



6 May 2015

Financial Services Unit  
Financial System and Services Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Email: [ProfessionalStandards@treasury.gov.au](mailto:ProfessionalStandards@treasury.gov.au)

Dear Madam/Sir,

### **Lifting the professional, ethical and educational standards in the financial services industry**

#### **Background**

The Australian Shareholders' Association (ASA) is Australia's largest independent, member funded, not for profit organisation representing retail shareholders and investors. The ASA has two core purposes – Member Education and Corporate Governance. Our educational activities focus on increasing self paced education, financial literacy, investment experience and skills with access to our independent research and governance information. The ASA is dedicated to improving the standard of corporate governance and directorship in Australia. We press for improvements in transparency, disclosure and director accountability for the benefit of all shareholders, particularly those with the smallest voice.

The ASA represents member interests on the following industry groups and committees:

- ATO Personal Tax Advisory Group
- ASIC Consumer Advisory Panel
- ASIC Corporations & Market Advisory Committee
- Financial Reporting Council
- ASX Corporate Governance Council
- Securities Registrars Association of Australia

#### **General Comments**

The ASA applauds the PJC for developing a framework to professionalise a relatively young industry. As an organisation committed to increasing financial literacy and representing the rights of retail shareholders, we believe consumer confidence and trust must be rebuilt by addressing the root causes behind the high-profile advice and product failures. The ASA is supportive of the recommendations put forward. As our organisational capability is focused on investment education as opposed to financial advice, our comments to recommendations will be limited.

### **ASA response to recommendations:**

Comments on recommendations 4, 5, 7, 8, 9, 10, 11, 12, 13 and 14 of the Parliamentary Joint Committee (PJC) model and feedback on question 8.3 on the PJC model are addressed in this submission.

#### **Recommendation 4.**

Agreed

#### **Recommendation 5.**

Agreed

#### **Recommendation 7.**

Agreed

#### **Recommendation 8.**

Agreed

#### **Recommendation 9.**

Agreed

#### **Recommendation 10.**

Agreed. The ASA fully supports the creation of a Finance Professionals' Education Council. We believe this measure will address key systemic issues which have led to inconsistent advice quality and the measure will improve standardisation of services and discipline where required. The ASA believes it is ideally positioned through its existing education and advocacy work to contribute to such a committee.

#### **Recommendation 11.**

Agreed. The ASA believes all financial service organisations providing advice to retail consumers should be bound by ethical and professional standards. We highlight the accounting profession as an example framework for how the financial services sector might consider its approach to these issues. ASA supports the creation of an industry Professional and Ethical Standards Board funded by the professional associations representing individuals in the financial services industry.

#### **Recommendation 12.**

Agreed

#### **Recommendation 13.**

Agreed

#### **Recommendation 14. and Section 9 of the consultation paper.**

Agreed

### **ASA Feedback on the PJC model**

#### **Question 8.3**

The ASA supports a transition arrangement where the PSC would continue in its current capacity to guide and drive industry change. This would ensure participants within the sector understand the gravity of change required and are incentivised to act accordingly. This would also provide sufficient time for the industry to build consensus and cohesion to take future accountability for the structural change recommended. ASA believes the appropriate long-term solution is self-

regulation through an industry Professional and Ethical Standards Board. This would be funded by the professional associations with compulsory membership from individual members.

A handwritten signature in black ink, appearing to read 'Joanne Parker', written in a cursive style.

**Joanne Parker**  
**Chief Executive Officer**  
**Australian Shareholders' Association**