment products
- (b) Derivatives
- (c) Foreign exchange contracts
- (d) General insurance
- (e) Government debentures, stocks or bonds
- (f) Life products—this includes any products issued by a registered life insurance company that are backed by one or more of its statutory funds
- (g) Managed investment schemes—this includes interests in both registered and unregistered schemes
- (h) Retirement savings accounts
- (i) Securities
- (j) Superannuation, and
- (k) Miscellaneous financial facilities.

Applicants can elect to provide different financial services for each financial product and are encouraged by ASIC to only select the financial services they will need. ASIC illustrate this point by advising that the applicant may choose to provide advice relating to superannuation, securities and derivatives but only provide dealing services for superannuation.

Great Southern and Timbercorp both hold (or held at the relevant time) an AFSL(s) with limited authorisations conditions for the financial services they can provide advice on and/or deal in as part of their licence conditions. Any individuals who then become an authorised representative of their licence, are subject to the same limited authorisation conditions. It is important to note that these authorised representatives would have also met the training requirements of RG 146 for the financial product areas in which they were providing advice, which would have been verified by either Great Southern or Timbercorp respectively as the licensee.

Once licensed, all AFSL(s) and their representatives are required to adhere to all relevant legislation and regulation. This includes the requirements of *Regulatory Guide 175 Licensing: Financial product advisers – Conduct and disclosure* (RG 175). This guide sets out ASIC's policy for administering the law on:

- Providing financial product advice, and
- Preparing and providing suitable personal advice.

RG 175.35 states that advice may be personal advice even where:

*(c) the providing entity is permitted to give advice on only one financial product or on a very limited range of financial products. However, in this case the application of the suitability obligations applying to the advice will vary (see Section D of RG 175).*

A providing entity as defined in RG 175.26 may be a licensee or authorised representative. Representatives that are not authorised representatives are not providing entities. Where a licensee provides financial product advice (e.g. through one of its employees), the licensee is the providing entity.

There must be a 'reasonable basis for advice' in such circumstances. In other words, all advice must comply with the 'suitability rule': s945A. RG 175.106 reads:

*Under this rule, where a providing entity provides personal advice to a retail client, each of the following three elements must be satisfied:*

- (a) the providing entity must make reasonable inquiries about the client's relevant personal circumstances;*
- (b) the providing entity must consider and investigate the subject matter of the advice as is reasonable in all the circumstances; and*
- (c) the advice must be 'appropriate' for the client.*

RG 175.110 states:

*To comply with the Corporations Act, personal advice does not need to be ideal, perfect or best, but it must satisfy each of the three elements set out in RG 175.106.*

Advice must comply with the suitability rule but the level of client inquiries and the requirement to consider and investigate the subject matter of the advice is 'scalable'. RG 175.115 provides the example:

*'where personal advice is provided for a relatively simple purpose, such as the purchase of car insurance or the opening of a deposit account, less extensive client inquiries are likely to be required than for advice about complex financial products, classes of financial products or strategies (such as tax related strategies or higher risk strategies such as the use of margin lending in connection with the purchase of a financial product).*

The guide also lists the relevant factors in RG 175.117 that will impact the level of client inquiries that will be required:

- Potential impact of inappropriate advice to the client
- Complexity of the advice, and
- Financial literacy of the client.

The factors are expanded in Table 4 of RG 175.117 which is reproduced below:

Relevant factor	Effect on client inquiries requirement
Potential impact of inappropriate advice on the client	<i>More extensive client inquiries</i> are likely to be necessary where the <i>potential negative impact</i> on the client is likely to be <i>relatively serious</i> if the advice is inappropriate (and the client acts on the advice).
Complexity of the advice	<i>Less extensive client inquiries</i> are likely to be necessary where the advice is for a <i>relatively simple purpose</i> , rather than where the advice involves complex financial products, classes of financial product or strategies (including tax-related strategies).

