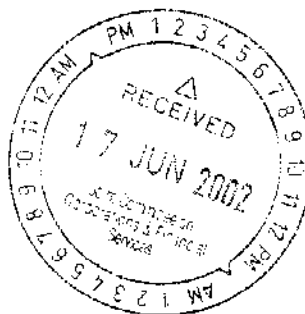


17 June 2002



Senator Grant Chapman
 Chairman
 Parliamentary Joint Committee on Corporations
 & Financial Services
 Parliament House
 CANBERRA ACT 2600

By Facsimile: (02) 6277 5719

Dear Senator Chapman

**Re: Inquiry into the Regulations & ASIC Policy Statements made under
 the *Financial Services Reform Act 2001***

The National Institute of Accountants (NIA), a professional accounting body with over 12,000 members, made a submission to this inquiry. We made the submission to express our concern that many of our members who work in public practice and offer traditional accounting services, (that is non-financial planning), and our members who work in Government, Commerce and Industry are not inadvertently caught up in the new licensing regime.

Of particular concern is that the regulation to carve accountants out of the new licensing requirements, Regulation 7.1.29 is ineffective and impractical and does not properly reflect the Government's intention, which is

"...reflect the fact those activities from which accountants are typically training, will not give rise to an obligation to be licensed provided they are not offering financial product ...the regulators and (ASIC) policy papers will, where necessary, clarify that the FSR regime will not adversely impact on the accounting profession".

ASIC recently released a Frequently Asked Question (FAQ) for accountants on whether they should be licensed or not. This FAQ was helpful in compiling all the relevant regulations and policy statements affecting accountants under the FSR regime, however it did not address the fundamental weaknesses of Regulation 7.1.29. The NIA would also like to bring to your attention that ASIC did not involve the NIA in the drafting of either Regulation 7.1.29 or the FAQ.

The purpose for this correspondence is to bring to your attention that the deficiencies the NIA, CPA Australia and the Institute of Chartered Accountants in Australia (ICAA) raised in their respective submissions still exist, and it is important for the 150,000 accountants in Australia that the Parliamentary Joint Committee focus on this issue as a matter of urgency in its report.

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If the Parliamentary Joint Committee is to hold hearings into this Inquiry, the NIA is very willing to assist in giving evidence.

Yours sincerely



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Gavan Ord
TECHNICAL POLICY MANAGER