ASIC Concerns

Purpose

The purpose of this document is to provide the Consultant guidance as to areas where ASIC has particular concerns. These areas of concern should be considered in the review and specifically addressed in any findings and subsequent recommendations in addition to the review as summarised in (b) and (c) of Morgans' licence conditions.

Concerns

ASIC has concerns regarding:

Breach reporting and handling

- the level of detail included in each breach reports
- how seriously breaches are considered in particular minor and repeated breaches
- the proportion of breaches detected at branch level vis-à-vis detection by Legal and Compliance

Management Agreement

- the abrogation of Morgans' regulatory obligations to Branch Managers
- the potential for the Management Agreement to create conflicts of interest in particular between competing commercial interests and compliance interests
- the disincentives for Branch Managers to conduct appropriate compliance
- PI insurance claim responsibilities and payments

Confidential information

- the handling and using of confidential information
- Chinese Wall policies and procedures

Adviser conduct and competence

- DTR competence, resourcing and training
- staff trading
- adviser competence particularly in relation to appropriate advice

Supervision and monitoring

- Branch Managers conducting compliance activities
- the frequency and robustness of compliance visits