

Chapter 1

Introduction and conduct of the inquiry

1.1 On 21 March 2013, the House of Representatives Selection Committee referred the Corporations Amendment (Simple Corporate Bonds and Other Measures) Bill 2013 to this committee for inquiry and report.

1.2 The bill proposes legislative amendments to the *Corporations Act 2001* (the Corporations Act) which include:

- streamlining the disclosure regime for simple corporate bonds;
- changing directors' civil liability provisions in respect to simple corporate bonds issued to retail investors;
- clarifying the application of directors' defences in respect to misleading and deceptive statements and omissions in disclosure documents relating to simple corporate bonds issued to retail investors; and
- restricting the use of the terms 'financial planner' and 'financial adviser'.

1.3 The bill has two distinct schedules which relate to:

- simple corporate bonds (Schedule 1); and
- the use of the expressions 'financial planner' and 'financial adviser' (Schedule 2).

Conduct of the inquiry

1.4 The committee advertised the inquiry on its website inviting submissions from interested parties by 19 April 2013. The committee also wrote directly to a range of stakeholders to invite submissions.

1.5 The committee received 15 submissions, which are listed in Appendix 1. Seven of the submissions commented on Schedule 1, and 14 commented on Schedule 2.

1.6 The committee conducted a public hearing in Sydney on 22 April 2013. The hearing was structured so that the two schedules were dealt with separately. A list of the witnesses can be found in Appendix 2.

1.7 The committee also received answers to several questions on notice from Treasury and from the Financial Planning Association of Australia. These answers are contained in Appendix 3 and can also be viewed on the committee's website.

1.8 The committee thanks the individuals and organisations that provided evidence to the inquiry.

Financial impact

1.9 According to the Explanatory memorandum (EM), there is no financial impact from the bill.

Structure of the report

1.10 Given that the two schedules are distinct, chapter two of this report deals with Schedule 1 and the matters relating to simple corporate bonds. The amendments relating to the terms 'financial planner' and 'financial adviser' in Schedule 2 are covered in chapter three.

1.11 When references are made to the bill or support for the bill in chapters two and three, the reference is to Schedule 1 or 2 of the bill respectively, not to the bill in its entirety.