

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

26 February 2014

**Question: AET 1643 – 1650**

**Topic: Changes to FOFA**

**Written: 6 March 2014**

**Senator WONG asked:**

- 1643. What kind of activity would typically be provided as general advice?
- 1644. What kind of activity is typically provided as personal advice?
- 1645. What distinction would one usually draw between general and personal advice?
- 1646. Is it possible to engage in selling a product through general advice?
- 1647. How many people are providing personal advice in Australia?
- 1648. How many people are providing general advice?
- 1649. Before the FOFA laws, was it typical for general advice providers to be paid commissions or other conflicted remuneration?
- 1650. If general advice is exempted, is it your understanding that this would allow commissions to be paid on complex products?

**Answer:**

- 1643. General advice is defined as financial product advice that does not consider a person's objectives, financial situation and needs. For further information, see the Australian Securities and Investments Commission's (ASIC) *Regulatory Guide 175: Licensing: Financial product advisers—Conduct and disclosure*.
- 1644. Personal advice is defined as financial product advice that considers a person's objectives, financial situation and needs. For further information, see ASIC's *Regulatory Guide 175: Licensing: Financial product advisers—Conduct and disclosure*.
- 1645. The distinction is whether a person's objectives, financial situation and needs have been considered in providing the advice. For further information, see ASIC's *Regulatory Guide 175: Licensing: Financial product advisers—Conduct and disclosure*.
- 1646. Yes.
- 1647. ASIC has advised that, as at 7 April 2014, there were 39,953 authorised representatives (individuals and corporate authorised representatives) authorised to provide personal advice. ASIC estimates that there are 13,983 employee representatives who give personal advice. In total, there are an estimated 54,000 individual advisers giving personal advice.
- 1648. ASIC has advised that, as at 7 April 2014, there were 53,370 authorised representatives (individuals and corporate authorised representatives) authorised to provide general advice. ASIC does not have information on which to estimate the number of employee representatives authorised to give general advice.

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates

26 February 2014

1649. Prior to the enactment of the Future of Financial Advice laws, it was common for advice providers (both personal and general advice) to be paid commissions or other conflicted remuneration payments.
1650. The Corporations Amendment (Streamlining Future of Financial Advice) Bill 2014 introduces a limited general advice exemption for employees in certain circumstances. Under the proposed amendment, conflicted remuneration would be able to be paid provided all the conditions in the exemption were met.