

FSC Standard No. 31

Wrap Superannuation Platform
Trustee Investment and Adviser
Governance Principles:
Standard and Better
Practice Guidance

26 March 2026

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Wrap Superannuation Platform Trustee Investment and Adviser Governance Principles: Standard and Better Practice Guidance

26 March 2026

FSC Membership this Standard is most relevant to:

This Standard applies to full FSC Members who are trustees (relevant licensees) holding a public offer or extended public offer licence (relevant licence) to operate a Registrable Superannuation Entity under the provisions of the *Superannuation Industry (Supervision) Act 1993*, in respect of their wrap superannuation platform product offering (if relevant).

Date of this version (and commencement):

This Standard will commence on 1 July 2026 subject to a six (6) month transition period.

This Standard is mandatory for FSC Full Members from 1 January 2027.

Earlier compliance is encouraged.

There are no previous versions.

Main Purposes of this Standard:

This Standard and the accompanying Better Practice Guidance promote the best financial interests of members by strengthening the governance settings that support informed choice and sound investment outcomes, and supports trustees in delivering this choice in a manner that appropriately respects the professionally advised relationship, while maintaining sound governance guardrails to mitigate the risk of poor member outcomes and preserve the flexibility that is fundamental to platform products.

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1. Introduction

1.1 Background

Wrap superannuation platform trustees (trustees) operate under existing investment and adviser governance obligations under the *Superannuation Industry (Supervision) Act 1993* (Cth) (SIS Act), APRA Prudential Standards, and the *Corporations Act 2001* (Cth) (Corporations Act).

This Standard outlines the baseline practices that FSC members are expected to attest to meeting. In addition to the Standard, the document also provides Better Practice Guidance designed to assist wrap superannuation platform trustees in operationalising their legal and regulatory obligations in a manner that is robust, effective and fit for purpose.

Continual assessing of the effectiveness of investment governance practices and continual improvement is important. The Standard and Better Practice Guidance will be subject to periodic review. Over time, elements of this Better Practice Guidance may transition into industry standards as practice continues to uplift across the sector.

1.2 Statement of Purpose

This Standard and the accompanying Better Practice Guidance are ultimately directed toward one objective: promoting the best financial interests of members by strengthening the governance settings that support informed choice and sound investment outcomes.

Wrap superannuation platforms support more tailored retirement outcomes by allowing members and their advisers to construct portfolios aligned to each individual's objectives, risk tolerance and investment preferences. Providing broad investment choice via an APRA-regulated superannuation fund is important because it offers advised and non-advised superannuants a cost-effective, prudentially-regulated alternative to establishing a Self-Managed Superannuation Fund (SMSF).

The following Standard and Better Practice Guidance are designed to support trustees in delivering this choice in a manner that appropriately respects the professionally advised relationship, while maintaining sound governance guardrails to mitigate the risk of poor member outcomes and preserve the flexibility that is fundamental to platform products.

Maintaining strong investment and adviser governance frameworks are critical to protecting members from avoidable harm and to preserve savings to deliver income for a dignified retirement, alongside government support, in an equitable and sustainable way.¹

1.3 Platform Model Considerations

Under s58(2) of the *SIS Act*, together with reg. 4.02 of the *SIS Regulations*, trustees of wrap superannuation platforms are generally bound to act on the investment directions of their members. This statutory framework underpins the broad investment choice available through platform products, distinguishing them from default superannuation products.

It is also important to recognise that platform models vary. Some trustees oversee platform products that provide direct-to-member access, while others are accessed exclusively through in-house or external financial advisers. These different models shape how trustees manage their operations in order to meet their obligations. Regardless of model, the trustee's overarching duty to act in the best financial interests of members remains constant, though the mechanisms through which it is operationalised may differ.

In applying the Standard and Better Practice Guidance, trustees will need to consider whether they have access to appropriate resourcing, skills, systems and quality controls, having regard to the nature, scale and complexity of their platform and investment menu. This may be achieved through a

¹ Section 5(1) of *Superannuation (Objective) Act 2024*.

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combination of internal capability, external expertise and reliance on service providers, supported by appropriate oversight and governance. Ensuring that trustees are appropriately equipped to discharge these responsibilities is essential to maintaining member trust and confidence in wrap superannuation platforms as a vehicle for retirement savings.

1.4 How to read this document

- The **Industry Standard**, which members are expected to attest to, is outlined in Section 4 (Investment Governance), Section 5 (Adviser and Licensee Governance), and Section 6 (Unadvised Members).
- The **Better Practice Guidance**, indicated by the green box, is supplementary to the Standard above it and is intended to provide additional detail on better practice or practical implementation.
- Unlike the Standard, the **Better Practice Guidance is voluntary**, although members are strongly encouraged to adopt it. As industry practice evolves, the Guidance may be considered in future reviews to determine whether elements should be incorporated into the Standard.
- Each section of Better Practice Guidance concludes with a **scoping statement**. These statements clarify the trustee's role relative to other participants in the value chain, helping delineate what a trustee can and cannot reasonably do within its legal and operational remit.
- The scoping statements are not intended to override or reallocate responsibilities established under Australia's financial services licensing regime, which separately licenses and regulates financial advisers, advice licensees and investment managers. Rather, they operate alongside that framework, recognising that many related functions sit elsewhere in law under the direct responsibility of licensed entities that are better, and in some cases uniquely, placed to perform them - notwithstanding the trustee's obligations under superannuation law, including oversight of advice fee deductions.
 - For example, an advice licensee is expressly responsible for monitoring and supervising the advice provided by its representatives, including compliance with the best interest duty and related personal advice obligations. As a result, the licensee is best positioned to assess the quality of that advice through access to Statements of Advice (SoAs) and related documentation.
 - Similarly, in relation to investment governance, the responsible entity of a managed investment scheme has its own statutory obligations under the *Corporations Act*, including responsibilities relating to scheme compliance, conflicts management and the operation of the fund. These entities are directly accountable for discharging those obligations.
- In providing scoping statements, the FSC seeks to promote coordination and role clarity across trustees, advisers, responsible entities and other licensed financial services providers, without duplicating or displacing existing regulatory responsibilities.
- **Appendix A** provides supplementary material describing examples of how trustees may exercise their professional judgment in practice. The examples illustrate how a trustee might respond to issues identified during:
 - initial investment due diligence,
 - the ongoing monitoring of investment options,
 - the onboarding of licensees and advisers; and
 - the ongoing monitoring of licensees and advisers.
- These examples are intended to reinforce that trustees' professional judgment must always be exercised with regard to members' best financial interests, rather than as a purely procedural or compliance exercise.

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- These examples are illustrative rather than prescriptive. Each situation will differ depending on the facts and context, and the examples are intended to assist trustees in understanding how professional judgment may be applied in practice.
- **Appendix B** provides a list of the relevant legislation and regulation considered in the creation of this Standard and accompanying Better Practice Guidance.

1.5 Standard Application

- 1.5.1 This Standard may be cited as FSC Standard No. 31: Wrap Superannuation Platform Trustee Investment and Adviser Governance Principles: Standard and Better Practice Guidance.
- 1.5.2 Application General Principle: this Standard applies to full FSC Members who are trustees (relevant licensees) holding a public offer or extended public offer licence (relevant licence) to operate a Registrable Superannuation Entity under the provisions of the *Superannuation Industry (Supervision) Act 1993*, in respect of their wrap superannuation platform product offering (if relevant).
- 1.5.3 Complying with a relevant FSC Standard is mandatory for FSC full members. Wrap Superannuation Platform Trustees (trustees) may choose to implement processes that further improve customer outcomes that go beyond the Standard.
- 1.5.4 This Standard seeks to avoid duplicating any relevant legislation. However, it should be recognised that there may be additional standards set by prudential standards and legislative instruments relevant to investment and adviser governance. Where they may overlap or be inconsistent with this Standard the applicable law or regulation prevails.
- 1.5.5 This Standard also does not attempt to prescribe how obligations imposed by legislation or regulatory work in practice. Superannuation funds should ensure that they are complying with all relevant legislation, regulation, prudential regulation, and appropriate ASIC rules.

