

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio
Budget Estimates 2014
3 June to 5 June 2014

Department/ Agency: ASIC

Question: BET 56-59

Topic: Regulatory Guide 146, Licensing: Training of financial product advisers

Reference: Written – 5 June 14

Senator: Bishop

Question:

56. In June 2013 ASIC released a consultation paper in regards to training standards in RG 146 to apply to financial product advisers. Can you provide an update of where this process is up to please?
57. The consultation process timeline had as Stage 3, the release of the new Regulatory guide by the end of April 2014. As this hasn't happened as yet, is there a revised release date or are ASIC waiting for guidance from the Government?
58. I'm interested to know how might the revised RG 146 apply to non-financial product providers such as the timeshare industry for instance, as they don't sell financial products like a financial adviser might sell a managed fund product?
59. From my understating, the timeshare industry sell a lifestyle product as opposed to a financial product and that was the reason they got a regulatory carve out from the original FOFA reforms in 2012 in regards to conflicted remuneration from then Minister Shorten.

I would assume ASIC would take the same approach in regards to the application of any new or revised training regime?

Answer:

56. On 3 April 2014, we sent the following email update to everyone who had provided a submission to Consultation Paper 212 Licensing: Training of financial product advisers – update to RG 146 (CP 212) and Consultation Paper 215 Assessment and approval of training courses for financial product advisers: Update to RG 146 (CP 215).

"I am writing to you about ASIC's work on CP 212 and CP 215. I wanted to update you on the timing of ASIC's work following the receipt of your submission on this paper. As you no doubt know, the Government has expressed an interest in the wider issue of training and competency for financial advisers and planned to hold a roundtable on this issue. We had intended to hold a roundtable, but in light of the Government's interest, we decided to postpone this.

When we have further clarity about the Government's current intentions in relation their proposed roundtable, and to training and competency generally, we will be able to provide further guidance on ASIC's proposed next steps."

57. Please see the response to BET56 above.

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58. Timeshare products are a financial product under the Corporations Act, although subject to certain exemptions through class order relief and in accordance with our regulatory guidance in RG 160. Further, as noted in Question 4, interests in time share schemes are exempt from the conflicted remuneration provisions in Pt 7.7A of the Corporations Act.

However, the training standards in RG 146 currently apply to time share products in the same way as any other Tier 1 financial products. Accordingly, the proposals in CP 212 do not differentiate for time share products.

59. As noted in the response to BET58 above, we did not suggest that time share products would be carved out of the proposals in CP 212 as they are currently subject to the same training standards as other Tier 1 financial products.

We are aware of the issues facing the time share industry, set out in the non-confidential submission provided by the Australian Timeshare and Holiday Ownership Council to CP 212.

Our final proposals have not yet been finalised and we would consider these submissions in formulating any final policy.