

8 NOVEMBER 2019

ISSUE 48



BANKING SECTOR NEWSLETTER

IN THE MEDIA

ASIC imposes additional licence conditions on IOOF Investment Services Ltd to improve governance and conflicts management

ASIC has imposed additional licence conditions (relating to the governance, structure and compliance arrangements) on the Australian financial services (AFS) licence of IOOF Investment Services Ltd (IISL) as part of an application by IISL to vary its licence. <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2019-releases/19-292mr-asic-imposes-additional-licence-conditions-on-ioof-investment-services-ltd-to-improve-governance-and-conflicts-management>

Supporting first home buyers

The Coalition Government has released for consultation the draft Investment Mandate for the First Home Loan Deposit Scheme (the Scheme) which will help eligible first home buyers enter the property market sooner. The Scheme provides a guarantee that will allow eligible first home buyers on low and middle incomes to purchase a home with a deposit of as little as 5 per cent. <http://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/supporting-first-home-buyers-1>

FASEA Releases Code of Ethics Guidance

The Code has been designed to encourage and embed higher standards of behaviour and professionalism in the financial advice industry. As such, it establishes ethical duties that go beyond the minimum requirements of existing law. It should be noted that, as a legislative instrument, the Code has the force of law. <https://www.fasea.gov.au/fasea-releases-code-of-ethics-guidance/>

The age of disclosure is over

Financial services product disclosure laws have failed to protect consumers as intended, a study by the Australian Securities and Investments Commission (ASIC) has found. Insurance featured in several of the 33 case studies that ASIC examined in the joint report with the Dutch Authority for the Financial Markets. <https://www.insurancenews.com.au/regulatory-government/the-age-of-disclosure-is-over>

ASIC Annual Report for 2018-19

ASIC's Annual Report for the 2018-19 financial year has been tabled in the Australian Parliament. Matters highlighted or referred to by the Royal Commission have been prioritised, and work continues on implementing ASIC's new obligations and responsibilities included in its recommendations.

<https://asic.gov.au/about-asic/news-centre/find-a-media-release/2019-releases/19-284mr-asic-annual-report-for-2018-19/>

Taking action on the Banking, Superannuation and Financial Services Royal Commission - Recommendation 2.4: Grandfathered commissions

Consumers will benefit from lower fees following the removal of conflicted remuneration for financial advice after the Coalition Government passed new laws through the Parliament recently, ending the payment of grandfathered conflicted remuneration. <http://ministers.treasury.gov.au/ministers/jane-hume-2019/media-releases/taking-action-banking-superannuation-and-financial-1>

No one reads the PDS: ASIC

ASIC is calling time on the financial services industry's reliance on disclosure as the default consumer protection, saying it enables poor conduct and poor consumer outcomes. ASIC teamed up with the Dutch Authority for Financial Markets (AFM) to produce REP 632 'Disclosure: Why it shouldn't be the default'. <https://www.financialstandard.com.au/news/no-one-reads-the-pds-asic-147181605>

ASIC to provide relief from financial adviser compliance scheme obligations

ASIC has announced that it will make a legislative instrument to provide relief to Australian financial services (AFS) licensees from financial adviser compliance scheme obligations, following a Government announcement a new disciplinary body will displace the role of compliance schemes in monitoring and enforcing the *Financial Planners and Advisers Code of Ethics 2019* (the code). <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2019-releases/19-280mr-asic-to-provide-relief-from-financial-adviser-compliance-scheme-obligations/>

APRA proposes new measures to strengthen capital protection for bank depositors

The APRA has launched a review of the capital treatment of authorised deposit-taking institutions' (ADIs) investments in their banking and insurance subsidiaries. The Information Paper and draft APS 111 can be found at: [Revisions to Prudential Standard APS 111 Capital Adequacy: Measurement of Capital](https://www.apra.gov.au/news-and-publications/apra-proposes-new-measures-to-strengthen-capital-protection-for-bank). <https://www.apra.gov.au/news-and-publications/apra-proposes-new-measures-to-strengthen-capital-protection-for-bank>

Note: APRA intends to finalise changes to APS 111 after the consultation period closes on 31 January 2020

New Report Highlights Accountancy Profession as Key Driver of Progress in Adoption of International Standards

In celebration of World Standards Day, IFAC has today released a new report detailing how and where international accountancy standards—which focus on audit and assurance, ethics, education, and private and public sector accounting—are being adopted and implemented globally. <https://www.ifac.org/news-events/2019-10/new-report-highlights-accountancy-profession-key-driver-progress-adoption>

IN PRACTICE AND COURTS

[FASEA Code of Ethics and Guide](#)

The Code of Ethics that is applicable to the conduct of all advisers who provide financial services to retail clients. Compliance with the Code which comprises five (5) values and twelve (12) Standards will come into effect on 1 January 2020. To assist stakeholders in understanding, interpreting and applying the Code, FASEA is releasing a Code of Ethics guide ([FG002 Code of Ethics Guidance](#)).

[Australia's Personal Property Securities Register – AFSA statistics release September quarter 2019](#)

Personal Property Securities Register (PPSR) statistics for the [September quarter 2019](#) Released on 25 October 2019.

[Proposed amendment to Chapter 11 of the AML/CTF Rules \(Compliance Report – reporting and lodgment periods\)](#)

AUSTRAC has released proposed amendments to Chapter 11 of the AML/CTF Rules for public consultation. The proposed amendments remove references to the 2018 reporting and lodgment periods and sets those periods for 2019 and each successive year. The consultation period for these amendments is open until 12 November 2019.

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