2. Definitions

Advised Member

A member who the trustee reasonably believes to be receiving financial advice from a financial adviser authorised under an Australian Financial Services Licence.

Advice Fee Deduction

A deduction from a member's superannuation account to pay fees for financial advice provided to the member.

Adviser / Financial Adviser

An individual authorised by an Australian Financial Services Licensee to provide financial product advice.

AFS Licensee / Advice Licensee

A person or entity that holds an Australian Financial Services Licence authorising the provision of financial product advice.

Holding Limit

A limit applied by a trustee on the proportion of a member's balance that may be invested in a particular investment option.

Investment Menu

The list of investment options made available to members through a platform product.

Investment Option

An investment available on a platform investment menu, including managed funds, separately managed

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accounts, listed securities, term deposits or other permissible assets.

Licensee Onboarding

The process through which a trustee establishes a relationship with an advice licensee whose authorised representatives may use the platform.

Member

A person who holds a beneficial interest in a superannuation fund and whose superannuation benefits are invested through the platform product offered by the trustee.

Member-Directed Investment

An arrangement where a trustee gives effect to investment directions from members in accordance with s58(2) of the *SIS Act* and regulation 4.02 of the *SIS Regulations*.

Offboarding

The process of removing a licensee, adviser or investment option from a platform.

Platform Product / Wrap Superannuation Platform

A superannuation product that provides members with access to a broad investment menu and enables members, or their adviser, to direct how their superannuation balance is invested.

Platform Operator

The entity responsible for operating and administering the wrap superannuation platform, including the systems through which members and advisers access the platform and its investment menu. This may be the trustee or a service provider engaged by the trustee.

Product Issuer

The entity responsible for issuing an investment product made available on the platform, such as the responsible entity of a managed investment scheme.

Professional Judgment

The exercise of discretion by a trustee in applying governance processes having regard to the best financial interests of members, the facts and circumstances of the matter, and the trustee's legal and regulatory obligations.

Responsible Entity (RE)

The entity responsible for operating a registered managed investment scheme under the *Corporations Act*.

Wrap Superannuation Platform Trustee (Trustee)

The holder of a Registrable Superannuation Entity licence under the *SIS Act* responsible for the operation of the wrap platform superannuation product.

Trigger Event

A predefined event or indicator that prompts further investigation or review by the trustee.

Unadvised Member

A member with an interest in the wrap platform superannuation product who, in the trustee's opinion, does not have a current personal financial advice relationship. Members can be direct members or become unadvised while remaining on the platform. The latter typically fall into two groups: those receiving episodic advice, and those who have ceased their adviser relationship altogether.

Watchlist

A list of advisers, licensees or investment options subject to enhanced monitoring due to identified risks.

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Wrap Superannuation Platform / Platform product

A superannuation product that provides members with access to a broad investment menu and enables members (or their adviser) to direct how their superannuation balance is invested.

3. Scope and Commencement

3.1 Scope of Standard

- 3.1.1 This Standard applies to all FSC member wrap platform superannuation trustees who are full members of the FSC.
- 3.1.2 Throughout the Standard there is also voluntary “Better Practice Guidance” which is intended to provide more fulsome guidance for implementation and help steer industry towards better practice.
- 3.1.3 The FSC expects funds to adopt a culture of continuous improvement, having regard to the voluntary Better Practice Guidance, and continue to work towards implementation of better practice solutions, as relevant to the size, scale, and member base of the individual fund.
- 3.1.4 This Standard should be read in conjunction with FSC Standard No. 1 Code of Ethics & Code of Conduct.

3.2 Commencement

- 3.2.1 This standard was first issued on 26 March 2026.

3.3 Effective date

- 3.3.1 This Standard should be applied from 1 January 2027. Earlier application of the standard is permitted and encouraged.

3.4 Attestation of Compliance

- 3.4.1 As per FSC Standard No 1: Code of Ethics and Code of Conduct; FSC Full Members must submit to the FSC, a statement as to their compliance with relevant Standards each year.
- 3.4.2 Where a fund is not in a position to comply with the commencement of mandatory compliance with this Standard from 1 January 2027, they must submit, with their annual attestation, an explanation as to why the fund does not comply, along with an explanation of expected remediation, including a date of expected compliance.
- 3.4.3 The FSC may, from time to time, conduct reasonable enquiries to determine compliance with this Standard, which may involve the use of independent third parties. Any such review will maintain strict confidentiality and reporting will be conducted on an anonymous basis. The FSC expects that FSC members will co-operate with any such enquiry.
- 3.4.4 The first attestation period is set for 1 January 2027 until 30 June 2027, with the attestation collection process starting from 1 July 2027.

4. Investment Governance

4.1 Initial due diligence prior to a wrap superannuation platform trustee onboarding any investment option onto the investment menu

- 4.1.1 Wrap superannuation platform trustees (trustees) are responsible for applying appropriate initial due diligence when onboarding investment options onto their investment menu.
- 4.1.2 Trustees are responsible for having in place a documented investment due diligence process and applying that process to any investment options they onboard onto their investment menus, in accordance with their investment governance framework. This framework should include:
 - 4.1.2.1 Clear escalation and decision-making protocols.

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- 4.1.2.2 Periodic reviews of the onboarding framework, to test whether it remains effective.
- 4.1.2.3 Consideration of policies relating to holding limits at the individual option level, particularly for exposures to asset classes that may present liquidity or valuation risks.
 - Where holding limits are adopted, trustees should have processes to monitor adherence to those limits and defined escalation pathways where limits are breached.
- 4.1.3 In applying this framework, the trustee should conduct initial due diligence prior to onboarding any investment option onto the investment menu. This due diligence, undertaken in accordance with the documented process, should include:
 - 4.1.3.1 Consideration of the product issuer's (or Responsible Entity's (RE) where relevant) regulatory history, licence conditions, business continuity and operational resilience arrangements (to the extent observable).
 - 4.1.3.2 Assessment of the investment manager's organisational stability, governance, investment expertise, investment philosophy and track record.
 - 4.1.3.3 Confirmation of the availability of key disclosure documents (e.g. PDS and TMD) and other relevant documents incorporated by reference where appropriate and reviewing these to ensure the investment option can be administered within the wrap's features and does not raise concerns.
 - 4.1.3.4 Review of the investment option's fees and costs, including fee structure complexity, performance fee arrangements, and the potential for layering of fees across related parties.
 - 4.1.3.5 Confirmation that the investment option is not subject to ASIC stop orders.
 - 4.1.3.6 Review of the investment option's return objectives and historical performance (where available) against relevant benchmarks.
 - 4.1.3.7 Assessment of valuation governance arrangements, including methodology, frequency, use of independent experts, stale price controls and escalation processes (particularly for unlisted assets).
 - 4.1.3.8 Assessment of liquidity characteristics, ensuring the redemption terms are disclosed, appropriate for the stated investment objective and strategy, and confirming that the liquidity offered by the investment option is aligned to the liquidity of the types of assets that it holds.
 - 4.1.3.9 Confirmation that stress testing and liquidity management practices are in place, appropriately designed for the nature of the underlying assets and subject to oversight by the product issuer/RE.
 - 4.1.3.10 Assessment of the product issuer/RE's conflicts of interest management.
 - This should include a review of whether the product issuer/RE has documented policies for identifying, disclosing and managing conflicts.
 - Trustees should also take reasonable steps to detect any apparent conflicts in the structure.
 - 4.1.3.11 Where trustees use external research or ratings as an input into their assessment, trustees should have an understanding of the external research providers' ratings methodology and regularly review which external research providers the trustee is satisfied are credible and can be considered as one input of their overall assessment

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Due diligence on key disclosure documents (clause 4.1.3.3):

- Potential indicators of concern may include a stated targeted return that appears inconsistent with the investment's described risk profile, a target market that is too broad for the nature of the product or doesn't align with the investment's risk profile, overly loose or undefined target asset allocation ranges, or a mismatch between the investment's stated objective and its actual portfolio construction or holdings.

