

Parliamentary Joint Committee on Corporations and Financial Services

Australian Securities and Investments Commission

Answers to Questions on Notice

Public hearing: 28 February 2020

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**Question No:** 006

**Reference:** Hansard page 35

**Question:**

**Mr GEORGANAS:** You said that you're having discussions with Treasury. When did ASIC inform Treasury that there were issues with listed investment trusts and listed investment companies?

**Mr Shipton:** I would respond to that by saying we've had an ongoing dialogue with Treasury about these issues for a long time. If I remember correctly, we are on the record in public submissions a number of years ago about our concerns—

**Mr GEORGANAS:** Two years? Five years? Ten years? I know you've only been here for two years.

**Mr Shipton:** Can I take it on notice as to when we made the earlier submissions. We've had consistent concerns as to conflicted remuneration. I know in our submissions to the royal commission—we have been asked in this very place by this very committee about those submissions on conflicted remuneration. We have a starting bias that we need to be persuaded of the merits of conflicting remuneration, and unless there are merits to its existence we don't believe that it acts in the best interest of the market.

**Answer:**

On 15 November 2013, Treasury asked ASIC for its views on extending the stamping fee exemption to investment entities (such as LICs and LITs). On 19 November 2013 we wrote to Treasury with our views on the effect of broadening the exemption (ie it would create market distortion and lead to consumer detriment).

On 5 August 2019 we wrote to Treasury with initial analysis by ASIC that showed a correlation between higher stamping fees and negative consumer outcomes for LICs and LITs.