

**Question No:** 009  
**Reference:** Hansard page 53  
**Committee Member:** Falinski

**Questions:**

**Mr FALINSKI:** Can I thank you, Mr Day, Danielle and Ms Chester, for your information on that. I look forward to finding out more. One last thing: you, being ASIC, have rightfully made a lot of the term 'independent'. Indeed, you have made the point over and over again, which I think most reasonable Australians would consider to be right. That is, if a financial planner or adviser is working for a financial institution, whether it be AMP, Westpac, the Commonwealth Bank or whoever it may be, they can't call themselves independent. I'm wondering about this particular group called Frontier that are putting themselves out there as financial advisers and are calling themselves Australia's leading independent financial advisers 'advising Australian investors as a trusted adviser for over 20 years'. Have you spoken to them about their use of 'independent'?

**Ms Press:** I don't believe that Frontier provide retail financial advice. I think they are a wholesale advice business. I will need to take that on notice exactly their wording to get back to you on that.

**Mr FALINSKI:** Danielle, what confuses me about that answer though is that what you are saying is that it's okay to call yourself independent as long as you are not giving advice to a retail investor?

**Ms Press:** No, I think my answer was really around the use of the term independent that you had referred to with respect to AMP and Commonwealth Bank.

**Mr FALINSKI:** Okay, so there might be a problem with using the word independent.

**Ms Press:** I would need to have a look at the way they are actually structuring it and what they're saying.

**Mr FALINSKI:** Let me, just for the record, mention some of the people on the board. Deborah Cole is an appointed representative of HESTA. John Edwards is an appointed representative of Cbus and is a director of the Cbus board. Angela Emslie is an independent director, John Dixon is an appointed representative of Australian Super. Scott McDine is a representative of First State Super, which is now Aware Super. Is that sounding like an independent group of directors?

**Ms Press:** My understanding is that they represent the ownership of Frontier. The question of 'independent' depends on what advice they are, in inverted commas, 'talking about', and I would need to take on notice exactly where they are using that word and whether or not it falls foul of the independent requirements.

**Answers:**

*What kind of services does Frontier Advisors Pty Ltd provide?*

Frontier Advisors Pty Ltd (Frontier) (AFSL 241266) has a financial services licence to provide financial product advice and to deal in a financial product, to retail and wholesale clients.

Frontier's website states that they provide advice to institutional investors in areas such as asset allocation, capital market insights, investment policy, and retirement solutions.

*Can Frontier use the term 'independent'?*

Section 923A of the *Corporations Act 2001* (Corporations Act) prohibits a person from using certain restricted words and expressions in a financial services business or in the provision of a financial service.

A financial services provider must satisfy the following conditions to overcome this prohibition:

- a. the person (including anyone providing a financial service on their behalf or anyone on whose behalf they are providing a financial service) does not receive commissions (apart from commissions that are rebated in full), volume-based remuneration, or other gifts or benefits from product issuers which may reasonably be expected to influence that person (s923A(a) of the Corporations Act);
- b. the person operates free from direct or indirect restrictions relating to the financial products in respect of which they provide financial services (s923A(d) of the Corporations Act); and
- c. the person is free from conflicts of interest that might arise from any associations or relationships with product issuers and might reasonably be expected to influence the person in carrying on their business or providing their services (s923A(e) of the Corporations Act).

Frontier can use restricted terms (such as 'independent') if they satisfy the conditions in s923A of the Corporations Act, as set out above.