



**Chartered
Accountants**

NUMBER ONE IN NUMBERS

6 June 2007

The Secretary
Parliamentary Joint committee on Corporations and
Financial Services
Suite SG.64
Parliament House
CANBERRA ACT 2600

To the Committee Secretary,

Re: Inquiry into Simpler Regulatory System legislation

The Institute of Chartered Accountants in Australia appreciate the opportunity to respond to the Joint Committee on Corporations and Financial Services inquiry into Corporations Legislation Amendment (Simpler Regulatory System) Bill 2007 and related bills.

The Institute is highly supportive of the Government's aim to simplify and improve the regulation in the areas of financial services, company reporting obligations, auditor independence, corporate governance, fundraising, takeovers and compliance.

The following comments relate to Chapter 1 Financial Services Regulations. The Institute supports the need to reduce the regulatory burden on providers of financial services, particular in regards to the provision of financial advice. The government's endeavours to improve consumer access and maintain consumer protection to the financial services regulatory framework is to be commended and supported.

There are 2 areas we would like to make comment:

Exemption from providing a Statement of Advice – no product recommendation and no remuneration.

The Institute supports the intent of this proposal. This is an important step forward for the access of financial advice by consumers and in particular the provision of advice that is of a strategic nature.

In regards to section 946B there would be value in clarifying the intent of for example "not recommending the acquisition of any **specific** financial product or the products of a specific issuer... or contribution level in relation to a financial product held by a client". Is

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the intent for this proposal to cover recommendations to put more funds into a structure i.e. superannuation or unit trust or is it more specific i.e. recommend placing \$XX dollars into the ABC fund?

Threshold for requiring a Statement of Advice

The Institute supports the intent of this proposal, particularly as it now incorporates superannuation where a person already has an existing interest. This will remove the potential for product structure advice bias.

Additionally it is important that the advice provided is documented and a copy of the Record of Advice is provided to the consumer.

The Institute would suggest that additional clarification be provided in regards to 946AA(2) "total value of investments". The total value of investments appears to focus on the acquisition/ disposal at the time of the advice that is below the threshold – an issue of clarification is required for ongoing investment amounts such as savings plans.

We will all be pleased to assist you in understanding the positions set out within this letter.

Yours sincerely

Hugh Elvy
Manager Financial Planning
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