

MEDIA RELEASE

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Reversal of FoFA regulations will cause havoc

Disallowance of the Future of Financial Advice regulations will cause havoc for consumers and financial advice providers, the Financial Services Council said today.

John Brogden, FSC CEO said: “This disallowance motion will create a legal quagmire that will lead to disruption and unnecessary costs and will reduce affordability and accessibility of financial advice.”

“Overturning the FoFA regulations at the eleventh hour will do more harm than good,” Mr Brogden said.

“The market impacts of an immediate disallowance would create a legal quagmire, millions of dollars in business disruption costs and reduce affordability and accessibility of financial advice to Australians.

“We are calling on the Senate to vote against the disallowance motion today to allow Parliament and the industry time to consider the proposals and to address any concerns.”

“The industry has been working under the current FoFA arrangements since 1 July. To turn around and just throw them out is irresponsible.”

“The market impacts of disallowance have not been considered by the Senate.”

The Government’s regulatory impact statement estimates that FoFA in its current form is achieving ongoing compliance cost savings of around \$191 million per year, as well as once-off implementation cost savings of around \$88 million.

Mr Brogden also said: “The laws FoFA we have in place today have the strongest possible consumer protections. These have never been watered down.”

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About the Financial Services Council

The Financial Services Council (FSC) represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, licensed trustee companies and public trustees. The Council has over 125 members who are responsible for investing more than \$2.3 trillion on behalf of 11 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 third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.