

14th September 2011

The General Manager
Retail Investor Division
The Treasury
Langton Crescent
Parkes ACT 2600

by email: future of advice@treasury.gov.au

Dear Sir,

Exposure Draft: Corporations Amendment (Future of Financial Advice) Bill 2011

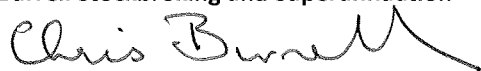
We submit the following comments in relation to the above Exposure Draft.

Of major concern is that the Explanatory Memorandum to the Bill fully contemplates the concept of limited or scaled advice, whereas the draft legislation does not. Under the detailed explanation of the new law referring to 'acting in the best interests of the client' under paragraph 1.29 it states that the Best Interest requirements have been designed to accommodate the provision of (1) limited (scaled) advice that only looks at a specific issue and (2) holistic advice that looks at all the financial circumstances of the client. Further, it explains that in situations where limited advice has been requested the adviser is able to tailor the information obtained about the client solely to what is necessary to provide that form of advice. We can see where the concept of holistic advice fits in with the draft legislation but can see no reference to the concept of limited advice. For the intention to be clear there needs to be specific provisioning in the legislation for limited advice. As it is the obligation on the adviser goes wider because they are required to use professional judgment and advise the client if they believe advice on another subject matter could better meet the client's needs and objectives, or further still, the adviser is required to assess whether the client's needs would be better satisfied by not acquiring financial products. Where an adviser is an expert in say one area of financial product, and is qualified as such, they would not be in a position to make other recommendations outside of that area. This applies to a stockbroker who receives a request to provide advice in relation to the shares in say a (prospective) client's share portfolio. The enquiries of the client by the adviser are limited to, for example, the portfolio and whether the client is seeking growth or income, the investment horizon, and the level of risk that the client is willing to accept. Therefore, the advice sought is limited and there should be no obligation on the adviser to go outside of this. This needs to be made clear in the legislation.

Thank you for considering our submission.

Yours faithfully,

Burrell Stockbroking and Superannuation



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