



## FSRA milestones: ICAA achievements to date

### PRE-PHASE 1

- April 1997** Release of the Wallis Report, an inquiry into Australia's financial system established by the Howard Government
- Dec 1997** ICAA sources a legal opinion, which found licencing requirements under various statutes as they impacted CAs

### PHASE 1: LICENCING

- Dec 1997** Corporate Law Economic Reform Program (CLERP) reviews and amends areas of regulation that affect business and investment activity in discussion paper *Financial Markets and Investment Products; Proposals for reform: Paper No. 6* (CLERP 6). Reiterates 'incidental advice' exemption and propose licencing where 'providing advice on financial instruments'
- 18 Feb 1998** ICAA CPAA (professional bodies) issue joint submission in response to CLERP 6, which is broadly supportive
- 7 Sept 1998** QC opinion on licencing requirements of Corporations Law sets out anomalies in licencing requirements for incidental advice
- Feb 1999** Government issues consultation paper *Financial Products, Service Providers and Markets – an Integrated Framework: Implementing CLERP 6* in response to CLERP 6 and submissions made to it. Removes reference to 'incidental advice' and proposes licencing where a 'financial services business is carried on'
- 27 Apr 1999** Professional bodies issue joint submission in response to *Financial Products, Service Providers and Markets – an Integrated Framework: Implementing CLERP 6 Consultation Paper*, questioning the possible unintended wide application of licencing, which could require any financial advice to be covered
- 11 Feb 2000** CLERP 6 renamed Financial Services Reform (FSR)
- Feb 2000** *FSR Bill – Draft Provisions* requires licencing where a 'financial services business' is carried on (S881A). S882A allows ASIC to 'declare professional bodies' where the type of financial product advice given by members of the declared professional bodies is specified.
- Mar 2000** Parliamentary Joint Statutory Committee on Corporations and Securities (PJC) announces an inquiry into the draft FSR Bill
- 17 Apr 2000** Professional bodies issue joint submission *Draft Financial Services Reform Bill: The impact of CLERP 6 on industry and investors* to PJC, which supports "declared professional bodies", but argues for clarity of licencing requirements so that a licence is only required where specific financial product advice is offered.
- 17 May 2000** Professional bodies issue joint *Submission on Financial Services Reform Bill Exposure Draft* to Treasury, which supports "declared professional bodies" but argues for clarity of licencing requirements so that a licence is only required where specific financial product advice is offered.
- 25 July 2000** Professional bodies give evidence to PJC supporting submission that members of accounting bodies in public practice should not be licenced
- 14 Aug 2000** PJC report released, which supports FSR Bill but recommends amendments to clarify licencing requirements and retain "incidental advice" as argued by the professional

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licensing requirements and retain "incidental advice" as argued by the professional bodies. Declared professional bodies supported but opposed by Labor Members