Due diligence on the investment option's fees and costs (clause 4.1.3.4):

- Potential indicators of concern may include total fees and costs that are materially above peer benchmarks, opaque or where there is incomplete disclosure of related-party fees, revenue-sharing or inconsistencies between PDS, TMD and other disclosure documents regarding costs.
- With respect to private credit, potential indicators of concern may include opaque or unquantified fee disclosures; low headline management fees that appear inconsistent with the complexity or risk of the strategy; retention of borrower or default-related fees by the manager rather than being passed through to investors; or fee structures that reward loan turnover, restructures or short-duration lending.

Due diligence on investment option's liquidity characteristics (clause 4.1.3.8):

- Potential indicators of concern may include frequent use of withdrawal suspensions or gating mechanisms, long or opaque notice periods for redemptions, reliance on infrequent asset valuations to process withdrawals, or vague disclosures about liquidity risks.
- Investment options that are assessed as having higher liquidity risk may be subject to holding limits commensurate with this risk, and subject to enhanced liquidity monitoring which should include ongoing assessments of valuation policies.

Due diligence on stress-testing (clause 4.1.3.9):

- Trustees can satisfy themselves through due diligence that the issuer or RE has adequate frameworks in place to assess liquidity and stress scenarios that are commensurate with the asset class, investment structure and redemption profile of the option.
- Potential indicators of concern may include an absence of documented stress testing, liquidity policies that are generic or outdated, stress testing methodologies that appear misaligned to the asset class, repeated reliance on withdrawal suspensions or gating, or inadequate disclosure of liquidity risks.

Consideration of investment option's distribution profile and growth dynamics:

- Trustees should consider how the investment option is being promoted and the pace of its growth.
- Potential indicators of concern may include aggressive or unbalanced marketing strategies, and rapid inflows that may outpace the manager's ability to deploy capital.

Due diligence on the product issuer/RE's conflicts of interest management (clause 4.1.3.10):

- Potential indicators of concern may include conflict policies that are generic or outdated, apparent conflicts which are not being appropriately managed, potential conflicts which are identified by the trustee through its due diligence which have not been identified by the issuer or RE, opaque disclosure of related-party transactions, over-reliance on affiliated products, or fee arrangements that could create incentives misaligned with member outcomes.

Consideration any external research or ratings on the investment as an input into the assessment of an investment option (clause 4.1.3.11):

- Consideration of a wide range of external and internal research and ratings where available is better practice compared to reliance on a single external research provider.
- Potential indicators of concern may include where research ratings are below "neutral", sit at the lowest acceptable rating threshold adopted by the trustee, are qualified or caveated (e.g. flagged with "high risk" or "limited track record" notes), have been frequently downgraded or show inconsistencies between different research providers.

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For the avoidance of doubt, not every investment due diligence process must include every action listed in this better practice guidance. Trustees will need to determine which actions are appropriate based on their own circumstances. While due diligence is essential to identify and mitigate risks, trustees must also assess whether each investment option is appropriate, consistent with the fund's investment strategy and whether the onboarding of the investment option is consistent with members' best financial interests.

Scoping Statement: Wrap platform trustees' due diligence includes confirming that the product issuer is appropriately licensed and registered, that the investment option aligns with the trustee's investment strategy, and that the issuer has made all required regulated disclosure available to members. It does not extend to re-performing the issuer's responsibilities under Chapter 5C of the Corporations Act, such as portfolio construction and asset valuation or conducting forensic analysis and validation of underlying investments within the portfolio. Trustees may reasonably rely on information publicly disclosed, provided by the issuer, or available through independent research and other credible sources, supplemented by reasonable enquiries proportionate to the nature and risk of the investment. However, reliance does not amount to abdication. Trustees cannot outsource their obligation to satisfy themselves that offering the investment option is consistent with members' best financial interests and their overarching statutory duties.

4.2 Ongoing monitoring to assess the appropriateness for ongoing inclusion of investment options on the investment menu over time

4.2.1 In accordance with the requirements of a trustee's investment governance framework, trustees must maintain processes for the ongoing monitoring of investment options available on the platform.

4.2.1.1 This monitoring should include oversight of matters such as investment management capability, investment performance (including risk and return outcomes), valuation practices, liquidity profile, conflicts of interest and operational risks.

4.2.2 Through this monitoring, trustees should continue to form a forward-looking view that each option remains appropriate for inclusion on the investment menu, consistent with the fund's investment strategy and members' best financial interests.

4.2.3 The trustee's monitoring framework should include processes that address the following matters:

4.2.3.1 Establishing the frequency of the monitoring of investment options.

- Monitoring should include both regular monitoring cycles and trigger-based monitoring outside the normal cycle.
- Trigger events may include material valuation movements, liquidity stress, adverse media or other events indicating heightened risk.

4.2.3.2 Clear escalation and decision-making protocols.

- Material valuation, liquidity or performance concerns should be escalated to governance forums (e.g. investment committees, risk committees, trustee board) for consideration.
- Trustees should maintain a decision framework outlining when escalation, remediation actions or removal of an investment option may be appropriate.
- Trustees may establish criteria for placing investment options on a watchlist where heightened monitoring is required.

4.2.3.3 Periodic reviews of the monitoring framework, to test whether monitoring arrangements remain effective and proportionate to the level of risk.

4.2.3.4 Member and adviser communication protocols to ensure that any changes to investment options are communicated in a timely, clear, and factual manner.

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- 4.2.4 In applying the investment monitoring framework, trustees should maintain oversight of relevant developments affecting investment options available on the platform. This may include monitoring for:
- 4.2.4.1 The ongoing suitability of product issuers and REs whose products are available on the platform.
 - Oversight should focus on changes at the responsible entity or issuer level that may affect the continued alignment of their products with the trustee's investment strategy, risk appetite, or best-financial-interests duty.
 - 4.2.4.2 Any material changes to the investment manager's organisational stability, governance, investment expertise, investment philosophy and track record.
 - Trustees should monitor for changes to the investment team, investment process, investment strategy, and consider performance against disclosed objectives and benchmarks.
 - 4.2.4.3 Any material changes to key disclosure documents (PDS, TMDs and documents incorporated by reference).
 - Trustees should focus on changes that alter the investment objective, risk/return profile, asset allocation ranges, liquidity profile, or fee structure of the investment option.
 - 4.2.4.4 Regulatory alerts such as ASIC stop orders or product intervention orders relating to an investment option on the menu.
 - 4.2.4.5 Investment performance, with structured review triggers for persistent underperformance.
 - Trustees should also consider monitoring for unusually strong or persistent overperformance, particularly where returns materially exceed stated objectives, benchmark performance, or comparable investments.
 - 4.2.4.6 Changes to valuation practices and monitoring price feeds for anomalies, supported by controls such as stale pricing checks, cross-feed comparisons and escalation protocols.
 - 4.2.4.7 Changes to liquidity characteristics and redemption terms, including restrictions, suspensions or gating events, and the potential impact on members
 - Trustees should also consider the ongoing appropriateness of any holding limits, or whether new holding limits need to be applied given changes in liquidity, asset allocation or risk/return profile.
 - 4.2.4.8 Conflicts of interest and related-party arrangements
 - Trustees should remain alert to indicators that conflicts are not being appropriately managed in practice.
 - 4.2.4.9 Changes in research house ratings
- 4.2.5 Where a trustee amends their investment onboarding processes, consideration should be given to whether any review of investment options which are currently on the investment menu is warranted – for example, whether any such options should be reassessed under the revised process, subject to additional oversight and monitoring or, potentially, removed from the investment menu.

