

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

2014 - 2015

**Department/Agency: ASIC**

**Question: AET 165-175**

**Topic: Macquarie Bank**

**Reference: Written - 6 March 2015**

**Senator: Dastyari, Sam**

**Question:**

165. Some reports were produced as part of the Macquarie Bank Enforceable Undertaking: can you please table:
  - a. KPMG implementation report 2013
  - b. KPMG final report (January) 2015
  - c. The Deloitte Risk & Culture review (conducted at Macquarie in 2013)
166. How many managerial level staff did ASIC interview as part of their investigation of Macquarie?
167. How many individual advisors and assistants did ASIC interview as part of their investigation of Macquarie?
168. How many former Macquarie advisors are under investigation by ASIC?
169. How many current Macquarie advisors are under investigation by ASIC?
170. Did ASIC ever share press releases with Macquarie before issuing them? Why?
171. With respect to allegations at Macquarie: is it 'best practice' to conduct an internal review, or something else, such as an independent external review?
172. What were the internal audit failure rates?
173. How many letters were sent to customers?
174. How many complaints were received?
175. How many cases have been paid out?

**Answer:**

165. The reports requested are confidential. ASIC is unable to table these documents due to the operation of s127 of the *ASIC Act 2001*.
166. During ASIC's surveillance of Macquarie Private Wealth (MPW) in 2012, which led to the EU, ASIC spoke to 15 members of Macquarie management, many of whom were spoken on more than one occasion. During the course of the EU, and subsequently, there has been weekly interaction with senior management.
167. Between 9 April 2013 and 19 February 2015 a total of four current and advisers and assistants were interviewed by ASIC in the course of investigations of individual conduct. During the course of the EU, the independent expert has spoken to many individual advisers, assistants and other staff at all levels of MPW in connection with its testing.
168. Ten former Macquarie advisers are under investigation by ASIC. There are also some former Macquarie advisers in respect of whom we are making inquiries.
169. None of the advisers under investigation by ASIC is currently employed by Macquarie. There are some current Macquarie advisers in respect of whom we are

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making inquiries. As is ASIC's usual practice, where information comes to ASIC's attention about particular advisers, we consider whether to take action, based on a number of factors including the seriousness of the conduct, its age, the availability evidence and our resources and strategic priorities.

170. In relation to the MPW EU ASIC gave Macquarie advance notice of the content of the following media releases:

- *13-010MR ASIC Accepts enforceable undertaking from Macquarie Equities Limited* (29 January 2013)
- *14-201MR Macquarie Equities Limited financial advice remediation* (15 August 2014)
- *15-022MR Macquarie Equities Limited enforceable undertaking and next steps* (13 February 2015)

ASIC's current public policy is set out in *Information Sheet 152: Public Comment – "We may, at our discretion, give advance notice of a public statement about a regulatory outcome to an interested party. However, we will not provide any draft public statement before a regulatory outcome is reached (e.g. the terms of a settlement being agreed)."*

We use our judgment to determine if we provide an affected party with a copy of a media release before it is issued and, if so, how long we provide to the affected party to review the release and whether we incorporate comments from the affected party into the media release.

Our decision to provide advance notice may be influenced by the desire to ensure the factual accuracy of information disclosed to the public. The interested party will have an opportunity to bring to ASIC's attention any inaccuracies it believes the statement may contain.

171. It is unclear which allegations are referred to in this question.
172. This information is confidential information of Macquarie Equities Limited. ASIC is unable to disclose it due to the operation of section 127 of the ASIC Act 2001.
173. In its Operational Briefing to institutional investors and analysts on 17 February 2015 Macquarie advised that approximately 189,000 letters had been sent to all current and former clients of Macquarie.
174. In its Operational Briefing to institutional investors and analysts on 17 February 2015 Macquarie advised that it had received 831 complaints and 1627 requests for a review of client file. Of those complaints and file review requests that had been assessed by Macquarie as of 17 February 2015 there were 19 cases which were eligible for compensation.
175. See the response to question 174.