



MEDIA RELEASE

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FSC DEVELOPING BEST PRACTICE PRINCIPLES FOR SUPERANNUATION PLATFORM INVESTMENT GOVERNANCE

The Financial Services Council (FSC) welcomes the Government's recognition of the industry's work to promote best practice investment governance and increase consumer protections in the superannuation platforms sector.

CEO of the FSC Blake Briggs said: "The FSC supports the Assistant Treasurer's considered but concrete steps to respond to the complex issues highlighted by the failures of Shield and First Guardian Master Fund.

"The industry is committed to playing a central role in ensuring consumers are better protected and to respond to the magnitude of the consumer harm that has been caused by the recent failures.

"The FSC is working closely with our members to develop clear industry guidance that supports trustees in meeting their investment governance obligations when operating a superannuation platform. This is likely to include practical examples of red flags for trustees to consider when determining whether to add a product to their menu and best practice guidance on ongoing monitoring of investment options.

"The FSC notes the Australian Prudential Regulation Authority (APRA) letter to platform trustees released today and will consider how APRA's directions should be incorporated into our industry guidance.

"The FSC is also operating a successful cross-industry superannuation scams forum that shares information and risk assessments about potential scam activity in the superannuation and investment sector to identify and stop potentially unlawful conduct.

"The ultimate goal is to lift standards to prevent future harm to investors and consumers and to strengthen consumer trust in the superannuation system," Mr Briggs said.

The FSC also recognises that whilst investment governance on superannuation platforms is an important focus, the failures of Shield and First Guardian Master Fund also exposed a range of potential issues across the value chain and these are subject to further consideration by industry and the regulators.

These failures also raised questions about related issues, including the inappropriate use of lead generation services, gaps in the capital and insurance requirements for advice businesses, the absence of a risk-based

approach to Managed Investment Schemes (MIS) registration and MIS resourcing requirements, and potentially inconsistent practices by research houses and ratings agencies.

The Minister has flagged that the Government is examining what other actions may be required. The FSC will continue to support the Government and regulators as they examine each part of the value chain to ensure the broader legislative and regulatory response is proportionate, does not unduly impose additional regulation on well-run financial services companies, and is targeted to the issues identified.

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Media Contact: Kylie Adoranti - 0423 715 955 - kadoranti@fsc.org.au

About the Financial Services Council

The FSC is a peak body which sets mandatory Standards and develops policy for more than 100 member companies in one of Australia's largest industry sectors, financial services. Our Full Members represent Australia's retail and wholesale funds management businesses, superannuation funds and financial advice licensees. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses. The financial services industry is responsible for investing more than \$3 trillion on behalf of over 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 one of the largest pools of managed funds in the world.