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Better Practice Guidance: Ongoing monitoring to assess the appropriateness for ongoing inclusion of investment options on the investment menu over time

Member communications (clause 4.2.3.4):

- Practical triggers of member communications may include events such as an investment option being closed to new inflows, suspended or gated, removed from the menu, undergoing material changes to its strategy, risk profile or fees, or being affected by a material adverse event (e.g. regulatory action or wind-up).

The ongoing suitability of product issuers and REs (clause 4.2.4.1):

- Potential indicators of concern may include:
 - material changes to the issuer or RE's business model, ownership or key personnel,
 - changes to the appointed investment manager or key personnel,
 - adverse media coverage relating to the issuer/RE, its executives, or related parties,
 - regulatory actions, licence variations, or enforceable undertakings issued by ASIC or other regulators.

The ongoing suitability of investment management (clause 4.2.4.2):

- Investment team changes can materially change the original view when the option was first added to the investment menu. Active management is highly reliant on the skills and experience of the investment team and any material change should be reviewed to understand whether the option continues to be appropriate, consistent with the fund's investment strategy and members' best financial interests.

Material changes to key disclosure documents (clause 4.2.4.3)

- Potential indicators of concern may include amendments to redemption terms or notice periods, introduction of new or higher performance fees, revisions to valuation or unit pricing methodologies, or updates made following regulatory action that indicate deficiencies in governance or disclosure quality.

Changes to valuation practices and monitoring price feeds (clause 4.2.4.6)

- Potential indicators of concern may include unit pricing errors, the published unit price significantly varying from the Net Asset Value (per unit) disclosed in audited financial statements, unusually large upward or downward revaluations that are not explained by market movements or comparable assets, frequent back-dated or out-of-cycle valuation adjustments, persistent use of the same stale price despite material market events, sudden step-changes in unit prices without accompanying disclosure or rationale from the RE, inconsistent valuations of similar underlying assets across different funds, valuations that move counter to broader sector or market trends over an extended period, or valuations showing low volatility over long periods despite holding inherently volatile or risky assets.

Liquidity characteristics and redemption terms (clause 4.2.4.7):

- Potential indicators of concern may include notice of redemption delays, withdrawal suspensions or gating events issued by the RE, or changes to withdrawal conditions without adequate explanation.

Conflicts of interest (clause 4.2.4.8)

- Potential indicators of concern may include: related-party transactions lacking transparency, governance roles held by common directors across entities, or regulatory findings relating to conflicts or valuation independence.

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Research House Ratings (clause 4.2.4.9)

- Potential indicators of concern may include rating downgrades, a shift to “under review/watch”, withdrawal of a rating, or qualified ratings (e.g., contingent on manager rectifying specific risks).

Scoping Statement:

Wrap platform trustees are responsible for monitoring whether an investment option remains aligned with the trustee’s investment strategy and duties, having regard to elements described above. If a member is advised, it is the member’s financial adviser who is responsible for assessing whether that particular investment option is suitable for inclusion in any one individual member’s investment portfolio, consistent with their best interests duty. In relation to unlisted assets, trustees should confirm that REs have robust valuation frameworks that are being appropriately implemented. However, trustees generally do not provide personal financial product advice and do not have the legal authority or operational access to re-perform or override those valuations. Their duty in respect of valuation is therefore one of oversight and monitoring, not direct execution.

A note on forced redemptions:

In exceptional cases, a trustee may determine that redeeming member holdings in a particular investment option is in the members’ best financial interests - for example, where the fund has been suspended for an extended period, posing a significant and ongoing risk of member detriment. However, forced redemptions carry significant potential consequences for members, including the realisation of capital losses and tax liabilities. The ability to undertake forced redemptions also depends on the powers conferred under the trust deed and product terms, which in many wrap superannuation structures limit the trustee’s authority to act without member instruction. In addition, a platform may be legally and practically unable to sell down individual member holdings in certain scenarios, including where underlying redemption requests are suspended or the trustee lacks unilateral authority to transact without member direction. These constraints, coupled with operational challenges such as coordinating redemptions across custodians and product issuers, and the risk of harm to members arising from forced redemption can restrict a trustee’s ability to redeem member holdings even where member protection concerns arise. For this reason, forced redemptions are considered an extreme and rare measure, and trustees typically manage such situations through alternative controls such as suspending new inflows and member communications.

4.3 Record keeping of investment governance

- 4.3.1 Wrap superannuation platform trustees are responsible for maintaining clear records to evidence how they have applied investment due diligence and monitoring obligations.
- 4.3.2 Trustees should maintain records that evidence how they have discharged their due diligence and monitoring obligations. This includes recording:
 - 4.3.2.1 The decision maker responsible for the determination
 - 4.3.2.2 The outcome of all initial due diligence and ongoing monitoring processes, including whether an investment was admitted, retained, restricted, removed, or terminated.
 - 4.3.2.3 The decision rationale, including key factors considered:
 - Trustees should make sure that the record also links to or includes the substantive evidence from the underlying workbook that shows how the trustee reached that conclusion.
 - Relevant board or committee deliberations should be kept in accordance with relevant board policies and procedures.
 - The decision rationale should include express consideration of why the decision was considered to be in the best financial interests of members.

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- 4.3.2.4 In addition, trustees should periodically test the record-keeping framework to confirm adequacy.
- 4.3.3 Trustees should maintain governance hygiene records that evidence the ongoing maintenance of their investment governance framework, including:
 - 4.3.3.1 Version controlled investment governance policies and procedures, including documented approval dates and effective dates.
 - 4.3.3.2 Policy and procedure change logs, capturing:
 - the nature of the change,
 - the reason for the change (e.g. regulatory developments, incidents, learnings from reviews); and
 - the governance body responsible for approving the change.
 - 4.3.3.3 Records of periodic reviews of investment governance policies, including outcomes and any follow-up actions.
 - 4.3.3.4 Documentation showing how changes to policies or frameworks have been operationalised, including updates to due diligence templates, monitoring checklists or escalation thresholds.

Better Practice Guidance: Record keeping of investment governance

Record keeping of decision-making (clause 4.3.2)

- Better practice also includes recording:
 - engagement with product issuers, capturing discussions and responses on matters such as DDO observations, delivery of investment objectives, or other queries.
 - where research house ratings or issuer attestations have served as inputs in the initial due diligence and ongoing monitoring process.
 - consequential updates made to enterprise risk registers.

Maintaining governance hygiene records (clause 4.3.3)

- Where relevant, trustee records should link investment governance framework changes to impacted investment options, such as where new liquidity thresholds, valuation controls or onboarding criteria trigger enhanced monitoring of existing options.

Scoping statement: Trustees must maintain records that evidence how they have discharged their due diligence and monitoring obligations. Trustees must document their own decisions, rationales and governance actions to demonstrate compliance with trustee duties and obligations. Product issuers, responsible entities and advice licensees also have their own statutory record-keeping obligations.

5. Advice Licensee and Adviser Governance

5.1 Initial due diligence prior to onboarding advice licensees and advisers onto a wrap superannuation platform

- 5.1.1 Wrap superannuation platform trustees are responsible for ensuring that financial advisers onboarded onto their platform are appropriately licensed and authorised.
- 5.1.2 Prior to onboarding an advice licensee, trustees should at a minimum:
 - 5.1.2.1 Verify the AFSL number, authorised financial product categories, and any other licence conditions or variations.
 - 5.1.2.2 Validate the licensee's ABN, and confirm the licensee is registered for GST.