- 29 Mar 2001** Government releases *Government response to the Joint Statutory Committee on Corporations and Securities report on the draft Financial Services Reform Bill*, which does not support PJC's recommendations, but will make clear what the licensing regulations for accountants are
- 5 Apr 2001** Government released Bill, however concern remains that accountants are required to be licenced
- Early Apr** PJC announced hearing into FSR Bill, calling for submissions on April 2001 Bill
- 7 May 2001** Professional bodies issue joint to PJC, stating concerns that members who offer traditional accounting services may be inadvertently caught up in licensing regime. Submission also highlights lack of feedback from Government on 17 May 2000 submission
- 27 June 2001** ICAA provides evidence at the PJC hearing
- Early Aug 2001** PJC issues *Report on the Financial Services Reform Bill 2001*, supporting recommendations and concerns of professional bodies
- 22 Aug 2001** Amendments announced by Government in Senate for tax agents to be exempted for licensing on tax activities
- 22 Aug 2001** ICAA not happy with amendments, stating they do not recognise CAs are more than just tax agents
- 24 Aug 2001** Professional bodies send joint email to Prime Minister raising concerns about FSR Bill
- 24 Aug 2001** ICAA email membership highlighting licensing concerns and encourage CAs to write to the Prime Minister, including a form letter for CAs to forward to PM
- 27 Aug 2001** Via phone call to ICAA, Treasury invites accounting bodies to work on a new regulation to alleviate concerns of accountants
- 30 Aug 2001** ICAA meet with Treasury to begin work on new regulation, later known as regulation 7.1.29
- 4 Sept 2001** ICAA emails membership with update on FSR Bill: letters from CAs had immediate impact; Senior Treasury staff organised meeting with accounting bodies; Treasury acknowledge Bill could inadvertently require CAs to be licenced for some non-product specific business activities; regulations need to provide greater clarity on who has to be licenced; accounting bodies provide Treasury with further detail on broad financial planning, business succession planning and other activities
- 27 Sept 2001** ICAA receives letter from Minister for Financial Services and Regulation saying further clarification on FSR Bill will be provided in new regulation and ASIC policy papers
- 3 Oct 2001** Draft FSR regulations posted on Treasury website.
- Regulations, when combined with exemption for registered tax agents, make it clear that advising activities such as auditing, insolvency, financing, structuring of superannuation funds, debt management, risk assessment, business planning, due diligence and valuing the assets of a business are all activities that (if provided by qualified accountants) do not require licensing. It is anticipated ASIC will include CAs as "qualified accountants".
- 5 Oct 2001** CAs advised the regulation has been issued



**22 Oct 2001** Professional bodies respond to Minister for Financial Services and Regulation letter (27 Sept 2001) acknowledging support from Treasury to clarify requirements of FSR Bill

## PHASE 2: EDUCATION

**23 Nov 2001** ICAA Financial Planning Lunch (NSW)

**11 Mar 2002** FSR Act (2001) passed, which outlines a new harmonised regime for the regulation of the provision of financial services, including licensing. No exclusion has been made for accountants, and there is a two-year transitional period before licensing applies

**Apr 2002** PJC announced enquiry into regulation 7.1.29

**3 Apr 2002** Professional bodies issue joint submission to PJC

**7 May 2002** Professional bodies issue joint submission to PJC asking for further clarification on regulation, as a number of interpretations of the legislation questions the clarity of both the regulation and the act

**31 May 2002** SA business forum

**5-7 & 12-14 June 2002** Small and sole practitioners conference

**June 2002** Small and sole practitioners conference

**12 June 2002** ICAA Business Forum

**11 July 2002** ICAA gives evidence to PJC relating to regulation 7.1.29

**July–Sept 2002** Ongoing discussions with treasury

**Oct 2002** Draft Accounting Industry Guide published on ICAA website

**23 Oct 2002** PJC issued *Report on the regulations and ASIC policy statements made under the Financial Services Reform Act 2001*, which recommends Government amend Corporations Act or regulation 7.1.29 to provide licensing exemption for accountants in similar terms that provided to lawyers

**Nov 2002** Ongoing discussions with treasury

**11 Dec 2002** ICAA, CPAA, NIA and TIA (professional bodies) issue joint submission to Treasurer seeking a delay in the release of proposed regulation 7.1.29 until a satisfactory solution can be developed with Treasury. The proposed regulation does not provide the certainty accountants require to continue providing accounting services to clients without a licence

**27 Dec 2002** Treasury announces proposed amendments to regulation 7.1.29

**31 Jan 2003** Professional bodies issue joint submission to Treasury concerns that accountants who offer traditional accounting services will be caught up in the licensing regime, citing policy intentions of the FSR regime was that accountants should not be licenced

**3 Feb 2003** Accounting bodies meet with Senator Campbell and Treasury to discuss concerns over draft regulation 7.1.29

