

MEDIA RELEASE

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INDUSTRY COLLABORATES TO PRODUCE DESIGN AND DISTRIBUTION OBLIGATIONS TEMPLATES 1.0

In an unprecedented collaborative project across financial services in Australia, the Financial Services Council (FSC) and more than 60 of its members have designed products to enable the aligned implementation of a new mandatory regime.

The Design and Distribution Obligations (DDO) regime starts in October 2021 and will be a major change to the way the financial services industry designs products and works together to distribute products to consumers.

For the last 18 months, the FSC and members across life insurance, funds management and superannuation have worked to develop two products to help industry with the implementation of DDO: templates for Target Market Determinations (TMDs), and industry data standards.

The FSC has also made the templates available under license to non-FSC members, and to date, more than 200 non-member companies have utilised the templates and data standards.

FSC CEO Sally Loane said: "Eighteen months ago we started on this time-critical piece of work, designing target market determination templates and data standards for super funds, platforms and wraps, life insurers and fund managers, to help financial services firms prepare for the DDO regime on October 5.

"Our templates and standards should make life much easier for product issuers, platforms and financial advisers who would otherwise face confusing and inconsistent compliance requirements. Without this alignment, advisers in particular will be faced with having to comply with dozens of different templates. That would be simply unworkable," Ms Loane said.

"I am proud that our members and the FSC team have devoted thousands of hours to a project which will assist the entire sector, and consumers. This is corporate social responsibility writ large, and in tangible form.

"The fact that so many firms are using our templates clearly indicates the importance these businesses put on reducing costs while meeting their DDO requirements."

The FSC has also developed data standards for all the key information that needs to be shared between product issuers and distributors, such as data on complaints and sales outside target market.

"The DDO regime will require a large step-up in collaboration between all players in the financial services industry. The FSC has been proud to serve as the focal point for this collaboration in the wealth management and life insurance sectors," Ms Loane added.

The templates that are now in version 1.0 are:

- Life insurance;
- Income protection insurance;
- Trauma insurance;

- TPD insurance;
- Superannuation master trusts (choice products);
- Superannuation wraps;
- Funds management (covering ETPs and LICs); and
- Managed accounts (jointly developed with the Institute of Manager Account Professionals).

In addition, templates for Investor Directed Portfolio Services (IDPSs), investment bonds, education bonds and funeral bonds should shortly be finalised as well.

The templates and data standards are voluntary for industry participants. For more information on the reforms and the FSC's template TMDs and data standards: <https://www.fsc.org.au/resources/target-market-determination-templates>

- Ends

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About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 15.6 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world.