



ASIC
Australian Securities &
Investments Commission

Committee	Senate Economics Legislation Committee
Inquiry	Financial Accountability Regime Bill 2021 [Provisions] and Financial Services Compensation Scheme of Last Resort Levy Bill 2021 [Provisions]
Question No.	001
Reference	Spoken, 27 January 2022, Hansard Page 55
Committee member	Senator Pratt

QUESTION

Senator PRATT: What would need to happen in order to change the bill to accommodate managed investment schemes, from ASIC's point of view?

Mr Kirk: I think that's largely a drafting question. There are probably a number of different ways it could be done, but that would have to be one of the specified areas.

Senator PRATT: I'd ask you to take on notice how to amend it, with that as a specified area, but also to consider insurance and other products. I've been involved in the Sterling inquiry, and people have been told by ASIC and politicians to make an application to the scheme only to be excluded at the 11th hour. So I want to ask: what technically needs to happen to amend it in order to achieve their inclusion?

Mr Kirk: We could proffer a suggestion about that, but I think the better entity to ask about that area is Treasury, who have been involved in the designing and the drafting of the legislation.

Senator PRATT: You're an independent organisation, and you understand the issues well. Treasury are under the guidance of their minister. Yes, I could still ask them how to do it, but I'm very keen to hear ASIC's view.

Mr Kirk: We're happy to seek to provide something to you, accepting that we're not parliamentary drafters—

Senator PRATT: That's fine. If you could give me an overview of what needs to happen technically at your end—

Mr Kirk: We can identify the section where the sectors of activity that are covered by the scheme are set out.

ANSWER

The scope of eligibility for compensation under the scheme is set out in Schedule 3 of the Financial Sector Reform (Hayne Royal Commission Response No. 3) Bill 2021. Schedule 3 inserts section 1065 into the Corporations Act. Subsection 1065(2) sets out the products and services that may be covered by the CSLR.

Any amendment to that subsection and any consequential amendments would be a matter for Government.