

MEDIA RELEASE

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STOCKBROKERS WELCOME FUTURE OF FINANCIAL ADVICE REFORM ANNOUNCEMENT

The Stockbrokers Association of Australia today applauded the Government's announcement that traditional remuneration models in the stockbroking industry will not be unduly impacted as a result of the Future of Financial Advice (FOFA) reforms.

Chief Executive of The Stockbrokers Association of Australia, David Horsfield, said the Association has worked closely with the Government during the consultation process and was pleased that the outcome had resulted in the remuneration of brokers employed by broking firms via a share of the brokerage charged to clients not being unfairly impacted.

"In keeping with the aims of the Future of Financial Advice (FOFA) package of reforms, this is a transparent and product-neutral model," Mr Horsfield said.

"It is not as if ANZ sends the adviser an HD TV if they recommend ANZ over Westpac. The brokerage rate is the same for all listed equities. We are very pleased that these arrangements, backed up by strong supervision and consumer protection measures, will be able to continue."

He added that the industry is pleased the carve-out of the legislation to allow stamping fees or similar payments relating to capital raising will preserve an important channel for companies to continue accessing the retail investor market in order to raise capital, while preserving investor protection.

"Australian companies should also welcome the decision, because it will also ensure that companies do not have to look at overseas solutions, thus enhancing Australia's status as a financial centre," he said.

However, the Government has still sought to ban commissions from product providers such as funds managers.

"These are the real problem areas and there should be a level playing field here for all advisers," Mr Horsfield said.

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