



## MEDIA RELEASE

Friday 1 October 2021

### **FINANCIAL SERVICES IMPLEMENTING MAJOR REGULATORY CHANGES**

The financial services industry is this week implementing one of the most significant and wide-ranging set of reforms ever for the sector.

Financial Services Council (FSC) CEO Sally Loane said the largest of all these reforms, the mandatory Design & Distribution Obligations (DDO), starts on Tuesday, 5 October 2021, and should improve consumer outcomes in financial services.

The DDO regime requires financial services businesses to determine which type of customers are in the target market for the products they issue, and work together so that sales are directed towards customers in that target market.

“The FSC recognised the significance of the DDO changes early, given we have members across many affected sectors. Two years ago we set out to design a set of tools to enable alignment and efficiency for businesses in the DDO regime,” Ms Loane said.

“The most important of these tools are the FSC’s target market determination templates and data standards for superannuation funds, platforms and wraps, life insurers and fund managers.

“These templates and standards will make life much easier for product issuers, platforms and financial advisers who would otherwise face confusing and inconsistent compliance requirements. More than 280 non-FSC members have purchased our templates under license.

“We are confident that the FSC, working closely with our members, has done as much as we can to help businesses transition to the new regime. We are also pleased ASIC has said it will take a ‘reasonable approach’ to the start of the regulations, which should assist businesses as they adapt.

“The red tape burden from this raft of reforms is significant and can add to the cost of delivering products and services. We look forward to continuing to work with Government and ASIC on ways to improve consumer benefits and reduce red tape.”

The FSC has also helped its members in life insurance, fund management, superannuation and financial advice with other financial sector reforms, many of which deliver on Royal Commission recommendations, and are taking place on consecutive working days. These include:

- Individual Disability Income Insurance reforms, starting 1 October
- Reference checking and information sharing, starting 1 October
- New breach reporting requirements, starting 1 October
- Duty to take reasonable care not to make a misrepresentation, starting 5 October

- Anti-hawking reforms, starting 5 October
- Deferred sales for add-on insurance, starting 5 October
- Internal dispute resolution, starting 5 October

- Ends

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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 15.6 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.