

Submission: **Stamping fee exemption**

To: Treasury:
 stampingfeeteam@treasury.gov.au

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Background

I have been an adviser for over 20 years, having worked for several large firms (Merrill Lynch, Citigroup, Morgan Stanley) and am now self-licenced. Our firm is fully independent, provides advice to both retail and wholesale investors and is agnostic about the products we research and recommend to clients. Our objective always is to find and deliver the best solutions to meet client needs. As such, at times we will recommend products that pay a stamping fee. In all cases we refund 100% of the stamping fee to the client.

Stamping Fees

There are financial products that are manufactured specifically to be delivered via an adviser to retail investors (EG: LITs, LICs, hybrids, syndicated property). As not all products are suitable for all clients, it is the job of the adviser to assess a product's suitability, to then make a recommendation to a client based on what is in the client's best interest.

Where an adviser has structured their business model to depend on receiving and keeping stamping fees, they cannot then meet their best interest duty. *(In such cases, at a minimum, that person should not be able to call themselves a Financial Adviser, but instead, should be required to call themselves a Financial Salesperson. In the same way an advisory firm cannot promote itself as independent if it does not meet ASIC's strict guidelines, advisors of a firm that is not independent should not be able to misrepresent themselves to the public by calling themselves a Financial Adviser.)*

It is not in my client's interest to argue for the removal of stamping fees (my clients like receiving the bonus return when we rebate the stamping fee), however there is a wider issue at stake which I suspect they will support. Thanks to the Royal Commission, the widespread damage caused by conflicted advice was laid bare and so many practices across the financial advice industry still need to change. As financial advice conflicts are identified they should be addressed. Stamping fees on products delivered by an adviser to a retail investor is an obvious conflict to single out.

I acknowledge there are unintended consequences with this policy change, such as some products not coming to market because of insufficient distribution. In an industry renowned for an abundance of products and no shortage of ongoing innovation, there are sufficient solutions today and I expect into the future, to adequately help clients meet their financial goals.