

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates, 16 February 2006

Question: AT 30

Topic: *Examination of the details provided by all licenses by financial planners*

Hansard Page: E37

Senator SHERRY asked:

Did ASIC examine all of the detail provided by all licence applicants for planning? Did you examine all the detail? My understanding is that you were not able to within the time frame and with the resources you had allocated.

Mr Lucy—I think it is more to do with the documentation. We were criticised because we were not able to demonstrate the extent to which we have examined, and we accept that criticism, but that is not to say, though, that the examination itself was deficient. We did examine the documents and they were assessed on their merits and licences were issued accordingly.

Senator SHERRY—I understand that, but I have had financial planners and officers say to me, as part of this process, that they would admit that there were inaccuracies on the documents they provided—inadvertent, perhaps, but there were inaccuracies on the documents. What I am getting at is: to what extent did you examine the accuracy of names and background details on the documents provided to you for licensing purposes?

Mr Lucy—Extensively; but, again, to really provide some meat to that answer we should take it on notice. There is no doubt that we had skilled, competent people assessing. They were supervised. The whole licensing program was undertaken with a lot of discipline and rigour.

Answer:

ASIC checks that the applicant entity's name corresponds to the ABN/ACN they have entered on the AFS licence application form. This check is undertaken against data held in the ATO or ASIC database.

ASIC also checks the criminal history and bankruptcy records of all the Responsible Officers nominated by the applicant, by way of examination of AFP and ITSA data.

When the FSR regime came into force and an applicant streamlined into the new regime, ASIC also checked that the applicant entity's name corresponded to the name in which the previous dealers licence or broker registration was held.

Finally, ASIC undertakes an internal search of its databases to ensure that none of the entity's nominated Responsible Officers have been banned or disqualified, or that the entity itself has not had a previous licence or registration suspended.