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- 5.1.2.3 Check that the licensee is a member of the Australian Financial Complaints Authority.
- 5.1.2.4 Check for any current or historical banning orders against responsible managers or directors.
- 5.1.2.5 Search for references to past actions or enforceable undertakings involving the licensee.
- 5.1.2.6 Screen for adverse media/open-source information on the licensee, its responsible manager and directors.
- 5.1.2.7 Require a contract to be signed between the advice licensee and platform acknowledging platform terms of use and compliance obligations on the licensee.
- 5.1.2.8 Consider whether onboarding the licensee poses any reputational or other concerns for the trustee and whether doing so is otherwise consistent with members' best financial interests.
- 5.1.3 Prior to onboarding individual advisers, trustees should at a minimum:
 - 5.1.3.1 Require proof of identification from the financial adviser.
 - 5.1.3.2 Verify the adviser has an AFSL or is duly authorised under an AFSL that is approved by the platform.
 - 5.1.3.3 Verify the adviser has an AFSL or is duly authorised under an AFSL to provide retail personal financial product advice, via ASIC's Financial Adviser Register.
- 5.1.4 With respect to the licensee and adviser onboarding framework, the trustee should have a process in place that includes:
 - 5.1.4.1 Clear escalation and decision-making protocols.
 - Concerns should be escalated to the relevant committee for review.
 - 5.1.4.2 Periodic reviews of the onboarding framework, to test whether adviser onboarding arrangements remain effective and proportionate to the level of risk.
 - 5.1.4.3 Controls to ensure that advisers previously removed from the platform are not able to reregister under a different licensee, including regular cross-checks of adviser details (such as name, date of birth) against internal records of previously offboarded advisers.
 - 5.1.4.4 Record-keeping of onboarding decisions, including the checks performed, the decision maker and the outcome.

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Better Practice Guidance: Initial due diligence prior to onboarding advice licensees and advisers onto a wrap superannuation platform

Onboarding of Advice Licensees (clause 5.1.2)

- Where practicable, trustees should make enquiries to understand the business model and supervisory controls of the licensee. This due diligence should consider the licensee's:
 - **Business model and client acquisition:** how the licensee sources new clients, the types of advice it provides, how advice is typically delivered (in person, by phone, or virtually), its referral arrangements, and how it charges advice fees.
 - **Supervisory framework:** confirmation that the licensee maintains adequate procedures and controls in relation to: adviser onboarding, training and competence, scope of advice, systems for identifying and managing conflicts, breach and dispute management, and remediation.
 - The depth and intensity of this assessment may reasonably be calibrated to the nature, scale and complexity of the licensee.

Licensee and Adviser Onboarding Framework (clause 5.1.4)

- Trustees may choose to have a pathway for conditional acceptances, where a licensee or adviser may be approved subject to additional controls (for example, placement on a watchlist, enhanced monitoring of activity and inflows, or periodic compliance attestations from the licensee).

Scoping Statement:

Trustees are responsible for ensuring advisers accessing the platform are properly authorised under an AFSL and meet baseline eligibility and compliance requirements. Trustees also retain the right to exercise discretion where reputational or other concerns arise which suggest to the trustee that providing a licensee with access to the platform may pose reputational or other risks or may not be consistent with the best financial interests of members. However, it is not reasonable or practical for trustees to replicate the advice licensee's obligations for adviser training, supervision or conduct oversight. The advice licensees remain directly responsible for ensuring that their authorised representatives are competent, appropriately trained, and comply with all financial services laws. However, trustees should satisfy themselves that advice licensees have these procedures in place. Advisers are also responsible for acting in their clients' best interests, providing appropriate advice, and complying with the Financial Planners and Advisers Code of Ethics.

5.2 Ongoing monitoring of licensees and advisers on the platform

5.2.1 The trustee should maintain a documented framework for the ongoing monitoring of licensees and advisers using the platform. This framework should include:

5.2.1.1 Clear escalation and decision-making protocols

- Where monitoring identifies adverse findings or key risks, matters may be escalated to an appropriate governance forum (e.g. a governance committee).
- The governance forum may determine further investigative actions, such as requesting additional information from a licensee, conducting investigations, or requesting advice files.
- Where licensees do not comply with reasonable requests, trustees may consider actions such as suspending advice fee deductions, restricting the lodging of new business, limiting adviser access to member records, removing advisers or licensees from member accounts, or placing them on a watchlist for heightened monitoring.

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- Trustees should exercise discretion and professional judgment in determining appropriate actions, having regard to the potential impacts on members.
- 5.2.1.2 Protocols for adviser and licensee offboarding, whether initiated by the adviser, the licensee, or the platform.
 - Trustees should retain records of offboarded AFSLs, advisers or directors of concern, so that they are not able to reregister onto the platform.
- 5.2.1.3 Periodic review of the monitoring framework to test whether monitoring arrangements remain effective and proportionate to the level of risk.
- 5.2.1.4 Risk ratings for advisers and licensees, with monitoring processes calibrated accordingly.
- 5.2.1.5 Record-keeping of onboarding decisions, including the checks performed, the decision maker and the outcome.
- 5.2.1.6 Member and adviser communication protocols to ensure that any changes are communicated in a timely, clear, and factual manner.
 - Trustees should make appropriate communication with impacted members when an AFSL or adviser is removed, including guidance on options available to them.
- 5.2.2 As part of the monitoring framework, trustees should undertake monitoring activities that include:
 - 5.2.2.1 Checking advisers' status on the Financial Advisers Register regularly via an automated system check and monitoring ASIC releases for ad hoc changes.
 - 5.2.2.2 Monitoring for any changes to the AFSL status or authorisations of licensees using the platform.
 - 5.2.2.3 Monitoring for unusual or concerning patterns from an adviser or licensee that trigger further investigation. Potential indicators of concern which should trigger further investigation or attention include:
 - high volumes (when compared to other advisers/licensees on the platform) of new account openings or rollovers from a single adviser or licensee in a short period,
 - unusually high advice fee deduction requests proportionate to a member's balance,
 - multiple members with no underlying investments (e.g. 100% of balance in cash),
 - a high proportion of clients located in a different geographic region than the adviser (e.g. 30%), which may indicate heavy dependence on lead generation practices,
 - a high volume of complaints featuring recurring themes and/or withdrawn consents against a single adviser or licensee,
 - an adviser moving frequently between different licensees,
 - high volumes of clients from the same adviser/licensee concentrated in the same illiquid investment option,
 - refusal or inability of a licensee or adviser to produce advice documents on request of the trustee; and
 - adviser inactivity on the platform.

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- 5.2.2.4 Conducting random and risk-based reviews of advisers engaging with the platform, including compliance checking (see section 6 for more detail).
- 5.2.2.5 Reviewing complaints data (reported to the trustee) linked to particular advisers or licensees.
- 5.2.2.6 Monitoring the 'banned and disqualified people' register (and removing advisers when they feature).

Better Practice Guidance: Ongoing monitoring of licensees and advisers on the platform

Licensee and Adviser Monitoring Framework (clause 5.2.1).

- Trustees should establish systems to reasonably seek to prevent, detect and respond to changes in the licensed/authorised status of advisers and to adviser misconduct in relation to the access of an adviser to the platform over time.
- Where these activities are performed by a platform operator as a core business function, the trustee remains accountable and must receive timely and sufficient detail to review the work undertaken and satisfy its obligations.
- Monitoring should be proportionate and risk-based, focusing on key indicators of adviser conduct.

