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ASIC

Australian Securities &
Investments Commission

ASIC ACCEPTS ENFORCEABLE UNDERTAKING FROM AUSTRALIAN INVESTORS FORUM PTY LIMITED

The Australian Securities and Investments Commission (ASIC) today accepted an enforceable undertaking from Australian Investors Forum Pty Limited (AIF) causing all investment advisory operations with AIF to cease.

AIF operated an investors' club which provided information relating to upcoming share issues.

Clients paid an annual fee to become members of the club and were given securities reports and investment advice as part of the service.

ASIC believed that despite proper authority holders of licensed dealers providing advice to the investors club, documentation given to members did not adequately disclose the position of the licensees and in fact may have resulted in AIF suggesting that they were a licensee in their own right.

ASIC made inquiries into the club after receiving a number of queries about the licensing position of AIF.

ASIC found the sharetraders club conducted by AIF had attracted more than 400 fully paid members and may have been operating in breach of the licensing provisions of the Corporations Law and the consumer protection provisions of the ASIC Act.

AIF offered ASIC an enforceable undertaking after ASIC raised these concerns in line with its consumer protection mandate.

Under the enforceable undertaking, AIF has agreed to contact all members of the sharetraders club and provide them with a number of options in relation to the outstanding portion of their membership. AIF has indicated that it will apply for a licence.

The options include having their membership transferred to Midland Securities Limited, which is licensed to give investment advice under the Corporations Law, at no cost, or receiving a refund of the unexpired portion of their membership fees.

As a result AIF has effectively ceased to operate all investment advisory activities, or any activities that may have been construed as investment advisory activities.

AIF was not run like some other investment clubs where investors meet and carry out their own research and decide where to invest their own money.

Investors can save themselves money and time by checking that the person or company giving investment recommendations has a licence issued by ASIC.

Consumers can call ASIC's Infoline on **1300 300 603** to obtain this information.

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