



THE SENATE

28 May 2014

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## MEDIA RELEASE

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Today, the chair of the Senate Economics References Committee, Senator Mark Bishop, tabled an interim report on the performance of the Australian Securities and Investments Commission (ASIC).

The committee was to present its final report on 30 May 2014 but due to recent disclosures has decided to postpone the tabling of its report until late next month.

Senator Bishop explained that one of the committee's key concerns related to the misconduct of some financial advisers in Commonwealth Financial Planning Limited (CFP), part of the Commonwealth Bank of Australia Group (CBA), and ASIC's response to allegations of wrongdoing. The committee was particularly interested in the adequacy and integrity of the ASIC-approved compensation arrangements that CFP/the CBA had put in place for affected CFP clients.

The committee was well advanced in preparing its report when on 16 May 2014 ASIC and the CBA advised the committee that there were inconsistencies in the way in which the compensation arrangements for CFP clients had been applied. This revelation suggested that, for some time, the CBA had not kept either the committee or ASIC fully informed about the compensation process for clients affected by serious misconduct within CBA's businesses.

Although ASIC and the CBA have attempted to correct the record, the committee found that the evidence provided was sketchy and has left many key questions unanswered. Critical information is lacking on how many affected clients were kept in the dark by the CFP, and for how long, and the number who missed out on the offer of \$5,000 to help them pay for an expert assessor to assist their claim.

Concerned that at this late stage, it may still not have a full and accurate understanding of what has happened, the committee has sought additional information and clarification from both ASIC and the bank on this matter of central importance to the committee's inquiry and report.

In light of these surprise developments, the committee was of the view that it required more time to assess the significance of the new evidence coming to light and the responses it expects to receive from ASIC and the CBA. The committee agreed to table an interim report and to request an extension to present a final report no later than 26 June 2014.

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