The ongoing monitoring of licensees and advisers (clause 5.2.2)

- Trustees may obtain periodic compliance attestations from advice licensees, with contractual terms enforcing the attestation process.

Scoping statement:

Trustees are responsible for monitoring adviser interactions with the platform at a systemic level and escalating concerns. It is not reasonable or practical for trustees to supervise individual advice recommendations, review the quality of advice, or assess compliance with licensee obligations such as the best interests duty – these responsibilities rest with the relevant advice licensee.

5.3 Oversight over advice fee deductions

- 5.3.1 Wrap superannuation platform trustees are responsible for ensuring that any adviser fees deducted from member accounts comply with *SIS Act* requirements.
- 5.3.2 Programs designed to assess compliance with section 99FA of the *SIS Act* can take various forms, but at a minimum, should include:
 - 5.3.2.1 Reviewing advice document extracts on a risk-based and random sample basis (but not the appropriateness of advice) to confirm services were delivered including the provision of personal advice and compliance with the sole purpose test.
 - 5.3.2.2 Implementing appropriate controls to ensure adviser fee consent forms are in place before any adviser fees can be charged to the account.
 - 5.3.2.3 Ensuring that adviser fee labels used on the platform are clear, accurate and self-explanatory to members, so that members can readily understand the nature of the fee being charged and the service it relates to.
 - 5.3.2.4 Implementing controls to minimise the risk of inappropriate or harmful advice charges on members' accounts, having regard to the nature of the trustee's membership base.
 - Controls should consider the appropriateness of implementing fee caps on advice fees that can be deducted from members' accounts or other effective risk-based mechanisms.

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5.3.2.5 Adopting practices to protect members with low superannuation balances, such as setting a minimum balance threshold for advice fee deductions.

5.3.2.6 Having protocols to ensure that members are appropriately compensated where fees are charged inappropriately.

Better Practice Guidance: Oversight over advice fee deductions

Confirming compliance with s99FA of the SIS Act (clause 5.3.2).

- Trustees should monitor adviser fee flow patterns using data analytics, as a source of risk indicators.
 - Trustees should monitor, on an aggregate and trend basis, indicators such as unusually high or rising advice fees, concentration of fees linked to particular advisers or licensees, and changes in fee patterns over time.
 - Trustees should also monitor for coinciding patterns, such as elevated advice fees occurring alongside significant inflows into particular managed investment schemes or product structures.
 - These indicators do not, of themselves, establish non-compliance, but may warrant further inquiry or escalation under trustee policies.
- Trustees should monitor adviser activity on members' accounts (on a sample basis). This may be identified via data analytics.
 - For example, if trustees notice patterns such as advisers onboarding large numbers of members with low balances while deducting high advice fees, or frequent fee variation, this may warrant further inquiry to ensure the fees are being charged in line with trustee policies and required member consents.
- Where a trustee has concerns that advice deductions may not be complying with legal obligations, they may take actions such as:
 - Collecting member attestations to the fact that personal advice relevant to superannuation was provided for the period and fee charged.
 - Collecting attestations and advice document extracts from the relevant licensee/adviser evidencing the scope of advice, period covered and linkage to the superannuation account from which fees were deducted.
 - Verifying a member's signature against records.
 - Requesting the licensee's fee proportioning policy (superannuation vs non-superannuation sources) and evidence of its application.
 - Verifying the advice authorisations of the licensee.
 - Applying interim controls such as switching off advice fees until these steps are completed.

Scoping statement:

Wrap superannuation platform trustees, under s99FA of the SIS Act, must only allow advice fee deductions from member accounts that are for personal advice, lawful, and properly authorised. Trustees must also ensure that advice fee deductions are consistent with the sole purpose test and the best financial interests duty. Trustees are not responsible for assessing the value or quality of each piece of personal advice provided to individual members, which remains the responsibility of the adviser and their licensee.

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6. Unadvised members

6.1 Dealing with unadvised members in wrap superannuation platform products

- 6.1.1 Trustees are not expected to provide personal advice but should implement protective measures to reduce the risks associated with member disengagement.
- 6.1.2 Protective measures for unadvised members include:
- 6.1.2.1 Restricting unadvised, retail members to an appropriate options menu (for any new investments that they make that the client doesn't already hold)
 - This includes removing their ability to choose any investment options that the trustee considers to be inappropriate for unadvised members.
 - 6.1.2.2 Switching advice fee payments off.
 - 6.1.2.3 Confirming unadvised members' access to platform communications.
 - 6.1.2.4 Communicating with members so that they understand how to log into and operate their account, where any instructional material might be available, and how to contact the platform if they need assistance in operating their account.

Better Practice Guidance: Dealing with unadvised members in wrap superannuation platform products

Protective Measures for Unadvised Members (clause 6.1.2).

- Trustees should:
 - where appropriate, communicate with unadvised members who exceed investment holding limits.
 - regularly prompt unadvised members to consider re-engaging a financial adviser to access the full benefits of the wrap platform.
 - require unadvised investors to declare they have reviewed the PDS when making a new investment.
 - monitor whether unadvised pension members are on track to meet minimum pension withdrawal requirements, and issue proactive, factual communications where they are not:
 - Monitoring should be limited to identifying whether minimum drawdown thresholds are being met, not to assessing the appropriateness of withdrawal levels.
 - Where a shortfall is identified, trustees should issue timely communications to alert the member and prompt them to take action to avoid unintended compliance or tax consequences.

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7. APPENDIX A: Examples of how a trustee might exercise their professional judgment

7.1 Initial due diligence prior to a wrap superannuation platform trustee onboarding any investment option onto the investment menu

The following scenarios illustrate examples of how a trustee might respond to different issues identified during initial investment due diligence prior to onboarding. They demonstrate the types of circumstances that could reasonably trigger further investigation, rejection, or conditional acceptance of an investment option (for example, with holding limits). Each situation will differ depending on the facts and context, and the intent is not to prescribe a one-size-fits-all response, but to show how trustees may apply professional judgment in practice.

Example #1: Declining a Feeder Fund Due to Inconsistent Performance Disclosure

A fund manager sought to have its managed investment scheme (a feeder fund) added to a platform's superannuation investment menu. The Australian-domiciled unit trust invested exclusively in a global master fund managed offshore. During their initial due diligence, the trustee identified that the feeder fund's performance history did not align with the investment objective disclosed in the PDS, which referenced the master fund's benchmark. The trustee considered this discrepancy a governance risk - indicating a lack of transparency around actual performance and potential misalignment between disclosure and investor outcomes. The trustee therefore declined to onboard the fund, concluding that its performance history did not provide a reliable or representative basis for member investment. The decision and rationale were documented.

Example #2: Declining an Investment Option Due to Inadequate Disclosure from the Responsible Entity

The trustee conducted an onboarding review of a new managed fund seeking inclusion on the platform's superannuation investment menu. The fund's PDS stated an objective of delivering stable, income-focused returns with low volatility. However, upon further examination of the disclosed underlying investments, the trustee noted a significant allocation to equities. The trustee contacted the RE of the fund requesting an explanation for the apparent discrepancy between the stated investment objective and the actual asset allocation. The RE did not respond within a reasonable timeframe and eventually provided a response that was inadequate in addressing the trustee's concerns. The inability to obtain clear, timely, and adequate information from the RE represented a governance risk and did not meet the platform's due diligence standards. Given the lack of sufficient information and unresolved concerns about the alignment between the fund's strategy and its actual holdings, the trustee determined not to onboard the investment option. The decision and rationale were documented.

