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11 August 2003

Mr Peter Hallahan
Secretary
Senate Standing Committee on Economics
Suite SG.64
Parliament House
CANBERRA ACT 2600

Dear Mr Hallahan

**INQUIRY INTO PROVISIONS OF THE
FINANCIAL SERVICES REFORM AMENDMENT BILL 2003**

I am writing on behalf of CPA Australia to provide the Senate Standing Committee on Economics with comments on the Financial Services Reform Amendment Bill 2003.

CPA Australia is aware that the Committee held a public hearing on Wednesday, 30 July and having seen the transcript of evidence wishes to make the following comments.

Definition of Dealing

CPA Australia supports the proposed amendment to Section 766C - Definition of dealing. It should ensure that a licensee or potential licensee will be more certain of what is and what is not dealing.

Reporting of Breaches

CPA Australia welcomes the extension of time to report significant breaches in licence obligations to Australian Securities and Investments Commission (ASIC). It should allow for sufficient investigation of a breach on the part of the licensee before reporting to ASIC as the obligation.

Regulation Making Power

CPA Australia welcomes the Regulation making power that allows for the specification of the documents which will require the inclusion of the Australian Financial Services Licence (AFSL) number.

CPA Australia believes that this initiative will provide certainty and consistency in the industry. The initiative will benefit both the industry participants and consumers, providing consumers with certainty about the people with whom they are dealing.

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Combining Product Disclosure Statements (PDS) and Financial Services Guide (FSG) in certain circumstances

CPA Australia endorses in-principle the proposal to make a regulation so as to have the ability to combine Product Disclosure Statements (PDS) and Financial Services Guide (FSG) documents in certain circumstances. This ability will ensure cost savings from a compliance perspective for a licensee but also ensure that consumers obtain the disclosure required in one document. CPA Australia is of the view that the combining of the documents will not detract from the disclosure purpose of each individual document.

Self-Managed Super Fund (SMSF) 'In use' Notice

CPA Australia supports the proposed removal of the requirement by a Self-Managed Super Fund (SMSF) to lodge an 'in use' notices.

Modification Power

CPA Australia is very interested in learning more about the likely application of the regulation making power proposed for Part 7.6 which will permit modifications to section 923A in relation to the restrictions on the use of terms such as independent, unbiased and impartial.

CPA Australia supports such a proposal. A large proportion of our members who are being caught under the FSR Act as a consequence of Regulation 7.1.29 would be independent but for operational reasons may be unable to use the term independent because of the very strict way in which the law is drafted. CPA Australia therefore welcomes the greater flexibility that the modification power will provide to members.

In relation to this matter CPA Australia notes that representatives of ASIC did not appear before the Committee at its 30 July hearing. CPA Australia would be very interested to hear evidence from ASIC should the Committee decide to hold another public hearing.

If required, CPA Australia is willing to provide the Committee with additional information. The contact officer is Ms Catharine Crack, Adviser, Financial Planning and Superannuation Policy, who can be contacted in Melbourne on (03) 9606 9656.

Yours sincerely



Kevin Lewis
Director
Policy & Research

cc: C Crack, T Rowe