

Australian Securities and Investments Commission
5/100 Market St
Email: MortgageBrokerBID@asic.gov.au

20th March 2020

Dear Sir / Madam

CP327: Mortgage brokers and the best interests' duty

The Financial Planning Association of Australia¹ (FPA) welcomes the opportunity to provide feedback in response to ASIC consultation (CP327) on Implementing the Royal Commission Recommendations: Mortgage brokers and the best interest's duty.

The FPA supports a system of regulation that is simple and robust and benefits both consumers and financial services professionals. While it is important to provide appropriate protections for consumers, ASIC should also be mindful to reduce duplication and inconsistency in regulation as a method of reducing compliance costs for business.

The FPA supports the creation of a best interest duty for mortgage brokers. Best interest duties are now commonplace in the financial services sector and are an important part of consumer protection. To the extent that a professional in the financial services sector can be covered by multiple best interest duties in their interactions with their clients, the FPA recommends that ASIC takes a consistent approach in the creation of these duties.

While the drafting of the various duties is similar, their operation in practice is often governed by additional guidance from regulators on how to comply with the duty. It is vital that ASIC take a consistent approach to the extent that it is possible. To be consistent it is also important that the proposed best interest duty for mortgage brokers is crafted as a personal duty on the broker, rather than only as a duty on the Australian Credit Licensee. Complying with materially different regulatory standards adds cost to financial services which is ultimately borne by consumers through higher prices.

We would welcome the opportunity to discuss with ASIC on the issues raised in our submission. If you have any questions, please contact me on [REDACTED] or [REDACTED].



Yours sincerely

Ben Marshan CFP® LRS®
Head of Policy and Professional Standards
Financial Planning Association of Australia

¹ The Financial Planning Association (FPA) has more than 12,919 members and affiliates of whom 10,618 are practising financial planners and 5,540 CFP professionals. The FPA has taken a leadership role in the financial planning profession in Australia and globally:

- Our first "policy pillar" is to act in the public interest at all times.
- In 2009 we announced a remuneration policy banning all commissions and conflicted remuneration on investments and superannuation for our members – years ahead of FOFA.
- We have an independent conduct review panel, Chaired by Graham McDonald, dealing with investigations and complaints against our members for breaches of our professional rules.
- The first financial planning professional body in the world to have a full suite of professional regulations incorporating a set of ethical principles, practice standards and professional conduct rules that explain and underpin professional financial planning practices. This is being exported to 26 member countries and the more than 175,570 CFP practitioners that make up the FPSB globally.
- We have built a curriculum with 18 Australian Universities for degrees in financial planning. Since 1st July 2013 all new members of the FPA have been required to hold, or be working towards, as a minimum, an approved undergraduate degree.
- CFP certification is the pre-eminent certification in financial planning globally. The educational requirements and standards to attain CFP standing are equal to other professional bodies, eg CPA Australia.
- We are recognised as a professional body by the Tax Practitioners Board.