Further to RG 175.110, RG 175.132 states:

*Personal advice must be 'appropriate' for the client': s945A(1)(c). Advice is appropriate if it is fit for the purpose – i.e. it satisfies the client's relevant personal circumstances. Personal advice does not need to be ideal, perfect or the best to comply with the Corporations Act.*

Finally of relevance is RG 175.134, that states:

*If none of those financial products that the providing entity is authorised to advise upon is appropriate for the client, the providing entity must not recommend that a client buy any financial product.*

Taking all of the above into consideration, we query whether financial planning advice given by a providing entity licensed to provide financial planning advice and/or deal in only one or a limited number of financial products, is appropriate.

The question really is how a providing entity who is licensed to only provide advice on interests in MIS, securities and superannuation can then advise a client that investing in an agribusiness MIS is an appropriate strategy to ensure the right mix of diversification for the client's investment portfolio, when the providing entity itself is unable to provide advice on all financial products? The risk is that a recommendations by a providing entity, licensed to only recommend investment in limited classes of financial products, may in fact result in their client being under or over exposed in one or more classes of financial products.

Taking the requirements of RG 175.115 into consideration it is unclear what level of client inquiries and to what extent must the providing entity, licensed to only provide advice for a limited classes of financial products, must consider and investigate the subject matter of the advice in order to satisfy the suitability rule?

To mitigate risk and possibly ensure commercial gain in some situations, it is also common practice for a licensee to operate using an approved product list. This further limits what end product a providing entity may be able to recommend to their client, which in some situations may only be limited to financial products offered by the same providing entity.

As RG 175.32 states that personal advice does not need to be ideal, perfect or the best to comply with the *Corporations Act*, it would appear that a recommendation to invest (and possibly borrow to further the investment) in a MIS offered by the providing entity, with limited



licence authorisation conditions, based on limited client inquiries will currently comply with both the requirements of the *Corporations Act* and also the guidance provided by ASIC.

CPA Australia is concerned that providing entities who hold limited authorisation as part of their licence conditions may be providing financial planning product advice that may meet the requirements of the *Corporations Act* and guidance provided by ASIC, but that in the long term will not continue to promote confident and informed participation by investors and consumers in the financial system.

We therefore recommend that ASIC undertake a review of these situations and provide specific guidance to the industry on what level of client inquiries are expected in these circumstances and to what extent must the providing entity consider and investigate the subject matter of the advice.

**Recommendation:**

**ASIC provides specific guidance on what level of client inquiries are expected to be conducted by a providing entity and to what extent the providing entity must consider and investigate the subject matter of the advice, where the providing entity's licence authorisation conditions are limited to one or a few financial products.**

## **7. The level of consumer education and understanding of these schemes**

Quite a lot has been done regarding consumer education and the provision of information to assist with the understanding of these schemes in recent years. For example, for over a decade now CPA Australia has played its role in the provision of education and information for both investors and our members about the issues to be considered, including the high risk associated with investing in agribusiness MIS. Our message has been consistent; there are risks that must be considered, always look at prospects of success/ profitability and tax considerations should not be the only motivation to invest. Further, the agribusiness MIS selected should also take into account the overall financial needs and objectives of the investor.

Our organisation's messaging has taken many forms including issuing financial year end media releases, articles and more recently, the release of CPA Australia's *Guidance note for advising on agribusiness Managed Investment Schemes (MIS) (2007)*<sup>2</sup>. This document provides best practice guidance for our members when considering investment in agribusiness, including key factors that should be taken into account when making a recommendation to invest in a agribusiness MIS (see Attachment B).

We also note that ASIC, via FIDO, has also been a significant producer of educational material in this regard with both publications, media releases and dedicated information made available to the public on their FIDO website.

ASIC's role has also extended to ensuring investors have adequate and reliable information available to enable them to make an informed decision on whether to invest in a MIS. This information usually takes the form of a prospectus or PDS issued by the company offering the product and in some circumstances a statement of advice recommending why to invest in the MIS. These documents must be prepared in accordance with the guidance ASIC has issued in order to ensure that they comply with the requirements of the *Corporations Act* and enable investors to make informed decisions.

