



INTERNATIONAL  
BANKS AND SECURITIES  
ASSOCIATION OF AUSTRALIA

30 July 2003

Mr Peter Hallahan  
Secretary  
Senate Economics Legislation Committee  
Parliament House  
CANBERRA ACT 2600

Dear Mr Hallahan

**Financial Services Reform (FSR) Amendment Bill 2003**

I would like to thank the Committee for giving IBSA the opportunity present evidence at yesterday's hearings and for the kind reception that I was afforded.

I am concerned that the inconsistency between my evidence and that later given by the Department of the Treasury in regard to our submission must have seemed puzzling to the Committee. However, having spoken with the Department of Treasury today, I think I can succinctly reconcile our respective evidence.

It seems that Treasury was speaking at cross-purposes when they provided their assessment of our submission. The form of regulation for wholesale ADIs is another issue on IBSA's policy agenda and it seems that Treasury's response was a reaction to that issue, rather than an assessment of our proposal to improve the *definition of retail client*, which was the object of the Committee's questions.

Also, IBSA does not have an ongoing dialogue with Treasury on the definition of retail investor, as was stated. However, consequent to yesterday's hearings, Treasury is considering our proposals and we are grateful to them for this.

I would reiterate that we do not consider our proposals to be controversial, as they are consistent with policies in the lead up to FSR. For instance, the definition of professional investor included large proprietary companies and ASIC's Policy Statement 70 uses a \$10 million total tangible assets sophisticated investor test.

We appreciate that there can be misunderstandings when there is a heavy agenda of issues to be considered over a short period of time, as was the case yesterday. However, I hope that this information clarifies the situation for the Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Lynch', is written below the text 'Yours sincerely'.

**David Lynch**  
**Director of Policy**