

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates, 16 February 2006

Question: AT 33

Topic: *Checks on Property Investment Research Pty Ltd*

Hansard Page: E39

Senator SHERRY asked:

We talked earlier, when Senator Watson was questioning, about where it is clear that you have the power. This Property Investment Research Pty Ltd—and I have a copy of their ‘Leaders in independent research’; I do not know whether you have seen it—is the research house that provided a three out of five star rating for Westpoint Management Ltd. The document is signed off by KPMG, which is another issue. Property Investment Research Pty Ltd are licensed by ASIC. What checks did ASIC carry out of this independent research house?

Mr Lucy—I will have to take that specific question on notice.

Answer:

- Property Investment Research Pty Ltd ("PIR") held an Investment Adviser's licence (#12151) from 4 July 1990 until 16 February 2004.
- On 18 December 2003 Property Investment Research Pty Ltd made a streamlined application for an Australian financial services licence ("AFSL").
- On 6 January 2004, ASIC granted an AFSL (#252599) to PIR (however, the commencement of the AFSL was delayed at PIR's request to 16 February 2004).

Under the streamlined application process, an applicant was not required to submit to a full application process before being given an AFSL nor was ASIC obliged to make any assessment as to whether an applicant will or will not comply with the core obligations of a licence holder under s912A nor whether the applicant, its responsible officers or the partners or trustees who will perform duties in connection with the holding of the licence are or are not of good fame or character.

Instead, under the streamlined process, the legislation provided that ASIC must grant an applicant an AFSL if the application contained the required information, was accompanied by the required documents and included a statement to the effect that the applicant would, if granted the licence, comply with their obligations as an AFSL holder (ASIC's online AFSL application form required applicants to make various certifications to this end).

ASIC carried out its checks and PIR satisfied the requirements under the streamlined process.