

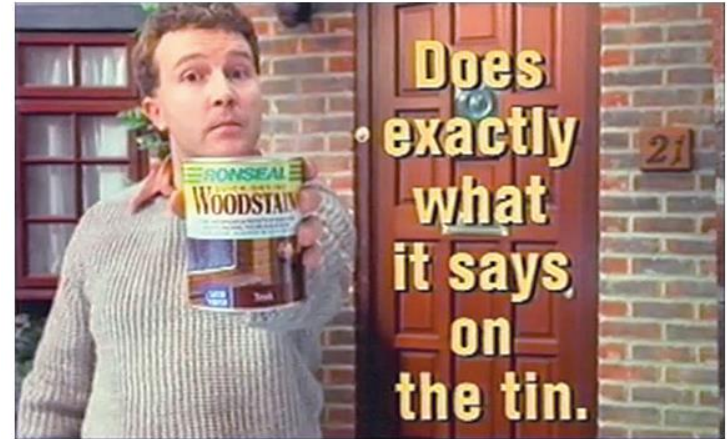
HOW TO PICK A FRAUD

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'True to label' campaign

- Financial products must be true to label
- Supports a fair and competitive marketplace
- Helps consumers make informed decisions
- Helps avoid misleading and deceptive conduct



Bank alternatives

- 20-107MR ASIC warns consumers: Investment advertising is not always 'true to label' (7/5/2020)
 - Fixed-income products being advertised as term deposit 'alternatives' or 'substitutes'

High yield surveillance

- 13 investment funds – 7 REs – total \$2.5 billion under management
- Concerns:
 - unbalanced comparisons
 - safety and stability representations
 - withdrawal representations
- Corrective action sought from 7 REs – they have:
 - ceased advertising of funds and reviewed advertising content;
 - ceased issuing interests in funds until ASIC’s concerns are addressed;
 - withdrawn and replaced product disclosure statements;
 - provided more balanced and prominent disclosure of investment risks and disclaimers;
 - clarified actual withdrawal terms; and
 - stopped comparing funds to other (lower risk) products on webpages.

True to label surveillance

- 37 managed funds – 20 responsible entities – total \$21 billion in assets.
- Concerns:
 - confusing or inappropriate ‘cash’ product labels
 - mismatch between redemption features offered and the liquidity of underlying assets
- Corrective action sought from 13 responsible entities:
 - seven REs have voluntarily changed or proposed to change the names of their funds to reflect the product composition;
 - one RE is proposing to change the asset allocation of the fund to reflect its name;
 - three REs have undertaken or committed to undertake a review of their funds, and
 - one RE withdrew misleading promotional materials on its website and subsequently wound up its fund.

Case Study – Mayfair 101 and Mayfair Platinum

- ASIC sought injunctions and civil penalties, alleging misleading and deceptive promotion of the debenture products
 - promotional material use words such as: “term deposit alternative”, “term investment” and “fixed term”, “certainty” and “confidence”, and “capital growth”
 - comparing to bank terms deposits when they are debentures with a significantly higher risk profile, including interest and capital
 - claim to provide capital growth opportunities, when they do not
- ASIC obtained an interim injunction against the promotions on 16 April 2020
- Other cases in court this year on other Mayfair products (IPO wealth fund)