

1 JUNE 2018

ISSUE 14



BANKING SECTOR NEWSLETTER

IN THE MEDIA

Corporate watchdog wants to put staff in the nation's banks to clean up industry

After months of shocking revelations at the banking royal commission, the corporate watchdog ASIC wants more money from the Federal Government to supervise the industry.

<http://www.abc.net.au/news/2018-05-28/asic-supervisors-in-the-nations-banks-and-super-funds/9806290>

COBA: Australians ready to switch: time to 'Own Your Banking'

New research has found the Banking Royal Commission has made Australians more receptive to banking alternatives and switching their banking.

<http://www.customerownedbanking.asn.au/media-a-resources/media-release-alerts/1285-australians-ready-to-switch-time-to-own-your-banking>

ABA: Australians warned to beware of phone scams

Australians are urged to be on guard against unscrupulous, unsolicited callers, claiming to represent the Australian Banking Association and asking for bank details to issue a 'refund', survey customer satisfaction or record banking history.

<https://www.ausbanking.org.au/media/media-releases/media-release-2018/australians-warned-to-beware-of-phone-scams>

Second and final phase of industry funding model - ASIC fees-for-services

The Turnbull Government is committed to ensuring that the ASIC has the resources and powers it needs to combat misconduct in Australia's financial services industry and promote trust and confidence in the financial sector. The Government has today introduced into Parliament legislation on the second phase of the ASIC industry funding model - fees-for-service

<http://kmo.ministers.treasury.gov.au/media-release/057-2018/>

Turnbull Government acts to further strengthen APRA

The Turnbull Government today introduced legislation that will bolster the ability of the Australian Prudential Regulation Authority (APRA) to ensure stability and accountability in our critical financial sector through the appointment of a second Deputy Chair.

<http://sjm.ministers.treasury.gov.au/media-release/053-2018/>

Independent chair of the Consumer Data Right's Data Standards Body selected

The Turnbull Government is continuing to progress the establishment of the Consumer Data Right, beginning with the Open Banking regime, selecting Mr Andrew Stevens as the interim Chair of the Data Standards Body for the Consumer Data Right.

<http://sjm.ministers.treasury.gov.au/media-release/051-2018/>

RC hears of 'coercion; and 'abuse' of loan guarantors

A key witness in the Hayne royal commission has revealed that loan guarantors have been victims of abuse, elder abuse and coercion. During the third round of hearings on Monday, which focused on small business lending, the commission heard from witness Philip Khoury, who during his review of the banking code of conduct, expressed concern over its use of language.

<https://www.mortgagebusiness.com.au/breaking-news/12268-commission-hears-of-coercion-and-abuse-of-loan-guarantors>

Internal auditors urged 'to life their game' in raising red flags

ASX Corporate Governance Council chairman Elizabeth Johnstone calls on the internal auditing profession to lift its game to better weed out unethical or unlawful practices revealed in the financial services royal commission.

<http://www.abc.net.au/news/2018-05-22/banking-royal-commission-auditors-need-to-lift-their-game/9786218>

ABA updates Code of Banking Practice

The Australian Banking Association has revealed that it has made further changes to its new draft Code of Banking Practice, which has been sent to ASIC for approval. This version amends the definition of a "small business".

<https://www.mortgagebusiness.com.au/breaking-news/12274-aba-updates-code-of-banking-practice>

Small business to be the focus of the royal commission's next hearings

Having dealt with all manner of appalling practices in wealth management and financial advice, the Hayne royal commission will turn its attention to the bank's treatment of small business.

<http://www.abc.net.au/news/2018-05-20/banking-royal-commission-sets-its-sights-small-business-lending/9777104>

RBA: ASIC and RBA welcome to the new BBSW calculation methodology

ASIC and the Reserve Bank of Australia (RBA) have welcomed the new BBSW calculation methodology. The bank bill swap rate (BBSW) is a major interest rate benchmark for the Australian dollar and is widely referenced in many financial contracts.

<http://www.rba.gov.au/media-releases/2018/mr-18-13.html>

Governance Institute: Penalties and ASIC's powers boosted to curb misconduct

The government is introducing tough new penalties for corporate and financial misconduct and will bolster the powers of the Australian Securities and Investments Commission (ASIC) in its response to the ASIC Enforcement Review Taskforce Report.

