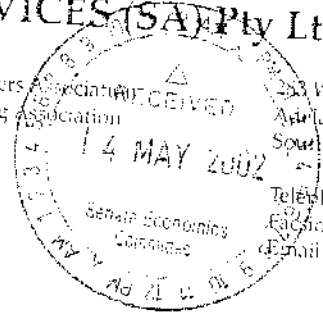




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Disability Insurance
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3rd May, 2002

David Creed
Secretary Parliamentary
Joint Committee on Corporations and Financial Services
Parliament house
CANBERRA ACT 2000

Dear David

I have been moved again to write you regarding the enquiry into the regulations and ASIC policy statements made under the Financial Service Reform Act 2001.

As a participant in the Financial Services Industry it has been very difficult to extract an interpretation of the legislation as applies to a number of areas in which I participate.

I am aware of the regulations and some agreed positions that were taken in order to have the legislation passed, but they are not expressed with any clarity.

In fact, I have found it almost impossible to interpret the actual legislation and am confused by the communications from the Dealer Groups within the industry, and the position taken by ASIC. It would be fair to say that the ASIC position really has no clarity as it relates to the decisions I must make regarding my business prior to the end of the transition period in March 2004.

I find that I am being bullied by Financial Dealers who wish to woo me as a distributor for their Group, and infer that this decision must be made by July 1st 2002, with a threat of withdrawing services they provide, or at least, withdrawing cooperation in interpreting their position in the new legislative regime.

There also appears to be no clear definition on the taxation position regarding transfer of agencies, the valuation of agencies, or in fact real recognition of the valuation or remuneration, based on some form of valuation to assist in the transfer.

As I understand the legislation as it applies to our industry was consumer driven, to obtain a better outcome for the consumer, and reduce any historical bias that may have prevailed. The offer that is being made by the Dealer Groups appear to be providing them with additional remuneration for the same services, and have a definite financial bias towards the use of their products, both in the structure of the initial payment of commissions, and the ultimate asset value of the equity in my current business, that I will pass over to them on rolling into the new environment.

I seek clarity in the legislation in addition to the formulation of the regulations as agreed, to assist with the passage of the Bill.

Currently, the situation is intolerable. I found out today, but have not been able to confirm across the industry that Life Insurance Agents, or people with agency agreement with companies who wish to apply for licenses during the transitional period will be unable to obtain Professional Indemnity insurance. Therefore making the proposed position of obtaining your own license out of reach, and in short, making the legislation unworkable.

I would be only to please to air my grievances further should the opportunity arise.

All of my representations to date have been as an individual working in this industry, but as a result of my initial submission I have found myself on the board of the Association of Financial Advisers and chairman of their Public Affairs Committee.

I needed to explain this position, but emphasise that the thrust of my current submission is as an individual practitioner, not as a board member of the AFA.

I am also a fully paid financial member of the FPA, have completed all of my studies to satisfy of IP146 and wish to continue growing my business which employs five staff in addition to myself, grew by 25% last year in spite of my time being distracted by concern for the legislation, and can growth still further.

This is not a boast, this is possibly why I have all the Dealer Groups approaching me to join them and I might add, none of which have licenses under FSRA.

It has been suggested by ASIC personnel, with whom I communicate, I should apply for my own license because of the apparent stature of my business, but, the most recent information regarding Professional Indemnity seems as though this course may be denied.

I look forward to making a further contribution in assisting the government in providing a workable environments for the consumers to obtain favorable outcomes on seeking advice from participants or practitioners in our industry.

Yours Faithfully



M F Murphy