



Brooke Stewart  
Senior Analyst  
Financial Advisors  
Australian Securities and Investments Commission  
Email: brooke.stewart@asic.gov.au

16 May 2016

Dear Ms Stewart,

**Response to Consultation Paper 254: Regulating digital financial product advice**

IG Markets Limited ("IG") is grateful for the opportunity to respond to CP254 and to provide its comments on ASIC's proposals.

**1. IG Markets Limited and Contracts for Differences ("CFDs")**

By way of brief background, IG deals in securities, MIS and OTC CFDs on a broad array of financial instruments to a predominantly retail client base. IG is regulated in Australia by ASIC and is a holder of an Australian Financial Services Licence, no. 220440.

For further information about IG please see the enclosed annex, which provides a short summary of our business and our corporate group.

**2. Executive Summary**

IG predominantly supports the proposed guidance and we have provided comments and feedback which we hope ASIC will consider especially in relation to licensees such as IG who operate a global model for digital advice. We have also sought clarification in relation to some guidance.

**3. Response to proposals and questions**

Our responses to each question are outlined below.

A1Q1

We welcome the guidance which has been helpful in clarifying how to comply with financial product advice obligations in a digital context.

A1Q2

Yes



#### B1Q1

We broadly agree in relation to the responsible manager proposals and note that the training and competence standards will not apply to representatives in relation to digital financial product advice. We do however suggest that the responsible manager need not be Australian based as some licensees may operate their digital advice technology and risk management infrastructure from another licensed jurisdiction, provided that responsible manager complies with the training and competence standards in Australia.

#### B1Q2 (a)

We agree that one responsible manager should meet the relevant training and competence standards.

#### B1Q2 (b)

We agree that the responsible manager should comply with a code of ethics and be covered by an approved compliance scheme.

#### B1Q3

The training and competence standards should be able to be met outside of Australia. This would require the ability to complete the obligations remotely through the use of online technology for instance. Please see our comments at B1Q1.

#### B1Q4

It is unclear if the professional year is a prerequisite requirement of an RM appointed in relation to digital financial product advice and we seek clarification in respect of that. Also how a new licensee, or an existing licensee who has no prior personal advice experience, can achieve the professional year requirement if it is required in advance of the responsible manager appointment?

#### B1Q5

No comment

#### C1Q1

The guidance is useful and provides insight into ASIC's expectation about how a licensee would comply with the legislation. We do not feel that further guidance is required.

#### C1Q2

No comment

#### C1Q3

We agree with the proposal for self-certification. Is our view that an annual certification would be sufficient however we believe that licensees are likely to monitor and test more frequently.

#### C1Q4

No, self-certification would be sufficient.



#### 4. Conclusion

We welcome the ability to engage in consultations and thank ASIC for the opportunity to be able to provide comments on the proposed regulatory guidance.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'N Beirne', is written over a faint, larger version of the signature.

**Natalie Beirne**  
Head of Compliance, APAC



## **ANNEX: SUMMARY OF IG MARKETS BUSINESS OPERATIONS**

### **1) INTRODUCTION**

IG Markets Limited ("IG") deals in securities, MIS and contracts for differences (CFDs) on a broad array of financial instruments. IG was formed in the UK under the laws of England and Wales where it is regulated by the Financial Conduct Authority ("FCA"). IG is also registered as an overseas company in both Australia and New Zealand where it is regulated by ASIC and the FMA respectively.

### **2) INFORMATION ABOUT IG AND THE IG GROUP**

#### **2.1 IG and the IG Group**

IG is a member of the IG Group, which was established in 1974 in the UK. IG Group Holdings plc is the ultimate holding company of the IG Group and, in May 2005, its shares were listed on the London Stock Exchange. IG Group Holdings plc's market capital is currently in excess of £2.9 billion and it is a FTSE 250 company. The IG Group has offices in London, France, Spain, Portugal, Germany, Italy, Sweden, the United States, Japan, South Africa, Luxembourg, The Netherlands, Switzerland, Dubai, Australia and Singapore. It also has a Representative Office in China and employs approximately 1,300 people worldwide.

#### **2.2 IG's regulators**

IG's primary regulator is the Financial Conduct Authority ("FCA") in the UK. As noted above IG also holds an AFSL in Australia where it has been in operation since 2002. IG has activated its EU regulatory passport and provides services from branches in Germany, France, Italy, Spain, Portugal, Sweden, Ireland, Luxembourg and the Netherlands and is subject to conduct of business supervision by the regulators in these European countries. Other IG Group companies are regulated by the CFTC in the US, the Financial Services Agency in Japan, the Financial Markets Authority New Zealand, the Monetary Authority of Singapore, the Financial Services Authority in Dubai and the Financial Markets Supervisory Authority in Switzerland.

#### **2.3 More information about IG and IG Group**

IG's Australian website ([www.ig.com/au](http://www.ig.com/au)) contains a description of our securities, MIS and CFDs, the range of markets offered, explains our online dealing platforms and provides examples of the way in which our products work. The site also contains relevant disclosure documents, customer agreement and application forms.

The IG Group's corporate website ([www.iggroup.com](http://www.iggroup.com)) contains further information about the IG Group of companies, including copies of our most recent report and accounts.