

Senate Select Committee on Superannuation and Financial Services

Main Inquiry Reference (a)

Submission No. 116

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**ASIC**

Australian Securities & Investments Commission

Our Reference: David Knott

Your Reference: Senator John Watson

9 April 2001

Senator John Watson
Committee Chair
Select Committee on Superannuation
and Financial Services
Parliament House
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Dear Senator Watson

It has come to my attention that there has been some criticism from you in relation to my letter to the Select Committee on Superannuation and Financial Services dated 15 January 2001.

In particular, I refer to page 111 of the Hansard of the Senate Economic Legislation Committee of 21 February 2001.

It is suggested my letter indicated ASIC first became aware of problems with Commercial Nominees of Australia Limited (CNAL) "late in 2000" and was a "misrepresentation" to the Committee.

There were a number of important issues raised at both the hearing of 21 February 2001 and the enquiry by the Select Committee of Superannuation and Financial Services of 30 March 2001 in respect of which ASIC wishes to respond at length. This is to take place on 18 May 2001. However, I am most concerned to correct any misunderstanding that has arisen in relation to my letter before that hearing and request that this letter be tabled by the Committee.

My letter was not intended as, nor did your letter request, an account of when ASIC first became aware of problems with CNAL.

Your letter raised concerns about CNAL with particular regard to superannuation investments for retirees and called for the Australian Prudential Regulation Authority (APRA) and ASIC to investigate a number of matters specified in the letter.

The purpose of my letter was to confirm that ASIC was investigating certain aspects of CNAL and to advise you of some of the actions taken by ASIC at that point in time.

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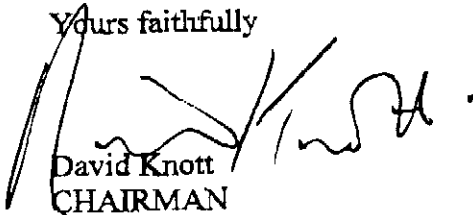
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My letter also referred to the fact that ASIC had received a number of complaints from investors since early November 2000 in connection with the apparent collapse of CNAL. This was to highlight the context in which our investigations were commenced, not to suggest this was the first time ASIC became aware of concerns regarding CNAL.

The fact that we had knowledge of CNAL earlier in the year, although not known to me when I wrote the letter, was freely volunteered to the Committee at the February hearing. I wish to assure your Committee that I did not, and would not ever, seek to be anything other than frank in my dealings with you.

For the record, ASIC did not receive correspondence from APRA in February and March 2000 in relation to CNAL as suggested in the Hansard. However, rather than attempt to deal with the detail of these matters in this letter, it would be more appropriate for such matters to be ventilated at the foreshadowed hearing. ASIC welcomes the opportunity to appear and to make representations on what is a difficult but vitally important area of regulation.

Yours faithfully



David Knott
CHAIRMAN