

21 December 2012

Irene Sim
General Manager
Retail Investor Division
The Treasury
Langton Crescent
PARKES ACT 2600

Email: futureofadvice@treasury.gov.au

Dear Irene,

We welcome the opportunity to provide a response to the exposure draft of the *Corporations and Consumer Legislation Amendment (Consumer Financial Protection) Bill 2012* to restrict the use of the terms 'financial adviser' and 'financial planner'.

ISN strongly supports this proposed reform and believe that it is critical to ensure that use of the terms 'financial adviser' and 'financial planner' are appropriately restricted to ensure higher standards of consumer protection.

We would like to make the following brief points in relation to the draft legislation:

1. We support the proposal to restrict use of the term to individuals who are licensed or who operate under a licence which authorises them to provide personal advice. The licensing regime and associated conduct requirements set minimum legal requirements for provision of advice and certainly individuals operating outside of this regulatory framework should be prevented from representing themselves as financial planners or advisers. If anything, we believe that it would be appropriate for the bar to be set even higher. We would strongly submit that the legislation should include regulation making powers to provide flexibility in the future to identify additional requirements which would need to be met in order to make use of the restricted terms.
2. We would also submit that the legislation should be amended to accommodate the provision of personal financial advice through online tools and ensure that such tools are not excluded from use of terms associated with 'financial advice/planning', provided that the tools are subject to oversight by a financial planner who meets any other requirements established by the legislation.

3. We submit that there is an error in the paragraph 1.12 of the explanatory memorandum in that it suggests that the definition of designated products lists the only products on which advice can be provided whereas the draft legislation excludes these simple products.
4. We would propose that these measures come into effect with the mandatory commencement of other FoFA measures, on 1 July 2013, to allow some time for industry to transition these new requirements.

Please do not hesitate to contact me on (03) 9657 4306 should you have any queries in relation to our submission.

Yours sincerely

Robbie Campo

Manager - Strategy