Example #3: Imposing a Holding Limit on a Private Credit Fund with Limited Liquidity

The trustee conducted an onboarding review of a private credit fund seeking inclusion on the platform's superannuation investment menu. The fund aimed to deliver higher income returns than traditional fixed-interest investments but was identified as materially less liquid, with limited redemption windows and a longer lock-up period. Following its assessment, the trustee determined that the fund could be included on the investment menu, subject to appropriate safeguards. To promote diversification and manage liquidity risk, the trustee applied a holding limit restricting member investments in the fund to a maximum of 10% of their overall portfolio value. This limit was implemented within the platform's trading system and disclosed to advisers and members as part of the investment option's terms of access. The decision to accept the fund, along with the rationale for imposing the 10% holding limit, were documented.

Example #4: Declining an Investment Option Due to Unresolved Regulatory and Governance Concerns

An advice licensee requested that a boutique global small companies managed fund be added to the platform's superannuation investment menu. The request was referred to the trustee's investment governance team for assessment. During due diligence, the trustee's adverse media and background screening identified several reports of regulatory action against one of the fund's related entities overseas, including allegations of misleading performance reporting. The fund manager acknowledged the issue but provided limited documentation to demonstrate remedial action or enhanced oversight arrangements. The trustee sought further evidence from the manager, including details of the foreign regulator's findings,

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any internal compliance reviews undertaken, and current governance measures addressing conflicts and performance reporting. The responses were incomplete and presented a governance risk. The trustee therefore declined to onboard the fund, concluding that the lack of transparency and unresolved governance issues presented an unacceptable reputational and regulatory risk inconsistent with members' best financial interests.

Example #5: Declining a Fund with a Short Track Record and Elevated Risk Characteristics

The trustee conducted an onboarding review of a private credit fund seeking inclusion on the platform's superannuation investment menu. The fund had adequate research ratings and a PDS that did not raise concerns from the trustee. The trustee observed that the fund had a short track record and a portfolio with a significant weighting to non-income producing assets, yet adequate diversification across these assets. Despite the diversification in asset allocation, the weighting to non-income producing assets indicated to the trustee a high level of risk and potential underperformance as the fund was not producing any ongoing cash flow and are therefore more sensitive to market conditions. Given this risk and a lack of track record in managing the fund, the trustee determined that adding this investment option on the menu would not be in members best financial interests.

7.2 Ongoing monitoring to assess the appropriateness for ongoing inclusion of investment options on the investment menu over time

The following scenarios illustrate examples of how a trustee might respond to different issues identified during ongoing monitoring. They demonstrate the types of circumstances that could reasonably trigger placing an investment option on the watchlist, restriction to certain members or removal from the menu. Each situation will differ depending on the facts and context, and the intent is not to prescribe a one-size-fits-all response, but to show how trustees may apply professional judgment in practice.

Example #1: Placing an Investment Option on a Watchlist Following Departure of a Key Portfolio Manager

The trustee became aware that the investment manager of an existing managed fund on the platform announced the departure of its lead portfolio manager, who had been primarily responsible for managing the fund's investment strategy. No immediate replacement was announced, and subsequent communication from the manager indicated that the successor had limited prior experience managing a comparable strategy.

Given the potential impact on the stability of the investment team and execution of the fund's investment approach, the trustee initiated its escalation process under the investment governance framework. The investment option was placed on the platform's watchlist, and the manager was contacted to provide further information on succession planning, governance arrangements during the transition period, and any expected changes to the investment process or risk profile.

The trustee maintained the option on the watchlist pending receipt and assessment of the requested information and considered whether further action, such as imposing restrictions, enhanced monitoring, or removal from the menu, was warranted. The decision and rationale for the watchlist classification were documented.

Example #2: Restricting Access to an Investment Option to Advised Members Due to Liquidity Changes

The trustee identified that the liquidity profile of an existing investment option had changed, making it less suitable for self-directed investors. The fund's revised redemption terms and longer withdrawal notice periods meant that the option was now considered appropriate only for members who had an active financial adviser relationship to assist in monitoring liquidity and managing related risks.

Following its review, the trustee determined to restrict access to the investment option so that only advised members could invest. Platform controls were updated to ensure that non-advised clients were unable to make new investments in the option. Existing non-advised holders were notified of the change and advised that they could retain their current holdings but would not be able to make additional investments. The decision, rationale, and communication to affected members were documented.

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Example #3: Restricting Inflows Following an ASIC Stop Order on an Investment Option

As part of its ongoing monitoring, the trustee received a notification from ASIC that a stop order had been issued on an investment option available through the platform, due to deficiencies identified in the fund's PDS. On receipt of the notice, the trustee immediately restricted all member inflows into the affected investment option, including new investment allocations, and any standing instructions directing future contributions or reinvestments to the option. The trustee also issued member communications explaining the action taken, and outlining that existing holdings were unaffected. The trustee continued to monitor updates from the RE and ASIC.

Example #4: Suspending New Member Investments Due to Sustained Underperformance

The trustee determined that the investment performance of an existing option had deteriorated to the point that the trustee considered it was not supporting the best financial interests of members. After reviewing performance data, research house commentary and discussions with the fund manager, the trustee concluded that continued acceptance of member inflows would not be in the best financial interests of members. In line with the investment governance framework, the trustee approved the suspension of all new member investments into the option. Existing holdings were permitted to remain, with ongoing monitoring and periodic review of the manager's performance and recovery strategy. The trustee issued a communication to members invested in the option explaining the reason for the suspension, outlining the steps being taken to manage the situation, and reminding members to speak with their financial adviser if they required assistance reviewing their investment choices. The decision, rationale and member communication were documented.

Example #5: Suspending New Investments Due to Insufficient Transparency from the Responsible Entity

The trustee identified that it was experiencing increasing difficulty obtaining timely and sufficiently granular information from the RE of an externally managed investment option available on the platform. While there was no evidence of misconduct and the investment option continued to operate in accordance with its disclosed terms, the trustee formed the view that the limitations on information access, including limited responsiveness to due diligence queries, impaired its ability to adequately assess risk, and ongoing alignment with the trustee's investment strategy. The trustee advised the RE that failure to provide sufficient transparency within a reasonable timeframe could result in further action, including enhanced monitoring, restrictions on new inflows, or removal of the option from the investment menu. The RE was unable to provide the requested information, and the trustee suspended new investments into the option while undertaking further review.

7.3 Initial due diligence prior to onboarding advice licensees and advisers onto a wrap superannuation platform

The following scenarios illustrate examples of how a trustee might respond to different issues identified during initial onboarding of a licensee or adviser. They demonstrate the types of circumstances that could reasonably lead to further investigation, conditional acceptance or rejection. Each situation will differ depending on the facts and context, and the intent is not to prescribe a one-size-fits-all response, but to show how trustees may apply professional judgment in practice.

Example #1: Resolving an Authorised Representative Number Discrepancy During Adviser Onboarding

During the adviser onboarding process, the trustee attempted to validate the Authorised Representative Number (ARN) on ASIC's MoneySmart Financial Adviser Register and found that the ARN provided did not return a match. The discrepancy was flagged, and the onboarding was placed on hold pending verification. The trustee contacted the licensee to request correct details and supporting evidence. The licensee responded that the ARN contained a typographical error and supplied the correct ARN. The trustee re-validated the corrected ARN on the register and confirmed a match.

Given the satisfactory explanation and successful validation, the trustee proceeded with onboarding. Records were updated and the incident was logged as a minor administrative error.

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Example #2: Conditional Approval of a Licensee Subject to Enhanced Monitoring Following Ownership Changes

As part of its licensee onboarding process, the trustee identified that a new advice licensee held a valid AFSL but had recently undergone significant ownership and management changes following the acquisition of another advice business. The review also noted that ASIC had issued a surveillance notice to the licensee in the previous year relating to advice documentation quality, which was subsequently closed without enforcement action. While the licensee met all minimum legal and operational requirements, the trustee determined that the recent structural changes and compliance history warranted enhanced oversight. The trustee approved the licensee on a conditional basis, requiring the provision of quarterly compliance attestations for the first twelve months and subjecting the licensee to heightened monitoring, including targeted reviews of adviser activity and inflows. The decision and rationale were documented.

