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NEWS

Your DDO Survival Guide

The Design and Distribution Obligations (DDOs) start date looms and ASIC has indicated there will be no further extension. Consultant Jeunesse Meldrum explains what you need to do so you are ready to comply on 5 October 2021.

1. **Draft your target market determinations (TMDs) and provide these to your platforms and other distributors for feedback.** While not all fund managers are members of the Financial Services Council (FSC), it seems many platforms expect managers to follow the FSC TMD template to ensure a standard approach.
2. **Prepare your DDO policy to formalise your product governance arrangements.** This policy needs to address issues including how you identify, test, and refine the target market for your funds, how you identify distribution methods, how you determine review triggers and significant dealings, and the steps you take that will, or are reasonably likely to, result in distribution being consistent with a fund's TMD. This policy is fundamental—it is the 'living and breathing' document that underpins how you comply with DDO.
3. **Update your PDSs and application forms** to refer to a fund's TMD and to include disclaimers, adviser confirmations, and filtering questions (if applicable).
4. **Engage with your registry** to ensure they can accommodate the changes to your application forms.
5. **Update your advertising and marketing material** to refer to a fund's TMD.
6. **Update your systems** so you can keep complete and accurate records of decisions made about your TMDs and associated reviews together with the reasons (and underlying data) for those decisions for up to seven years. This is a significant undertaking.
7. **Draft a DDO compliance control** for your funds' compliance plans.
8. **Review your existing compliance procedures and policies** and update for DDO.
9. **Train your staff** on the new product governance arrangements and how to put these arrangements into practice and integrate into your firm's day-to-day business.

FURTHER AMENDMENTS ON THE WAY

Leading up to the October 2021 commencement, the Government continues to amend the Design and Distribution Obligation (DDO) requirements based on feedback from industry. The changes recently announced will seek to clarify employees of licensees are not subject to their own separate set of DDO obligations; clarify the products captured by DDO (eg all basic deposit products are caught, but margin lending to corporates is exempt); and confirm the retail and wholesale investor definitions in the Corporations Act extend to the DDO regime. We will let you know about further developments.

We are working with many of our clients on their DDO survival guide already and our [Funds Management lawyers](#) can assist you to meet these new requirements.

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