

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 337

Topic: Frozen Funds #4

Hansard Page: Written

Senator EGGLESTON asked:

Finally, how many funds have ASIC currently frozen as a result of ongoing investigations?

Answer:

ASIC has not frozen any funds.

A fund is frozen by its responsible entity in order to meet the responsible entity's obligations under the scheme's constitution and Corporations Act. Additionally, the responsible entities do not have an obligation to notify ASIC of any frozen funds.

A responsible entity of a frozen fund owes the duty to members to act in the best interests of all investors i.e. those members who have asked to withdraw and those who have not. The freezing of funds is designed to ensure that, while a scheme is not liquid, a member of a scheme obtains the same opportunities to access their capital as all other members of the scheme and withdrawal only occurs when the responsible entity considers it is in the best interest of all members of the scheme for capital to be withdrawn.