Example #3: Declining an Adviser Application Following Unresolved Adverse Media Allegations

During the adviser onboarding process, the trustee's open-source screening identified adverse media alleging misconduct by a self-licensed adviser at a previous licensee. No corresponding regulatory action or court outcome was located. In line with the onboarding governance framework, the trustee paused the application and contacted the adviser to provide an opportunity to respond. The adviser was asked to supply a written explanation of the circumstances, any relevant correspondence from the former licensee, referee contacts, and any other supporting documents. A response deadline was set and recorded. The trustee reviewed the adviser's response alongside the supporting material and considered the totality of information, including checks of the Financial Adviser Register and any banning orders. The trustee concluded that key concerns remained unresolved. The application was declined. The decision, rationale, and evidentiary record (including the adverse media articles, the adviser's response, and internal assessments) were documented, and the adviser was notified of the outcome.

Example #4: Rejecting an Adviser Application Due to Prior Offboarding from the Platform

An adviser applied for onboarding under a new licensee. During due diligence, the trustee's identity-matching controls flagged that the adviser's personal details (name, date of birth and contact identifiers) aligned with an individual previously removed from the platform for compliance reasons. The trustee verified the match against historical offboarding records and the Financial Adviser Register to exclude the risk of a false positive.

Consistent with the platform's policy not to re-register advisers who have been offboarded for conduct or compliance issues, the trustee refused the application. The adviser and the new licensee were notified of the decision and the policy basis. The decision, rationale and supporting evidence (matching logs, prior offboarding file and verification checks) were documented.

7.4 Ongoing monitoring of licensees and advisers on the platform

The following scenarios illustrate examples of how a trustee might respond to different issues identified during ongoing monitoring. They demonstrate the types of circumstances that could reasonably trigger further investigation, placing a licensee or adviser on the watchlist, disabling an adviser's access either temporarily or permanently, turning off advice fees or terminating the licensee. Each situation will differ depending on the facts and context, and the intent is not to prescribe a one-size-fits-all response, but to show how trustees may apply professional judgment in practice.

Example #1: Escalating an Adviser to Watchlist Status Following Multiple Risk Indicators

The trustee observed a cluster of risk indicators linked to an adviser, including adverse media alleging fees had been deducted from member accounts without service and anomalous portfolio patterns (80% of their clients' balances were held in cash). Under the trustee's surveillance framework, the adviser's risk rating was escalated to "high" and the adviser was placed on a watchlist pending further review.

The trustee notified the licensee's compliance lead, outlined the observed risk indicators and review timeline, and sought confirmation of the supervisory controls in place. The trustee also requested evidence that member advice fee consents relied upon for deductions were valid and current.

Pending assessment, the trustee implemented proportionate protective measures within its remit, including a temporary pause on processing new advice fee deductions linked to the adviser until consents were verified. The rationale, evidence requests and decision criteria for lifting the watchlist status or escalating to further action were formally documented.

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Example #2: Revoking Platform Access Following Adviser Cessation on the Financial Adviser Register

During routine monitoring of the ASIC Financial Adviser Register, the trustee identified that an adviser's status had changed to "ceased" (the individual was no longer authorised under an AFSL). The trustee verified the change by retaining evidence of the FAR entry (date/time-stamped extract) and checked whether the adviser was registered on the platform. The trustee immediately revoked the adviser's platform credentials, blocked new instructions and fee deduction set-ups linked to the adviser, and initiated enhanced monitoring over affected accounts. The trustee notified the licensee's compliance lead of the status change and requested confirmation of any successor adviser appointments. The trustee then issued a communication to impacted clients explaining that their adviser was no longer authorised, outlining options and next steps and advising how existing advice-fee arrangements would be treated. The decision, rationale, supporting evidence, and member communications were documented.

Example #3: Temporarily Suspending Advice Fee Deductions Following Anomalous Fee Patterns

The trustee's monitoring system flagged an adviser who had submitted multiple high-value advice-fee deduction requests that appeared disproportionate to the relevant member balances and, in several cases, were set at the platform's maximum fee limits. Pattern analysis showed identical fee amounts across numerous accounts and recent uplifts to the maximum threshold. In line with the escalation protocol, the trustee initiated a risk-based review. The licensee was asked to provide within a defined timeframe, copies of current member fee consent forms, evidence of ongoing-fee arrangements and renewal notices, SoAs and RoAs supporting the fees charged and evidence of service delivery (e.g. review meeting notes).

Pending verification, the trustee applied interim controls: a temporary suspension of further fee deductions requested by the adviser, enhanced review of any pending instructions, and notification to the licensee's compliance lead outlining the issues and the conditions for lifting the suspension.

Example #4: Placing a Licensee on Watchlist Status Due to Failure to Provide Requested Compliance Documentation

As part of its ongoing monitoring program, the trustee conducted a random sample review of advice documents across several advisers operating under a particular AFSL. The trustee issued a formal request to the licensee for a defined sample of recent SoAs/RoAs, fee consents and service evidence within a specified timeframe. The licensee failed to provide the requested documents by the deadline and subsequent follow-ups were met with partial responses and repeated extensions. While no individual adviser had yet triggered a separate risk event, the trustee formed the view that the licensee's inability or unwillingness to provide timely documentation impaired the trustee's ability to satisfy itself that advice-fee deductions and platform activity were being appropriately supervised. The trustee escalated the matter under its governance framework, placed the licensee on watchlist status, and imposed proportionate interim controls - including enhanced scrutiny of advice-fee requests and a temporary pause on onboarding new advisers under the AFSL pending satisfactory cooperation. The licensee was notified in writing of the concerns, required to provide the outstanding documentation within a revised timeframe, and asked to confirm the adequacy of its supervisory processes. The decision, rationale and escalation criteria were documented.

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8. APPENDIX B: Relevant Legislation and Regulation Considered in the Creation of this Standard

Legislation

- Corporations Act 2001 (Corporations Act) ([Link](#))
- Superannuation Industry (Supervision) Act 1993 (SIS Act) ([Link](#))
- Superannuation Industry (Supervision) Regulations 1994 ([Link](#))

APRA Prudential Standards, Guidance and Communications

- Prudential Standard SPS 220 - Risk Management ([Link](#))
- Prudential Standard SPS 515 – Strategic Planning and Member Outcomes ([Link](#))
- Prudential Standard SPS 530 – Investment Governance ([Link](#))
 - Prudential Practice Guide SPG 530 – Investment Governance ([Link](#))
- Prudential Standard CPS 230 - Operational Risk Management ([Link](#))
- Letter to all platform trustees: Strengthening investment governance and member outcomes in Platform Trustees ([Link](#))
- Governance of Unlisted Asset Valuation and Liquidity Risk Management in Superannuation - December 2024 ([Link](#))
- Joint letter from APRA & ASIC - Further guidance on oversight of advice fees charged to members' superannuation accounts ([Link](#))

ASIC Regulatory Guidance, Instruments and Communications

- Regulatory Guide 94 - Unit pricing: Guide to good practice ([Link](#))
- Report 779 - Superannuation choice products: What focus is there on performance? ([Link](#))
- Report 781 - Review of superannuation trustee practices: Protecting members from harmful advice charges ([Link](#))
- Report 816 - Accounting for your super: ASIC's review into the financial reporting and audit of super funds ([Link](#))
- Report 820 - Private Credit Surveillance: Retail and Wholesale Funds ([Link](#))