

**Answer to question in writing:**

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE ASIC ANNUAL REPORT (SECOND REPORT) 2019**

ASIC19QW

Is ASIC working collaboratively with the financial advice sector to improve the provision of advice?

(a) Please outline ASIC's consultation process to date. Is consultation ongoing?

(b) How does ASIC ensure that its engagement with the sector is effective?

(c) What feedback has ASIC received from financial advisors regarding this process? Has ASIC conducted a survey to determine financial advisers' satisfaction with the consultation process?

**Answer:**

Yes. ASIC is working collaboratively with the financial advice industry.

***(a) Please outline ASIC's consultation process to date. Is consultation ongoing?***

ASIC consults with the financial advice industry, both formally and informally (that is, through formal consultation papers, formal liaison meetings and stakeholder groups and through less formal meetings).

We consult on any major new policies, initiatives, projects and guidance. Examples of this include ASIC's consultation on the proposed implementation of the Royal Commission recommendations on ongoing fee consents and independence disclosure, our Unmet Advice Needs Project and the Life Insurance Framework (LIF) Review.

We also consult, more generally, on issues of relevance and concern to the industry. For example, we hold quarterly liaison meetings with financial advice industry associations, including the Association of Financial Advisers, the Financial Planning Association of Australia and the Financial Services Council.

We also consult regularly with the ASIC Financial Advisers Consultative Panel (FACP). Established in 2017, the FACP's members are practising financial advisers who are skilled in a range of areas, including insurance, superannuation and digital financial advice. In 2019-20, the FACP met three times. Issues discussed include ASIC's ongoing work in relation to life insurance, fee disclosure statements and renewal notices.

In 2019-20, we met with financial advice industry groups and other advice industry stakeholders 137 times (not including engagement in a surveillance context).

***(b) How does ASIC ensure that its engagement with the sector is effective?***

ASIC ensures that our engagement with the financial advice industry is effective through regular communications with industry and ensuring that we consult on major policies and issues with a broad range of stakeholders from industry, including industry associations, Australian financial services (AFS) licensees and individual financial advisers. This means that we hear perspectives from a broad cross-section of industry.

For example, in relation to ASIC's LIF Review, we established the LIF Working Group with representatives from both the advice and life insurance industries, as well as consumer advocacy groups and other government agencies. The LIF Working Group is designed to increase transparency around the LIF Review and to give industry an opportunity to provide guidance and feedback directly to ASIC. In March 2020, we briefed the LIF Working Group about the proposed sampling methodology for ASIC's Review of life insurance advice files. As a result of the feedback from the advice industry representatives, ASIC amended the methodology to reduce the burden on industry.

***(c) What feedback has ASIC received from financial advisors regarding this process? Has ASIC conducted a survey to determine financial advisers' satisfaction with the consultation process?***

ASIC has received positive feedback from financial advisers and industry associations in relation to our consultation process, for example, in relation to recent ASIC relief and communications during the COVID-19 pandemic. ASIC seeks to work closely and collaboratively with the financial advice industry.

ASIC has not conducted a separate survey to determine the satisfaction of financial advisers with the consultation process.