
FSC Legal and Compliance Expert Group Charter

The Legal and Compliance Expert Group (“LCEG”) of the Financial Services Council (“FSC”) is a body of senior legal, compliance and regulatory affairs experts within FSC Full Members who meet regularly to proactively identify, prioritise and provide expert input into the FSC’s advocacy projects from a legal, compliance and regulatory perspective.

LCEG may also be referred issues by the FSC’s Board, Board Committees or Working Groups where there are matters requiring expert opinion or direction from a legal, compliance or regulatory perspective.

LCEG may also be referred issues by ASIC, APRA, AUSTRAC and FOS for Industry input.

1. Functions of the Legal and Compliance Expert Group

- a) Provide input on legal, compliance and/or regulatory matters affecting FSC Members. This function of LCEG is in addition to the work of FSC Board Committees and Working Groups which may contain lawyers from FSC members.
- b) Provide industry input to ASIC, APRA, AUSTRAC & FOS when requested on a variety of different issues.
- c) Pro-actively identify legal, compliance and regulatory themes or developments in their early stages, with a view to seeking to ensure that any regulatory response is appropriate, balanced, efficient and certain, while also achieving the appropriate policy needs. Policy matters will remain under the remit of FSC’s policy Board Committees or Working Groups.
- d) Support the value and importance of the contribution of the legal and compliance function of FSC’s members.
- e) Maintain positive, courteous, open, professionally respectful and constructive relationships with ASIC, APRA, AUSTRAC, FOS and any other relevant regulator or body, in respect of matters within the remit of LCEG.

In exercising these functions, LCEG will work together with other FSC groups to ensure there is no duplication and to reduce the risk of “gaps in coverage”. LCEG may provide assistance to FSC Board Committees or Working Groups as appropriate or as requested.

2. LCEG Members –Qualification Criteria

- a) Members of LCEG must be of **sufficient experience and seniority** to be aware of a wide range of legal and compliance issues affecting FSC members, and to understand the applicable interdependencies between various parts of the wealth management value chain as well as impacts on stakeholders outside the FSC membership, such as Government, Treasury, regulators, consumers and others. This is relevant to legal/compliance policy and strategy and to ensure that where strategic direction is required on legal and compliance matters, the LCEG member has the authority (from their employer), knowledge, experience and skill set to provide clear direction on such matters. LCEG is limited to staff of FSC Full Members.
- b) LCEG members consist of senior and experienced legal, compliance/risk and/or regulatory affairs experts with significant experience and knowledge of legal, regulatory and compliance matters affecting the financial services industry. Generally, LCEG members are expected to be the General Counsel or Head of the relevant Legal, Risk, Compliance and Regulatory Affairs function. Exceptions to this general rule may be provided by the FSC Secretariat where the proposed LCEG member is competent, experienced and skilled across a wide range of legal and compliance issues affecting the wealth management industry, and provided the proposed LCEG member has the authority generally (from their employer), knowledge, experience and skill set to provide clear direction (as part of LCEG) on legal, risk and compliance related matters.
- c) LCEG Members are required to actively contribute and regularly attend LCEG meetings, and have regard to the industry wide impacts rather than solely serving their employer. In this way, advocacy efforts are able to be more targeted, effective and credible. Credible advocacy is more likely to have the “ears” of regulators, Treasury, Government and other stakeholders which FSC engages with.
- d) The FSC Secretariat (in consultation with the Chair of LCEG) may vary the membership of LCEG where it is in best interests of LCEG and the wider FSC membership to do so. Without limiting factors which may be considered, poor attendance or lack of active contribution in respect of matters within the remit of LCEG are factors which may be considered by the FSC Secretariat in determining to vary the membership of LCEG.
- e) Invitation to join LCEG is determined by the FSC Secretariat so as to ensure LCEG membership is generally reflective of the broader FSC membership (subject to the limit on the number of members of LCEG - see clause 3 below). Each year FSC Secretariat will review LCEG membership, *and having regard to the factors set out in this clause 2* invite nominations for LCEG membership and may require an existing LCEG member to resign from LCEG. FSC Secretariat would be expected to consult with the Chair and Deputy Chair of LCEG in relation to LCEG members.

- f) ***(Attendance by LCEG Members, and use of Nominees where approved in advance by FSC Secretariat)*** LCEG Members are expected to attend not less than 70% of LCEG meetings. To that end, *nominees* of the appointed (individual) LCEG member are only accepted with the prior approval of the FSC Secretariat. A proposed nominee of the LCEG member must meet the criteria above (seniority, experience, skill set and authority from their employer) and be approved (in advance) by the FSC Secretariat (who may consult with the LCEG Chair in consideration of approval of a nominee). In requesting a nominee of an LCEG member to attend an LCEG meeting (where the LCEG member is unable to attend), such nomination will be taken by LCEG that the LCEG member considers his or her nominee sufficiently experienced, competent, skilled and authorised in terms of the criteria above and that the nominee will actively contribute to LCEG agenda items.
- g) *The ability to use a nominee of the appointed LCEG member is to be considered an exception rather than the general rule.* The nominee process is used to assist the LCEG member where, *on occasion*, the LCEG member is unable to attend LCEG meetings. The reason that the use of nominees is an exception rather than the general rule is to ensure fairness and equity to all LCEG members (all of whom are senior personnel) giving up their time to attend and actively contribute to LCEG.

3. LCEG Size

In order to ensure that LCEG is able to operate effectively, the LCEG size will generally be limited to not more than 16 members and the spread of membership will be reflective of the wider FSC membership. On the approval of FSC General Counsel, the number of LCEG members may exceed 16 members.

4. Frequency of LCEG Meetings

LCEG will meet regularly. The frequency of meetings will be determined by LCEG in conjunction with FSC Secretariat from time to time.

5. Amendments to LCEG Charter

FSC Secretariat may amend this Charter from time to time in consultation with LCEG.

Dated: 10 February 2015