

08 July 2024

Director
Advice and Investment Branch
Treasury
Langton Cres
Parkes ACT 2600

Via email: financialadvice@treasury.gov.au

Dear Director,

Delivering Better Financial Outcomes Tranche 1 – Draft Regulations

The FSC welcomes the opportunity to submit on the Treasury Laws Amendment (Delivering Better Financial Outcomes) Regulations 2024 (draft regulations).

The FSC also welcomes the passage of the Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Bill 2024 and notes consequential amendments to regulations to facilitate the policy intent of these changes. Our feedback on the Draft Regulations is only technical in nature, noting the following:

- **Financial Services Guide (FSG) provisions being extended to both personal and general advice.** The FSC welcomes Financial Services Guide website provisions applicability to personal advice and general advice and alignment of the Draft Regulations and Explanatory Statement with the Bill. The Explanatory Statement makes clear the FSG website provisions of the original legislation can apply whether the financial product advice is either personal advice or general advice.
- **Need for final regulations to reflect the amending Bill passed by Parliament:** Final Regulations should reflect any wording changes to the primary legislation including the Explanatory Memorandum.

ASIC Guidance

Our broader comments relate to the Regulator's position to support industry's compliance with the legislation and the need to allow industry to prepare before the legislation comes into force. The legislative reforms occurring at different timeframes are significant. Implementation will require updates to policies and obtaining the appropriate sign-offs. Legal certainty will enable industry to prepare in a way that does not unduly pass on costs to consumers.

We note that ASIC have indicated they will release guidance to reflect the Amending Bill's changes supported by the proposed Regulations. For example, *RG 246: Conflicted and other banned remuneration* would require a remedial update to reflect the Bill's changes to tighten existing conflicted remuneration provisions.

The FSC believes it is important for the Regulator to consult on relevant matters between the Bill's passage and it coming into force, ensuring regulatory certainty. To the extent that a facility is required, made by regulation, to provide greater flexibility for the Regulator to undertake consultation in a timely manner for this purpose, industry would be supportive. Delays to the timing and passage of legislation, for example in relation to legislation on existing fee consent requirements, or more recently relating to financial adviser registration, limit the regulator's role to consult effectively with industry on their understanding and implementation. With regard to Tranche 1, and noting industry's existing reliance on the Joint APRA ASIC letter of 2021, we would

welcome regulators making their approach to enforcement and compliance clear with regards to fee calculations.

The FSC thanks Treasury for consideration of its submission and welcomes the opportunity to discuss it further.

Yours faithfully,

Harvey Russell
Policy Director, Financial Advice & Strategic Advocacy