<sup>2</sup> A copy of the CPA Australia's Guidance note for advising on agribusiness MIS can be viewed at [http://www.cpaustralia.com.au/873\\_31721](http://www.cpaustralia.com.au/873_31721)

There is still a need, however, for further education and consumer messaging to ensure that potential investors understand, amongst other things, that:

- the fact that there is an ASIC approved prospectus is no guarantee of success of the venture
- the risks involved in investing in different types of financial products
- an ATO product ruling (PR) only guarantees the availability of deductions on certain expenditure advanced to MIS operators provided the MIS operator implements scheme in accordance with the prospectus, and is not relevant to the financial viability or potential returns from the proposed project.

Where the relevant scheme is not implemented in accordance with the prospectus then the ATO may subsequently disallow the deductions claimed by taxpayers participating in the relevant MIS.

It is evident that there have been considerable efforts by both industry and the regulators to ensure that the consumer is both adequately informed and educated on the benefits and risks of investment in agribusiness MIS, and other investments for that matter. The question must be asked though – is this information reaching the investor? *Report 126 Understanding investors in the unlisted, unrated debenture (UUD) market*, released by ASIC in April 2008, showed less than 10% of the general investors<sup>3</sup> surveyed used the FIDO website as an information source.

#### **Recommendations:**

- **ASIC to undertake a marketing campaign promoting FIDO as the first stop for investors and potential investors for information and resources to ensure they are informed, educated and active, in accordance with ASIC's approach to consumer education.**
- **An annual benchmarking process be implemented to track the success of raising the awareness of FIDO.**

## **8. The performance of the schemes**

We note that on the FIDO website (the consumer website of ASIC), includes a section on Agricultural Managed Investment Schemes which provides the following information on how safe it is to invest in such schemes; *'Many of these schemes lose all or some of your money or fail to make a better return than money in a bank account. Crops can fail and plants and animals can lose value as more people invest in them. Of course some schemes will succeed but you need skill to pick the good ones, and even experts make mistakes.'*<sup>4</sup>

Notwithstanding the above, information on the prospects of success of these types of investments in the public domain is generally poor. In CPA Australia's submission to the Senate Inquiry into 'Mass marketed tax effective schemes and investor protection' in October 2000, we recommended that ASIC or the ATO undertake a review of retrospective data on the long-term returns provided by tax effective investment schemes. To our knowledge, this

<sup>3</sup> The report defined this group as either those with general fixed interest investments or those with any type of investment (e.g. shares, investment property) and over \$50,000 to invest

<sup>4</sup> <http://www.fido.gov.au/fido/fido.nsf/byheadline/agricultural+investment+schemes>

has either not been undertaken, or if it has then the information has not been made publicly available.

Following the announcement of this current Parliamentary Inquiry, CPA Australia has initiated its own inquiries in this regard, including contacting a number of key industry stakeholders seeking such information. To our knowledge, there is no long term research publicly available into the returns and profitability of the forestry or agri-business schemes. We will inform the Committee of any findings from our inquiries should they materialise in due course.

**Recommendation:**

**Investigation be undertaken by ASIC or another independent government body to research the past returns of the different agribusiness MIS and that this information be made publicly available to help inform the market.**

## **9. The factors underlying the recent scheme collapses**

There has been significant speculation and comment arising in respect to what was the underlying factors that caused the recent collapse of both Timbercorp and Great Southern.

In Great Southern's 2008 annual report, it was flagged in the auditor's opinion that :

*As a result of the matters described in Note 1(b) to the financial report, there is significant uncertainty whether the company and the consolidated entity will be able to continue as going concerns and therefore whether they will be able to pay their debts as and when they become due and payable and realise their assets and extinguish their liabilities in the normal course of operations and at the amounts stated in the financial report.*

In a company update and outlook announcement in April 2009, Great Southern followed this stating that their cash flows remained dependent on the sale of assets and continued reliance on MIS sales, and that cash flow management remains an important focus of the group.

It is possible that relying on MIS sales may have been appropriate for short term funding to meet obligations but may not have been a suitable basis for a sustainable business model in the long term.

