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FSC Policy Update - Issue 85 - 4 June 2025

Welcome to Issue 85 of the FSC Policy Update. This article outlines legislative and regulatory developments in the superannuation, investments, financial advice, tax, technology and innovation sectors, plus more. Learn about what's impacting the financial services industry.

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PARLIAMENT, LEGISLATION AND REGULATION

2025 Federal Election Result and New Financial Services Minister

The Albanese Labor Government was successfully re-elected on the Federal Election held on 3 May 2025 with a decisive majority in the House of Representatives. The Government will also have an easier pathway through the Senate with which to pass legislation compared to the last Parliament, requiring only the support of the Greens or the Coalition. This means a diminished role for the crossbench.

Dr Daniel Mulino MP has been appointed as the new Assistant Treasurer and Minister for Financial Services. Dr Mulino has previously served as the Chair of the House of Representatives Standing Committee for Economics and the Joint Standing Committee for Corporations and Financial Services. He comes to the role very well qualified and well informed about the issues facing the financial services sector. His appointment has been warmly welcomed by the FSC.

The new Parliament is due to sit in the final two weeks of July. Before then, the new Minister will make decisions around priorities for the coming term. Based on their priorities in the previous term of Government, and commitments made during the election campaign, the re-elected Labor Government is likely to prioritise the following policies or take the following stances:

- Progress Tranche 2 of the Delivering Better Financial Outcomes financial advice reforms within the existing policy parameters announced and previously agreed to by the Labor cabinet (such as the New Class of Advisor, clarity around topics

for collective charging, simplification of requirements for Statements of Advice and a modernised Best Interests Duty) and education standards reform

- Progress mandatory customer service standards in superannuation
- Future Made in Australia and encouraging institutional investment into areas of national priority such as clean energy, critical minerals and green manufacturing
- Sustainable Finance Agenda including consulting on a product labelling regime and further development of a sustainable finance taxonomy
- Progress the review into the ongoing sustainability of the Compensation Scheme of Last Resort and consideration of a special levy on industry
- Progress the development of voluntary best practice principles for trustee retirement offerings
- Maintain commitment to new tax on superannuation balances above \$3 million
- Making it unlawful for a domestic violence perpetrator to become a beneficiary of their victim's superannuation
- Consider changes to the performance test and expansion
- Continue to oppose the introduction of an investor visa class

The Treasurer, the Hon Jim Chalmers MP, has also signalled that addressing Australia's long term productivity problem will be a priority for him in this term. He has asked the Productivity Commission to report to the Government later this year with advice on enhancing productivity under five pillars:

- Creating a more dynamic and resilient economy
- Building a skilled and adaptable workforce
- Harnessing data and digital technology
- Delivering quality care more efficiently
- Investing in cheaper, cleaner energy and the net zero transition.

For more information, please contact [Chaneg Torres](#).

Tax on High Superannuation Balances

The Government's *Better Targeted Superannuation Concessions Bill* — which introduces an additional tax on superannuation balances above \$3 million — did not pass Parliament before the 2025 Federal Election. With the Government's increased representation in the Senate and the support of the Greens, the Bill is now expected to

progress when Parliament resumes. Debate has continued around the proposal ahead of Parliament returning, particularly around the features of the proposal to tax unrealised gains and to leave the threshold unindexed.

The measure has already been included in the 2025 Budget, applying from the 2024–25 income year. Once passed, superannuation funds will be expected to report the Total Superannuation Balance of affected members to support administration of the new tax.

The ATO had begun implementation planning with industry but has paused further work until the Government confirms its legislative priorities.

We will continue to monitor developments and engage with Government and the ATO as further details become available.

For more information, please contact [Aidan Johnson](#).

SUPERANNUATION

FSC Releases New Retirement Best Practice Framework

The FSC has released new research, conducted by NMG Consulting called [Empowering Retirement: A Best Practice Framework for Superannuation Funds](#). The research highlights the importance of engagement in superannuation funds from the day a person makes their first contribution, all the way through to retirement.

The research is designed to provide a framework for funds to assess their maturity across three key pillars; service provision, engagement, and product offerings. Fund members are segmented by age cohort with each stage of life having different requirements for fund service, engagement and product offering. It proposes what a sophisticated retirement offering looks like from the start of a person's working life through to their retirement.

The framework is designed to inform and support superannuation funds' compliance with their Retirement Income Covenant obligations and is released in advance of the Government developing 'Best Practice Principles' to demonstrate the importance of personalised retirement outcomes, including personal financial advice.

The FSC will use this research to continue to advocate for better outcomes for members, underpinned by the principles of seeing people's retirement goals and needs as individual to the person, and enhancing consumer choice.

For more information, please contact [Kirsten Samuels](#).

Payday Superannuation

The FSC has provided a [submission](#) on the Government's draft Payday Super legislation, raising concerns about the proposed start date and the requirement for contributions to reach superannuation funds within seven calendar days of payday.

We recommended that implementation be delayed until two years after the legislation passes, to give funds and payroll providers sufficient time to prepare. We also proposed extending the contribution window to seven business days to reduce payment errors and improve processing reliability.

While Treasury has not confirmed a timeline for introducing the Bill, it may progress when Parliament resumes. The FSC has reiterated its position in briefings to the incoming Government and will continue to engage with officials as part of our ongoing advocacy.

