Product Regulation
ASIC
Level 5, 100 Market Street
Sydney NSW 2000
product.regulation@asic.gov.au.

Friday 25 August 2023

Dear Sir / Madam,

Proposed extension of design and distribution obligations instrument

The Financial Advice Association of Australia[1] (FAAA) welcomes the opportunity to provide feedback on ASIC's proposal to extend the design and distribution obligations (DDO) instrument.

The FAAA agrees with ASIC's assessment that ASIC Instrument 2021/784 is "operating effectively and efficiently, and continues to form a necessary and useful part of the legislative framework". This instrument provides simple yet noticeable relief from the unnecessary regulatory burden of the DDO regime that required distributors, including financial advisers, to report to product providers the number of complaints received about the provider's product, and other information as defined by the product provider, even when there was nothing to report. In the absence of this relief, it would have required a significant amount of work, most particularly for smaller licensees with an extensive Approved Product List.

The FAAA strongly supports ASIC's proposal to extend the expiry of the instrument until the start of 5 October 2028. This is a necessary and appropriate measure to deliver important relief to an obligation that would otherwise be hugely demanding for AFSLs and deliver no practical benefit.

The Quality of Advice Review (QAR) has recommended that the law be changed to remove the requirement for relevant providers to provide nil reports, which would provide a permanent solution to this problem. The FAAA strongly supports this. The QAR has also recommended that financial advisers (licensees) be exempt from reporting significant dealings to product providers and from additional reporting requirements as stipulated by product providers.

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[1] The Financial Advice Association of Australia (FAAA) was formed in April 2023, out of a merger of the Financial Planning Association of Australia Limited (FPA) and the Association of Financial Advisers Limited (AFA), two of Australia's largest and longest-standing associations of financial planners and advisers. The FPA was a professional association formed in 1992 as a merger between The Australian Society of Investment and Financial Advisers and the International Association of Financial Planning. In 1999 the CFP Professional Education Program was launched. As Australia's largest professional association for financial planners, the FPA represented the interests of the public and (leading into the merger) over 10,000 members. Since its formation, the FPA worked towards changing the face of financial planning, from an industry to a profession that earned consumer confidence and trust, and advocated that better financial advice would positively influence the financial wellbeing of all Australians. The AFA was a professional association for financial advisers that dated back to 1946 (existing in various forms and under various names). The AFA was a national membership entity that operated in each state of Australia and across the full spectrum of advice types. The AFA had a long history of advocating for the best interests of financial advisers and their clients, through working with the government, regulators and other stakeholders. The AFA had a long legacy of operating in the life insurance sector, however substantially broadened its member base over a number of decades. The AFA had a strong focus on promoting the value of advice and recognising award winning advisers over many years. The AFA had strong foundations in believing in advocacy for members and creating events and other opportunities to enable members to grow and share best practice.

The FAAA strongly supports these DDO recommendations in the QAR final report, which we believe will reduce unnecessary and time-consuming administrative workload.

Yours sincerely,

Phil Anderson
General Manager Policy, Advocacy and Standards
Financial Advice Association of Australia (FAAA)