**12 Feb 2003** Accounting bodies provide feedback to Treasury on latest draft of revised regulation

**24 Feb 2003** Accounting bodies provide submission to Treasury and Senator Campbell's office on draft revised regulation 7.1.29



- 27 Feb 2003** Accounting bodies meet with Senator Campbell's office and Treasury to discuss industry concerns with draft regulation 7.1.29
- 6 Mar 2003** ICAA received letter from Treasury on draft revised regulation
- 12 Mar 2003** Accounting bodies provide Treasury and Senator Campbell's office with a submission on the draft regulation 7.1.29 of 6 March
- 13 Mar 2003** ICAA and CPA meets with Treasury to discuss draft regulation 7.1.29
- 19 Mar 2003** Professional bodies write to Senator Campbell outlining position on draft regulation 7.1.29, including submissions from 12 March and 17 February 2003.  
Professional bodies issue joint submission to Treasurer *Financial Services Reform Act 2001 – proposed regulation 7.1.29 – superannuation exemption*, stating 7.1.29 (2) (b) was unclear about accountants' ability to advise on superannuation fund structures
- 26 Mar 2003** Professional bodies provide Treasury and Senator Campbell's office with submission on Explanatory Memorandum to draft regulation 7.1.29
- 28 Mar 2003** Professional bodies provide Treasury and Senator Campbell's office with submission on draft regulation 7.1.29 as at 25 March
- 4 Apr 2003** Professional bodies provide Treasury and Senator Campbell's office with submission on draft regulation 7.1.29 as at 1 April
- 6 May 2003** ICAA receives letter from Treasury saying regulation 7.1.29 makes it clear that accountants conducting administrative and operational activities will be able to advise clients without obtaining a FSR licence, however acknowledged full agreement had not yet been reached over unlicensed advice concerning superannuation
- 7 May 2003** Treasury revises 2003 regulation, clarifying deficiencies in the operation of FSRA, however licensing was not addressed
- 8 May 2003** Regulation 7.1.29 issued
- 9 May 2003** Draft Industry Guide amended to reflect the new regulation 7.1.29 and available at [icaa.org.au](http://icaa.org.au)
- 14 May 2003** PJC announces another parliamentary inquiry into the regulation, with submissions due 4 June
- 28 May 2003** Victorian Business Forum 2003 – Licensing implications of the Financial Services Reform Act
- 4 June 2003** Professional bodies issue joint submission to PJC seeking clarification on superannuation fund structure advice
- 16 June 2003** ICAA provides evidence to JPC
- 26 June 2003** PJC recommended that regulation 7.1.29 should be amended to exempt accountants from requirement to be licenced under FSR Act for recommendations in relation to superannuation fund structures
- 27 June 2003** ICAA issued press release saying Government should implement the recommendations of the PJC
- June 2003–Feb 2003** Ongoing negotiations with parliament on accountants need to provide superannuation fund structure advice without being licenced
- 28 July 2003** WA Business Forum 2003 – Licensing implications of the Financial Services Reform Act
- 11 Feb 2004** Treasurer announced that a new regulation is to be made to provide relief from the Financial Services Reform Act 2001 (FSRA) for accountants who provide advice to their

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clients on the decision to acquire or dispose of an interest in a self-managed superannuation fund (SMSF).

- 11 Feb 2004** ICAA issues media release welcoming the amendments
- 23 Feb–11 Mar 2004** FSRA Risk Management: A Briefing for CAs – free briefing for CAs with information on how to give advice under FSRA and the process involved in managing the risks.
- 26 Feb 2004** Professional bodies issue joint submission to PJC *Draft regulations – corporations amendment regulations 2003/04 (Batch 7)* requesting regulation be amended to enable accountants to provide superannuation fund structure advice without a FSR licence
- 11 Mar 2004** Licencing becomes operative
- 24 Mar 2004** ICAA provides evidence to PJC hearing in support of accountants providing advice on superannuation fund structures (not limited to self managed superannuation fund structures)