<https://www.governanceinstitute.com.au/news-media/news/2018/may/penalties-and-asic-s-powers-boosted-to-curb-misconduct/>

ASIC cancels AFS licence of Wealth & Risk Management

The Federal Court of Australia, in the matter of ASIC v Wealth & Risk Management Pty Ltd (No 2) [2018] FCA 59, found that WRM breached numerous financial services laws and obligations, and made an order that it be restrained from carrying on a financial services business for 18 years.

<https://asic.gov.au/about-asic/media-centre/find-a-media-release/2018-releases/18-140mr-asic-cancels-afs-licence-of-wealth-risk-management/>

ASIC consults on code of ethics compliance schemes for financial advisers

The Australian Securities and Investments Commission has released a consultation paper outlining its proposed approach to approving and overseeing compliance schemes for FASEA's code of ethics.

<https://asic.gov.au/about-asic/media-centre/find-a-media-release/2018-releases/18-138mr-asic-consults-on-code-of-ethics-compliance-schemes-for-financial-advisers/>

IN PRACTICE AND COURTS

Applying the IASB's revised conceptual framework and solving the reporting entity and special purpose financial statement problems

Hot Topic released - This Hot Topic provides an overview of the work the AASB has undertaken - including a series of research reports - with regard to the issues faced in introducing the IASB's revised Conceptual Framework for Financial Reporting into Australia, and improving the consistency, comparability and transparency of financial reports prepared in accordance with Australian Accounting Standards.

http://www.aasb.gov.au/admin/file/content102/c3/CF_Hot_Topics_05-18.pdf

New AASB Consultation Paper released: The AASB is exploring how to introduce the IASB's revised Conceptual Framework for Financial Reporting into Australia, as well as its impact on financial reporting requirements.

<http://www.aasb.gov.au/News/AASB-Consultation-Paper--Applying-the-IASB-s-Revised-Conceptual-Framework-and-Solving-the-Reporting-Entity-and-Special-Purpose-Financial-Statement-Problems?newsID=268578>

APRA: The regulatory capital framework - Impairment, provisioning and enforcing security: background paper 13

Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. In response to a request from the royal commission, APRA has prepared this paper on the effect on an authorised deposit-taking institution's (ADI) Tier 1 capital, where a loan is classified as impaired, a provision is raised and enforcement action against the loan's security is taken.

<http://apo.org.au/node/172371>

ASFA: personal insolvencies in the March quarter 2018

There were 7,910 new personal insolvencies in the March quarter 2018. In the March quarter 2018, 16.1% of debtors entered a business related personal insolvency.

<https://www.afsa.gov.au/about-us/newsroom/media-release-7910-personal-insolvencies-march-quarter-2018>

ASFA: Celebrating our new visual guide to collateral class and type - PPSR registrations

The [new visual guide](#) may help your new staff to get a clearer understanding of the collateral class and type questions when filling out a PPSR registration. There's also a [short video](#) about collateral types and classes that may also be of interest.

Reminder: Proposed PPSR fees and charges to apply from 1 July 2018

Any new fees must be approved by the Attorney-General. If the proposed fees and charges are approved by the Attorney-General they will come into effect on 1 July 2018. You can view the [CRIS](#) on the PPSR website.

**Financial Adviser Standards and Ethics Authority (FASEA):
draft guidance on education pathways for existing
financial advisers**

Under the professional standards reforms, existing financial advisers have until 1 January 2024 to meet the degree-equivalent requirements set by the Standards Authority. The draft guidance is available on the Standards Authority's [website](#). Consultation will close on 29 June 2018.

<http://kmo.ministers.treasury.gov.au/media-release/026-2018/>

LEGISLATION**[Banking Executive Accountability Regime \(Size of an Authorised Deposit-taking Institution\) Determination 2018](#)**

23/05/2018 - This instrument sets out the methodology to determine the size of an Authorised Deposit-taking Institution as small, medium or large for the purposes of the Banking Executive Accountability Regime.

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