



MEDIA RELEASE

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FSC WELCOMES LAWS TO PROTECT CONSUMERS FROM POOR PRODUCTS

The Financial Services Council has welcomed the passage of the Treasury Laws Amendment (Design and Distribution Obligation and Product Intervention Powers) Bill 2019.

The new legislation introduces design and distribution obligations (DDOs) in relation to financial products and introduces a product intervention power (PIP) for ASIC to prevent or respond to significant consumer detriment.

The changes mean financial services providers are now required by law to take a customer focused approach when offering products.

“The new law requires financial service providers to design and sell products with a target market in mind. While the vast majority of Australians benefit from quality products, this new regime offers an extra layer of protection,” FSC CEO Sally Loane said.

“The Australian Securities and Investments Commission (ASIC) will need to build a clear framework for how the new regime will operate. The FSC looks forward to working with ASIC to progress these important reforms.

“In the limited circumstances where there is an inappropriate product sold, ASIC will now be able to intervene to protect consumers.

“While this is an important power for ASIC, the FSC believes the greatest consumer benefit comes from quality advice and products appropriate for the goals and needs of individuals.”

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About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world. The FSC promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.