

MEDIA RELEASE

SAFAA urges ASIC to ditch unworkable reference checking model for central register

19 November 2020

The Stockbrokers and Financial Advisers Association (SAFAA) supports the government's move to prevent the spread of 'bad apples' in the industry, but warns that the draft protocol for reference checking put forward by ASIC today is unworkable.

SAFAA has long argued for a 'bad apples framework' and urges ASIC to look to the US model of a central register of information about the compliance record of an adviser which is capable of being checked not only by prospective employers, but also by members of the public. Judith Fox, CEO of SAFAA, has written to ASIC recommending this solution.

'Rather than reinventing the wheel, we urge ASIC to consider the US model which already works. There is a way of protecting consumers from harm that is also fair on advisers. Having a central register of this information whether through the use of the existing ASIC Financial Advice Register or some other central body overcomes problems we have identified with the government's original proposal now put forward by ASIC for compulsory record-checking that could prejudice advisers seeking to move jobs.

'It is not fair to require a prospective employer to contact an adviser's current employer and let them know that the adviser is seeking a job elsewhere. A central source for enquiries rather than a model that directs enquiries to the adviser's current employer is a much more efficient and fair system of compulsory reference checking,' Fox said. 'In what other profession are you required to effectively tell your employer that you are looking for another job?'

'Any system that ASIC develops must allow for the timely and efficient flow of information. The model currently proposed by ASIC is unwieldy and time-consuming, while a central register could deliver information to recruiting licensees in a matter of minutes. It has the added bonus of being searchable by the public, bringing transparency into the system.'

'SAFAA looks forward to consulting closely with ASIC on the detail of the new reference checking framework to ensure the new protocol deals with 'bad apples' for once and for all, protects consumers from harm and also treats advisers fairly', advised Fox.

SAFAA's letter to ASIC dated 18 November 2020 can be found on its website [here](#).

Contact:

Judith Fox
CEO
0408 667 246



The Stockbrokers and Financial Advisers Association (SAFAA) is the professional body for the stockbroking and financial advice industry. Our members are Market Participants and Advisory firms which provide securities and investment advice, execution services and equity capital-raising for Australian investors, both retail and wholesale, and for businesses. Practitioner Members are suitably qualified professionals who are employed in the securities and derivatives industry.