

**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 7

**Topic:** Commonwealth Bank - Licence Agreement

**Reference:** Hansard pg 10, 4 June 2014

**Senator:** Bishop

**Question:**

Senator MARK BISHOP: I understand, thank you for that. In the chairman's introductory remarks, he said, on page 6: 'We have sought to remedy this for the customers involved to the fullest extent possible through the licence conditions.' 'Through the licence conditions' is the operative phrase. What does that mean?

Mr Kirk: That means that the licence conditions, and they are currently being drafted, will require the bank to go back in relation to these two licensees—the conditions will be on the individual planning licences of the two licensees, Financial Wisdom and Commonwealth Financial Planning. Those conditions will require them to go back and take the steps that have not been taken to date, the two that the chairman mentioned: the up-front communication with anyone who did not get it and the offer of the \$5,000 to whoever did not get it. Within that, all those people affected will be entitled to reopen the question of compensation, have their file re-reviewed and, if the review is not satisfactory from their point of view, take the matter on to the Financial Ombudsman Service. All of that will be provided for in the details of the licence conditions—that that has to be done.

Senator MARK BISHOP: Would you provide on notice to the committee a copy of that licence agreement or arrangement you enter into with Commonwealth Bank, in due course when it is concluded?

Mr Kirk: Yes, and I would note that that will be a public document in any event.

Senator MARK BISHOP: If you could make it available to the committee, that would be appreciated.

**Answer:**

7. To be provided. The licence conditions are still being negotiated. The agreement in principle between the Bank and ASIC is that in addition to going back and providing the two missing steps (upfront communication and the offer of \$5000 to get independent advice) the conditions will provide for:
  - a) Independent review of whether there were any other changes to the process steps in the original methodology to the methodology that was used beyond Project Hartnett in compensating customers of both CFPL and Financial Wisdom, beyond those two already identified; and
  - b) Independent review of the adequacy of the methodology which was used for determining advisors and clients that were within scope for the compensation process.