



14 February 2020

Manager
Financial System Reform Taskforce
The Treasury
Langton Crescent
Parkes ACT 2600

By email: FAR@treasury.gov.au

Dear Manager

Implementing Royal Commission Recommendations 3.9, 4.12, 6.6, 6.7 and 6.8 Financial Accountability Regime (FAR)

The Australian Shareholders' Association (ASA) represents its members to promote and safeguard their interests in the Australian equity capital markets. The ASA is an independent not-for-profit organisation funded by, and operating in the interests of, its members. These are primarily individual and retail investors and self-managed superannuation fund (SMSF) trustees.

ASA also represents those investors and shareholders who are not members, but follow the ASA through various means, as our relevance extends to the broader investor community.

ASA will not respond to the all elements of the proposals paper, instead indicating broad support for the implementation of the recommendations put forward by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

We reiterate our support for the expansion of the Banking Executive Accountability Regime (BEAR) to all APRA regulated financial services institutions to stamp out any potential for regulatory arbitrage by financial institutions and ensure a level playing field for all banks, insurers, financial and superannuation entities.

We note that there is an element of one size fits all in the regime.

We note that FAR will need to function and interact well with existing regimes and regulations applicable to the various entities. We also highlight FAR will need to work with APRA's Prudential Standard CPS 511 on Remuneration.

APRA and ASIC should jointly administer the new provisions to strengthen the penalty framework for misconduct.

This will necessarily involve ensuring their regulatory powers can be combined more effectively to ensure that information uncovered from supervisory work for instance will promptly and directly flow through onto legal action where necessary and will improve transparency and accountability.

We note the importance of APRA's oversight and ASIC's involvement and the need for the regulator to be adequately funded and resourced to carry out the task.

We also note the paper doesn't include implementation timelines. We support the introduction of a timeline that ensures effective implementation, notwithstanding the need to finalise the implementation of recommendations as soon as practicable.

We comment on the short turnaround times for the papers issued during January 2020. A 4-week submission period is already a short time to consider the interworking of various applicable laws and the coverage of diverse entities, especially in the absence of an entity such as The Corporations and Markets Advisory Committee (CAMAC) which was set up in 1989 (and abolished in 2015). CAMAC's was part of the legislative package that established a national scheme for corporations and financial markets, to provide a source of independent advice to the responsible minister on the administration of the relevant laws or changes to them.

Further, at this time of year at this time of year it is onerous for interested parties to marshal the resources to respond. Consideration should be given to extending the response period by two weeks for consultation papers issued between mid-December and end January.

If you have any questions about this submission, please do not hesitate to contact Fiona Balzer, Policy & Advocacy Manager on (02) 9252 4244.

Yours sincerely,

A handwritten signature in black ink that reads "John Cowling". The signature is written in a cursive style with a large, prominent 'J' and 'C'.

John Cowling
Chief Executive Officer
Australian Shareholders' Association