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NEWS

Regulatory and consumer protection issues in ASIC's sights

In the wake of the COVID-19 pandemic, ASIC has shifted its emphasis from supporting businesses with immediate economic recovery to addressing the regulatory and consumer protection issues arising in the changed economic environment. Lawyer Sarah Sherman says ASIC's recently released annual report for the 2021-22 year (Report) demonstrates its 'strong and targeted action' against misconduct that is harmful to consumers and the integrity of the financial services sector.

THE DETAILS

ASIC reports that during the 2021-22 financial year it secured \$229.9 million in civil penalties, as well as criminal convictions against 33 individuals.

ASIC also commenced its Financial Advisers Register Review project, which aims to reflect the correct status of financial advisers who were prohibited from providing personal advice to retail clients because they did not pass the financial adviser exam by 1 January 2022. As part of the project, 793 advisers' records were reportedly updated to reflect a ceased authorisation status. ASIC's work in this space also resulted in the cancellation of several AFS licences.

ASIC chair Joseph Longo notes now that most of the Financial Services Royal Commission recommendations have been enacted (namely the product intervention powers, design and distribution obligations (DDO), reformed breach reporting requirements, the hawking reforms, and the deferred sales model for add-on insurance), ASIC has a stronger regulatory framework and more powers to support its enforcement activities.

One of the Commission's recommendations was centralised registration of all financial advisers who provide personal advice. This was mandated to occur by 1 January 2023, but at the start of the month the Federal Government announced a delay until 1 July 2023 to be registered.

NEXT STEPS?

There is likely to be continued scrutiny of financial services providers arising from ASIC's expanded regulatory toolkit.

ASIC's near-and-medium-term priorities focus on areas of increasing risk of consumer harm and on the superannuation industry.

Long term, ASIC will continue to enforce compliance with (among other things) DDO and the new breach reporting reforms.

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