



FINANCIAL PLANNING
ASSOCIATION of AUSTRALIA

30 October 2018

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Email: economics.sen@aph.gov.au

Dear Sir/Madam,

Re. Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Bill 2018

The Financial Planning Association of Australia (FPA) welcomes the opportunity to contribute to the Senate Economics Legislation Committee Inquiry into the Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Bill 2018.

The FPA supports Treasury's changes in the current Bill, which exclude financial advice and associated dealing from the new design and distribution obligations. Previous drafts of the legislation significantly hindered financial advisers' ability to meet their best interest duty obligations under s961B of the Corporations Act putting consumers at risk.

The FPA has long called for greater regulation of financial products in order to enhance consumer protections. We encourage the Committee to ensure the consumer protection mechanisms introduced under the Future of Financial Advice (FoFA) reforms, particularly the best interest duty, are not impacted by the introduction of this Bill. There is no benefit, and potentially a significant consumer detriment, in also applying the product design and distribution obligations to personal financial advice.

While the target market determinations to be introduced under this Bill are a positive step forward, some products are complex and present a significant risk to consumers that may not be fully represented or understood under the requirements in the Bill. Consideration should be given to the addition of a risk rating for financial products, provided through ASIC guidance. Target market determinations of products with high risk ratings should be required to include a stronger consumer warning and a recommendation to seek personal financial advice about the product.

The FPA supports the Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Bill 2018 as it is currently drafted.

If you have any questions, please do not hesitate to contact me at [REDACTED] or on [REDACTED]
[REDACTED]

Yours sincerely

[REDACTED]
Heather McEvoy
Policy Manager
Financial Planning Association of Australia¹

¹ The Financial Planning Association (FPA) has more than 14,000 members and affiliates of whom 11,000 are practising financial planners and 5,720 CFP professionals. The FPA has taken a leadership role in the financial planning profession in Australia and globally:

- Our first "policy pillar" is to act in the public interest at all times.
- In 2009 we announced a remuneration policy banning all commissions and conflicted remuneration on investments and superannuation for our members – years ahead of FOFA.
- We have an independent conduct review panel, Chaired by Graham McDonald, dealing with investigations and complaints against our members for breaches of our professional rules.
- The first financial planning professional body in the world to have a full suite of professional regulations incorporating a set of ethical principles, practice standards and professional conduct rules that explain and underpin professional financial planning practices. This is being exported to 26 member countries and the more than 175,570 CFP practitioners that make up the FPSB globally.
- We have built a curriculum with 18 Australian Universities for degrees in financial planning. Since 1st July 2013 all new members of the FPA have been required to hold, or be working towards, as a minimum, an approved undergraduate degree.
- CFP certification is the pre-eminent certification in financial planning globally. The educational requirements and standards to attain CFP standing are equal to other professional bodies, eg CPA Australia.
- We are recognised as a professional body by the Tax Practitioners Board.