



Stockbrokers

Association of Australia

Incorporating SDIA

ADVISER REGISTER WELCOMED AS GOOD FIRST STEP ON BAD APPLES

The Stockbrokers Association of Australia welcomes today's announcement by the Minister for Finance and Acting Assistant Treasurer Senator the Hon Mathias Cormann of a new public register of financial advisers. In the absence of a current register, it is a great leap forward and should provide useful information for consumers.

At first, the register will be limited to the qualifications and experience of financial advisers. We trust that in the medium term it can go further.

For many years the Stockbrokers Association has sought a register which warns consumers and prospective employers about adverse findings or misconduct of advisers. This would provide a more effective mechanism to eradicate and prevent the movement of Bad Apples around the industry. There are some excellent models in operation elsewhere, and Australia is sadly lacking in this area. For example, the system in the United States provides for compulsory reporting of employee misconduct on termination and protection for employers in making and relying upon such reports. In particular, information regarding client complaints and circumstances of termination at previous employers can be very useful for future clients and employers.

The new register is a good first step and a big improvement on the current situation where there is no register at all. However, we trust that it can be enhanced to include more meaningful information in the future. While this may involve interference with an adviser's right to privacy, it would be justified by increased consumer protection. The rights of consumers (and prospective employers) to be protected from Bad Apples ought to outweigh an adviser's right to hide an unfavourable past. Good advisers should have nothing to hide.

Stockbrokers Association of Australia

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