The global financial crisis has undoubtedly impacted almost every industry in some way, including leading to an increase in risk and a tightening in the availability of credit that banks are willing to provide to businesses in this current economic climate. Furthermore, it has presumably impacted on the level of funds that investors choose or are able to invest in these schemes and also possibly reduced the need to invest in a tax effective vehicle such as a MIS. For the financial year ended 2008, Great Southern reported a 24% fall in the total sales of MIS which seems consistent with the forgoing observation as well as perhaps highlighting the risk of relying on the sale of future MIS to sustain the business model as mentioned earlier, a fact that Managing Director Cameron Rhodes also drew attention to in February 2009, saying:

*'This underlines the fact that Great Southern needs to reduce its reliance on MIS sales to generate the revenues required to service the higher operating costs and higher gearing the business currently carries<sup>5</sup>.'*

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<sup>5</sup> Great Southern posts \$64 million loss, Money Management 19 February 2009  
<http://www.moneymanagement.com.au/Article/Great-Southern-posts-64-million-loss/468253.aspx>

A reduction in the level of MIS sales may also be attributed to the uncertainty in the sector as a result of the ATO releasing their reconsidered view on the income tax treatment of registered agricultural MIS in March 2007. What became TR 2007/8 stated that investor contributions to such schemes were in the nature of capital expenditure and therefore not deductible. Consequently, no further product rulings were to be issued from 1 July 2008, when the ruling was then to come into effect.

A test case followed and on the 19 December 2008 the Full Federal Court handed down their decision in *Hance v Federal Commissioner of Taxation* (2008) FCAFC 196, which clarified the law in relation to deductions for contributions to registered agricultural MIS. The Federal Court ruled that investments in MIS arrangements which are broadly similar to the test case are deductible. The ATO then withdrew TR 2007/8 but many would argue that the damage had already been done and the uncertainty that this created negatively impacted the investment into non-forestry MIS over the relevant period.

Other factors that possibly also contributed were low rainfall in relevant plantation and crop areas, fluctuating commodity prices and the uncertainty on returns given the long term nature of these investments.

In summary, while the global financial crisis may have been the catalyst for the collapse of both Timbercorp and Great Southern, it is likely that a number of other factors have also contributed to this final outcome.

## **10. The projected returns and supporting information, including assumptions on product price and demand**

We are not able to comment in any detail on this matter as we are not in this business, although we note that forecasting is not a precise science. ASIC guidelines are also relevant in this regard, as we understand the forecasts made in the various products on offer were in accord with ASIC's guidelines.

## **11. The impact of MIS on other related markets**

We are not in a position to make detailed comments on this matter, however we note that agribusiness MIS investments in recent years appear to have had a significant impact on land values and assets of farmers who are in the same areas as Timbercorp, Great Southern and others.

A corollary to this is that these property prices may now decline as a result of reduced demand and the likely potential sale of MIS assets to meet outstanding debts of the companies involved. We expect this will have a negative flow on effect to others, for example primary producers who have borrowed against the increased value of their properties as they now may face significant financial risks if their property values have since fallen.

## **12. The need for any legislative or regulatory change**

Generally, if a scheme has more than 20 members or is promoted by someone who is in the business of promoting investment schemes, then it must be registered with ASIC. As the regulator, ASIC is responsible for supervising and ensuring the operation of these schemes complies with the requirements of the *Corporations Act*.

To be registered, a scheme must:

- be operated by a responsible entity (RE)

- have a constitution, and
- have a compliance plan.

They must also:

- issue a PDS, which must comply with ASIC's requirements as outlined earlier
- undertake independent audits of both the scheme and the RE
- ensure that the property of the scheme remains separate from that of the RE and other schemes, and
- have a procedure for the removal of the RE in certain circumstances.

Registered MISs must also adhere to further requirements as a holder of an AFSL. Taking this into account, it would appear that it was not a lack of regulation that has led to the collapse of these schemes nor a failure to comply with the extensive compliance obligations arising under such regulation, but instead a combination of other factors as discussed in section 9 above have together contributed to this result.

Taking into consideration our concerns raised in point 8 regarding limited authorisation licensing, there may be a need for regulatory or legislative refinements. However, no decisions or actions should be made before the conclusion of the inquiry into financial services and products is also concluded.

**Recommendation:**

**No decisions or actions regarding legislative or regulatory change should be made until the conclusion on the Inquiry into Financial Products and Services in Australia.**