



15 September 2014

Mr Sean Turner
A/G Committee Secretary
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600
economics.sen@aph.gov.au

Dear Mr Turner,

Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014

Thank you for the opportunity to submit to this inquiry into the Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014 (the Bill).

The Westpac Group, including BT Financial Group, is committed to helping people achieve their best financial future. As part of our commitment we take a close interest and active role in the development and implementation of public policy.

In this context, we have always supported the twin objectives of the original Future of Financial Advice (FoFA) reforms – to strengthen consumer protection and at the same time increase the availability of advice.

In our view, passage of the Bill is necessary to ensure that both of the original objectives are met. The measures contained in the Bill achieve an appropriate rebalancing of the original reforms by ensuring that financial advice remains accessible and affordable while at the same time enhancing already high levels of consumer protection.

In relation to the Bill, we wish to bring to the Committee's attention a technical matter relating to the need for client instructions and Statements of Advice (SOA) to contain provider and client signatures.

Specifically, the Bill requires that:

- the SOA must be signed by the providing entity, or an individual acting on behalf of the providing entity;
- the client must acknowledge receipt of the SOA by signing the SOA as soon as practicable after receiving the SOA; and
- if further or varied advice is sought, the providing entity must ensure that instructions from the client are documented in writing and signed by the client.

We note that the Revised Explanatory Memorandum *Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014* provides 'a signature can include a written signature or an electronic signature'.¹ While this clarification is welcome, an electronic signature is unlikely to include other electronic methods of providing consent.

Additionally, the ability to provide an electronic signature is limited to the SOA requirements contained in the Bill and not the requirements relating to client instructions.

As a result, while we support the intent of these additional requirements, we ask that the Committee consider recommending that it be made clear that all of these obligations are able to be discharged in a manner that is technology neutral.

This is consistent with other obligations in the *Corporations Act 2001* and the recent Financial System Inquiry Interim Report which makes several observations about the benefits of adopting a technology neutral approach – including that it can provide flexibility to adapt to the future and reduce the need for constant regulatory change.

In relation to other important technical enhancements to the Bill, we refer the Committee to the submissions of the Australian Bankers' Association and the Financial Services Council.

Please do not hesitate to contact me if you have any questions.

Yours sincerely

Martin Codina
Head, Government & Industry Affairs
BT Financial Group

¹ Paragraph 4.10, page 45, *Revised Explanatory Memorandum Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014*.