



26 April 2013

Mr Neil Grummitt
General Manager, Policy Development
Policy, Research and Statistics
Australian Prudential Regulation Authority
GPO Box 9836
SYDNEY NSW 2001

Dear Mr Grummitt

Response to APRA Discussion Paper:

- Banking Act exemptions and section 66 guidelines

Whilst RAC Finance supports the proposals set out in the Discussion Paper and the accompanying draft Section 66 guidelines we have one concern which may unduly compromise our ability to meet our customer's needs.

Our concern is in Point 2.2 At-call products.

An investor would not be able to redeem, and an RFC would not be able to repay, any funds for 31 days from the date they are invested.

RAC Finance has a minimum investment term of 6 months and allows the early repayment of an investment under certain circumstances, stated in our Prospectus as follows:

Repayment Prior to Maturity

Investments will be repaid prior to maturity without interest adjustment to executors or administrators of deceased estates.

In addition, RAC Finance will consider any written request by an investor who wishes to withdraw part or all of an investment before maturity. If RAC Finance agrees to an early repayment, an interest adjustment is likely to apply.

We have had a situation when an investor has reinvested a maturing investment and then has, within 31 days of the reinvestment date, required the funds to cover an unforeseen financial event. We have also had the situation of an investment being reinvested and, within 31 days of the reinvestment date, Probate has been granted and the executor has been required to redeem the funds for disbursement.

We agree that investments should have a minimum maturity period of 31 days but disagree that an investor should not be able to redeem funds prior to 31 days from the investment date, under certain circumstances.

We thank you for the opportunity to comment on the Discussion Paper and should you have any queries, please do not hesitate to contact us on [REDACTED].

Yours sincerely

A handwritten signature in cursive script, appearing to read 'R. Tannock'.

Robyn Tannock
Senior Manager – Investments