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Via email:deregulation@asic.gov.au

### **Response to Report 391: ASIC's Deregulatory Initiatives**

The Customer Owned Banking Association (COBA) is pleased to provide comment on Report 391 outlining ASIC's deregulatory initiatives.

COBA is the industry body for Australia's customer owned banking institutions, representing 81 credit unions, seven mutual building societies and 10 mutual banks. Our members are Authorised Deposit-taking Institutions (ADIs) regulated by APRA under the *Banking Act 1959*. They are Australian Financial Services and Australian Credit Licensees, regulated by ASIC. COBA members provide the full range of retail banking services and products to more than 4 million customers.

COBA is pleased to provide comment on a number of process and administrative matters which could be improved to increase efficiency. We note that feedback is welcome on an ongoing basis and appreciate the opportunity to be able to provide further feedback in the near future.

#### **Trust accounts: reporting process**

ADIs are required to report annually to ASIC on trust accounts via forms CL70 *Trust account statement* and CL71 *Trust account audit report* to demonstrate that the funds held in trust are accounts are quarantined and managed in the appropriate manner.

Some COBA members have identified a lack of clarity around requirements for reporting via CL70 and CL71. To reduce inefficiencies, members seek an update to Info Sheet 136, including additional information about when the reporting requirements apply, and when the reports are due in relation to other forms including CL16 *Notification of appointment of a trust account auditor* and the annual credit licence compliance certificate due in March each year.

*The main issue we have on this matter is that the guidance is unclear as to when to first lodge the CL70 and CL71. We submitted these forms in 2012 noting that we had not received any trust account funds for the YTD, as at March, when the annual ACL return was due. ASIC advised that we could not lodge CL70 or CL71 without CL16. This was only advised after we chased up not receiving the CL70 and CL71 invoices. Timing is a problem given we must lodge the ACL return in March, and we have to advise on trust accounts at that point, however financial year end is 30 June. – COBA Member*

We submit that an update to Info Sheet 136 would be sufficient.

## **Administrative and IT matters**

### *Online portals and forms*

We note on page 20 of Report 391 ASIC's commitment to the simplification and streamlining of forms. Some COBA members have reported inefficiencies in the way some forms are populated and processed through ASIC's online portals. An example of this is the functionality around submitting forms CL20 *Notification of change of credit licence details* and CL50 *Australian credit licence annual compliance certificate*.

*The CL50 process is unnecessarily difficult. Updates to directors, company names and so on do not propagate automatically into the CL50. The CL20 form which is required to update company details does not propagate into the CL50. Users have to complete the CL20 and then start a new CL50 to get the correct details to show - even though the CL50 directs you to go to the CL20 to fill in the updates in the first instance. – COBA Member*

Members report significant duplication in the information entered into ASIC forms through both the Australian Credit Register Portal and the ASIC Licensees Portal. COBA members query whether functionality could be established to propagate key forms automatically with the organisation's basic information. For example, updating information relating to company office holders using the general form 484 *Change to company details* could automatically provide a significant amount of detail for both the CL20 and CL50 forms. We consider that this basic data could be stored in a general file to populate relevant forms.

Also, in relation to system functionality, forms submitted can sometimes be rejected for minor reasons such as the page numbering on attachments not provided in the correct format or sequence.

While we acknowledge that IT costs can be high, we ask that processes for filling in and submitting forms be made more efficient and user friendly to reduce inefficiencies.

### *Invoicing descriptions*

COBA members have requested greater detail on invoices for forms. For example, the invoicing description on forms CL20 and CL50 are unclear. Further, form CL70 invoices contain no effective description. As such ADIs may need to guess the nature of charges by identifying the dollar value.

Thank you for the opportunity to provide these comments.

Please contact me on 02 8035 8448 or Amber Fitzpatrick, Senior Policy Adviser, on 02 8035 8445 should you wish to discuss any aspect of this submission.

Yours sincerely



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