

29 July 2016



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Dear Mr McMahon

SUBJECT: Further measures to facilitate innovation in financial services

CPA Australia represents the diverse interests of more than 155,000 members in 118 countries. Our vision is to make CPA Australia the global accountancy designation for strategic business leaders. We make this submission on behalf of our members and the broader public interest.

We are fully supportive of the constructive role ASIC is playing and intends to play in facilitating innovation in financial services. Such innovation should improve outcomes for users of financial services and could support Australia taking a more central role in the global financial system, helping to create more jobs.

Consultation Paper 260 *Further measures to facilitate innovation in financial services* sets out a range of policy and regulatory innovations that we believe will encourage more fintech activity in Australia. We therefore support ASIC implementing additional measures to facilitate innovation such as Option 4 in the Consultation Paper.

We also encourage that the proposed arrangement - if adopted - be subject to a post-implementation review to ensure it is achieving its objectives without significantly undermining consumer protections.

We agree with the proposal to give conditional industry-wide relief to new Australian businesses from the need to obtain an AFS licence to allow them to test certain financial services for a period of six months. This 'regulatory sandbox exemption' should also be subject to a post-implementation review to consider, for example, whether it should be expanded to include existing businesses and to test whether consumer protections are adequate.

We note that this proposed exemption only applies to AFS licences - it does not apply to other licences the entity may need to hold, including registration as a tax (financial) adviser. It may be counter-productive if a new Australian business was exempted from holding an AFS licence for six months but required to be registered with the Tax Practitioners Board (TPB) or another regulator.

We therefore suggest that ASIC proceed with implementing further measures to facilitate innovation in financial services and at the same time engage with other regulators whose remit may impact the fintech sector including the TPB, with the aim of developing a single, simple whole of government 'regulatory sandbox exemption'.

If you have any queries, please do not hesitate to contact Gavan Ord, Manager – Business and Investment Policy of CPA Australia on gavan.ord@cpaustralia.com.au or 03 9606 9695.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Paul Drum'.

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Head of Policy

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