



financialservicesgreenpaper@treasury.gov.au

Grant Thornton Services (NSW) Pty Ltd  
ABN 80 798 869 203

Level 17, 383 Kent Street  
Sydney NSW 2000  
PO Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230

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T +61 2 8297 2400  
F +61 2 9299 4445  
E info@gtsw.com.au  
W www.grantthornton.com.au

**Financial Services and Credit Reform Green Paper - Improving, Simplifying and Standardizing Financial Services and Credit Regulation**

Grant Thornton Australia Limited (Grant Thornton) appreciates the opportunity to provide comment on the Australian Government's Green Paper which seeks to modernize the regulation of financial services. Our response reflects our position as auditors and business advisers both to listed companies, privately held businesses and government organisations.

Grant Thornton broadly supports the Proposals contained in the Green Paper and our specific comments are set out in the attached Appendix.

Grant Thornton looks forward to being involved in further discussion as the Green Paper Proposals are debated and implemented. Please contact Keith Reilly if you require any further information.

Yours faithfully  
GRANT THORNTON AUSTRALIA LIMITED

A handwritten signature in black ink, appearing to read "Keith Reilly".

Keith Reilly  
NATIONAL HEAD OF PROFESSIONAL STANDARDS

# APPENDIX

## **1. Mortgages, Mortgage Broking and Non-Deposit Institutions**

We support Option 2 which would require the Commonwealth Government to regulate all credit. We are not aware of any justifying evidence as to why there should be differences between individual States and Territories, nor should there be reasons why individual States or Territories should be engaged in competition on credit products.

## **2. Trustee Corporations**

We support the 1997 Wallis Report that Trustee Corporations should be subject to uniform Commonwealth legislation, and given the small number (20 or so) of Trustee Corporations (as against Trustee Companies which are regulated under the Corporations Act), and the significant funds managed (\$460 billion), we support Option 2 which would entail APRA supervision.

## **3. Margin Lending**

We support the inclusion of margin lending as a financial product under the Corporations Act and the resultant regulation that applies. If there are particular characteristics of margin lending that require separate consideration, we believe this would be best handled by the Corporations Act rather than separate Commonwealth legislation.

## **4. Debentures**

We support the proposals that would require harmonization of promissory notes as debentures regardless of size, extending the licensing requirements for debenture issuers, requiring licensing for debenture trustee companies, and reviewing the duties of trustees.

## **5. Property Spruikers**

We support the need for uniform national legislation for Property as it is in substance no different to any other financial product and there needs to be appropriate consumer protection. We are however disappointed that the Green Paper provides no Options for reform, nor does it consider the Parliamentary Joint Committee's June 2005 Report. We suggest that the test for such reform should be to consider Property as a financial product and have appropriate exemptions in place for licensed Real Estate Agents where it can be demonstrated that the Consumer is appropriately protected.

## **6. Other Credit Products**

As detailed in our Comments on 1 above (Mortgages, Mortgage Broking and Non-Deposit Institutions), we support the Commonwealth Government taking responsibility for the regulation of all forms of credit.