MEDIA RELEASE

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FSC WHITE PAPER CALLS FOR STRONGER SUPERVISION OF FINANCIAL ADVICE LICENSEES

The Financial Services Council (FSC) today released its White Paper on the Future of Advice Licensing, concluding that Australia's financial advice licensing framework requires more proactive regulatory supervision to ensure it continues to protect consumers.

Among a total of 19, key FSC recommendations to Government include:

- introducing a universal minimum standard of ASIC supervision, including annual licence renewals and biannual supervisory engagement with every advice licensee;
- establishing a dedicated risk-based supervision program for higher-risk licensees, supported by enhanced regulatory intelligence; and
- redesigning the ASIC financial advice levy to fund the recommended supervisory uplift, increasing it to a minimum of $25,000 while proportionately reducing the per-adviser fee. This would better align levy incidence with where risk is managed, recognising that continued increases in per-adviser fees are not sustainable as a means of addressing ongoing regulatory costs.

Through these recommendations, the White Paper proposes measures that go further to addressing vulnerabilities exposed by the recent Shield and First Guardian failures, strengthening the financial system by ensuring regulators and licensees have the tools needed to identify, manage and respond to risks effectively.

The White Paper follows extensive industry consultation on the FSC's Green Paper, released in July 2025, which examined whether the advice licensing framework remains fit for purpose in a significantly changed advice market.

The consultation found broad support for retaining the existing Australian Financial Services Licence (AFSL) architecture, recognising that it provides a clear and effective accountability model under which licensees remain responsible for the financial services provided under their licence. Rather than replacing the current licensing structure, the White Paper makes 19 recommendations focused on modernising ASIC's supervision of advice licensees, enhancing transparency, improving regulatory intelligence and supporting earlier intervention where risks emerge.

CEO of the FSC Blake Briggs said “The FSC Green Paper on advice licensing tested a range of structural reform options and generated valuable industry feedback. The consultation process shifted the focus from redesigning the licensing framework towards ensuring it is operating as intended with effective supervision.

“From a range of stakeholders, the FSC heard that the Shield and First Guardian collapses exposed vulnerabilities in the system which the early identification of risk could have prevented. These proposals represent a positive step towards strengthening the supervisory framework to identify and reduce those risks.

“The AFSL framework places responsibility on licensees to supervise advisers, manage risk and protect consumers. The challenge is ensuring those responsibilities are continually met, which can be tested through supervisory oversight, rather than assumed after a licence is granted.

“The solution is not new laws, but more effective administration and supervision of the existing licensing framework so that licensees are more rigorously held to account in fulfilling their statutory duties to consumers. ASIC must be equipped with the information, resources and supervisory capability to identify and address risks before consumers suffer harm."

The White Paper also recommends:

- improved use of existing licensing, registration, and enforcement powers;
- modernisation of the Financial Advisers Register and ASIC's existing register infrastructure to improve transparency for consumers and regulators; and
- more active ASIC oversight of professional indemnity insurance, including a review of minimum cover requirements, as an important consumer protection mechanism.

The FSC will continue to work constructively with Government, ASIC and the financial advice sector to progress reforms that strengthen Australia's financial system.

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