

November 14, 2018

Via Email to policy.submissions@asic.gov.au

Alan Worsley
Senior Specialist, Strategic Policy
Australian Securities and Investments Commission
Level 5, 100 Market Street
Sydney 2000

Re: Consultation Paper 301: Foreign Financial Services Providers

Dear Mr. Worsley:

The Investment Adviser Association (IAA) appreciates the opportunity to comment on Consultation Paper 301, which is intended to ensure that the Australia Securities and Investments Commission (ASIC) has sufficient supervisory and enforcement powers over foreign financial services providers (FFSPs) that provide financial services to Australian wholesale clients.¹

The IAA is a not-for-profit U.S. association that represents the interests of investment adviser firms registered with the U.S. Securities and Exchange Commission (SEC).² Our membership consists of investment adviser firms that manage assets for a wide variety of individual and institutional clients, including pension plans, trusts, investment funds, endowments, foundations, and corporations. The proposal to repeal the existing “sufficient equivalence” class order relief for FFSPs and to impose a new licensing regime would affect our members that provide financial services to Australian wholesale clients in reliance on the existing relief.

While the IAA supports the underlying objective of ensuring that ASIC has appropriate oversight of FFSPs, we agree with the concerns expressed by commenters regarding the proposal. Specifically, we agree with commenters that the proposal would unnecessarily impose additional and disproportionate compliance burdens on FFSPs. We are also concerned that the proposal could adversely affect the availability and costs to Australian wholesale clients of the financial services and products being provided by FFSPs.

Accordingly, the IAA supports the recommendations put forth by ICI Global in its comment letter dated July 31, 2018. Specifically, we encourage ASIC to consider whether it can enhance its oversight of FFSPs by imposing reasonable and appropriate additional requirements

¹ See *Consultation Paper 301: Foreign Financial Services Providers* (CP 301), available at <https://download.asic.gov.au/media/4752740/cp301-published-1-june-2018.pdf>.

² For more information about the IAA, please visit www.investmentadviser.org.

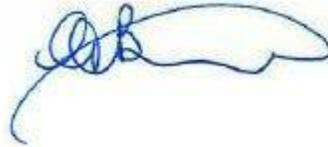
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to the existing “substantial equivalence” class order relief in lieu of the proposed licensing regime. We also agree with ICI Global that should ASIC nonetheless determine to proceed with the proposed licensing requirements, it should formally consult on the details of the new licensing process to solicit feedback and provide greater clarity and certainty for FFSPs. We further suggest that ASIC seek comments regarding an adequate transition period that would not disrupt existing financial services being provided to Australian investors.

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If you have any questions, please feel free to contact Sanjay Lamba, IAA Assistant General Counsel, at sanjay.lamba@investmentadviser.org, or me at gail.bernstein@investmentadviser.org.

Respectfully submitted,



Gail C. Bernstein
General Counsel