



MEDIA RELEASE

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FSC SUBMISSION RELEASED ON ONGOING FEE ARRANGEMENTS

The Financial Services Council (FSC) has released its submission on the Exposure Draft (ED) legislation on ongoing fee arrangements (OFAs) and payments for financial advice, and on disclosure of a lack of independence.

FSC CEO Sally Loane said the FSC supports the recommendations for OFAs and disclosure of a lack of independence in principle, however offered solutions to ensure the legislation is practical and effective. This aligns with the FSC's broader vision of affordable and accessible financial advice:

- The FSC recommends commencement of the legislation one year from Royal Assent to allow for advice business compliance systems reasonable time to become fully compliant;
- A transitional timeframe applied to all existing arrangements entered prior to the commencement date – to ensure a seamless transition with minimal disruption for consumers;
- Inclusion of a materiality threshold for isolated or immaterial record keeping errors when applying civil penalties;
- The ED does not contemplate a situation where a client cannot be contacted to commence the renewal process, the FSC recommends a waiver period of the renewal period for up to 90 days only in a strictly limited set of circumstances, such as when a client cannot be contacted and their OFA is at risk of termination;
- Definition and clarity regarding the concepts and process around consent.

The FSC submission is in response to legislation that implements Recommendations 2.1 and 2.2 of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

Read the submission in full here: <https://fsc.org.au/resources/1948-fsc-submission-financial-sector-reform-hayne-royal-commission-response-protecting-consumers-2020-measures-bill-ongoing-fee-arrangements-and-disclosure-of-a-lack-of-independence-fsfc-recommendations-2-1-and-2-2-ed/file>

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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.