For more information, please contact [Aidan Johnson](#).

Superannuation Data Transformation

APRA has now completed its work on reporting standards for the Superannuation Data Transformation project, with the final consultation on confidentiality and publication of Phase 2 data, still to come.

As implementation continues, APRA is assisting funds in managing initial challenges with the new reporting standards.

Looking ahead, APRA is planning to expand its data collection to cover retirement products. This will support its supervision of the Retirement Income Covenant and help meet Government data needs as their policy work on retirement progresses.

Initial scoping consultations are expected to begin in June, with targeted engagement—including with the FSC and our members—to explore what retirement-related data can be feasibly reported. APRA aims to consult on draft retirement data reporting standards by the end of the year.

For more information, please contact [Aidan Johnson](#).

APRA Review into Trustees' Investment Governance Practices for Platform Products

APRA is currently conducting a thematic review of Trustees' investment governance practices for platform products, due to report in 2026. They described their intention as

establishing a “state of play” for how platforms are currently discharging their obligations under:

- Prudential Standard SPS 530 Investment Governance (SPS 530), focusing on investment option due diligence, onboarding, monitoring, removal, investment strategy review, liquidity management and stress testing; and
- Prudential Standard SPS 515 Strategic Planning and Member Outcomes (SPS 515), focusing on strategic planning and business performance reviews, performance monitoring, fee setting and legislated outcomes assessment methodologies.

APRA has already started engaging with industry regarding these initiatives. The FSC intend to retain consistent engagement with our platforms members and the APRA thematic review team throughout the course of this review.

For more information, please contact [Julia Hukka](#).

FSC Commences Fraud and Scam Sharing Initiative

On May 28 , the FSC held the inaugural Scam and Fraud Prevention Exchange. Building on the FSC’s successful cybersecurity information sharing forum format, the Exchange brought together 30 participants from 24 funds to discuss common threats and mitigation measures to help protect consumers from fraud and scams.

The FSC intends to continue hosting the Forums at a regular cadence to keep this important conversation going.

For more information, please contact [Kirsten Samuels](#).

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ADVICE

Delivering Better Financial Outcomes (DBFO) Tranche 2 update

Treasury is reviewing submissions to its [Tranche 2 Exposure Draft legislation consultation](#) (Tranche 2a).

The exposure draft legislation subject to the consultation included the following reforms:

- clarification around which advice topics can be paid for via collective charging in superannuation;
- the legal framework permitting for superannuation nudges (targeted superannuation prompts): and
- the abolition of Statements of Advice and their replacement with a Client Advice Record (CAR).

The exposure draft legislation excluded provisions to introduce the New Class of Adviser (NCA) and modernise the Best Interests Duty obligations. The FSC expects that a further consultation will be announced on these remaining reforms, and that they will be combined with the draft legislation already released, to be introduced into Parliament as a single package.

The FSC's [submission to the Treasury](#) consultation highlighted the need to consider the full Tranche 2 package as a whole given the interdependencies between the announced reforms and reforms yet to be drafted. In addition, the submission shares concerns regarding expansion of collective charging to include complex retirement advice, where member circumstances are more complex, and outlines that existing trustee guardrails can limit the provision of such advice. However, we also acknowledge the view that there will be some simple member circumstances where one off retirement advice is possible for trustees to consider under collective charging. This leaves room for ongoing discussion on these issues as the consultation progresses.

The FSC continues to advocate for the prioritisation of advice reforms under the re-elected Labor Government and new Assistant Treasurer.

For more information, please contact [Harvey Russell](#) or [Julia Hukka](#).

Review of legislative instruments

In May, ASIC issued a [media release](#) requesting feedback on its proposal to remake three legislative instruments relating to financial advice into a single instrument and extend it for a further five years. The legislative instruments are scheduled to sunset on 1 October 2025.

The legislative instruments are:

- [*ASIC Corporations \(Advertising by Product Issuers\) Instrument 2015/539*](#)
- [*ASIC Corporations \(General Advice Warning\) Instrument 2015/540*](#), and
- [*ASIC Corporations \(Financial Services Guides\) Instrument 2015/541*](#).

The FSC is seeking feedback from members on the legislative instruments and will prepare a submission if appropriate.

For more information, please contact [Harvey Russell](#).

Information Sheet for members – Trustee oversight of advice fee deductions

Following the passage of the Tranche 1 legislation of the Delivering Better Financial Outcomes legislation (in particular, amendments to section 99FA of SIS) the FSC sought to understand whether additional guidance was required on industry practice relating to the oversight of advice fee deductions by superannuation trustees. Members agreed that an additional FSC Guidance Note was not required, however, an information resource which addresses trustee obligations relating to the deduction of advice fees, would be useful.

The FSC and its members support a principles-based approach to trustee oversight of the deduction of advice fees which recognises risk-based processes and controls already in place, and which may vary according to fund structure or business model. Working with supporting member Herbert Smith Freehills, FSC working groups developed an Information Sheet for members detailing the relevant principles which apply under the law in this area, and reasonable measures/steps afforded by the law. This document is available on the FSC website [here](#).

For more information, please contact [Harvey Russell](#) or [Julia Hukka](#).

ASIC launches new portal for Australia Financial Services Licensees

In May, ASIC released a new digital portal to allow applications to apply for an Australian financial services licence. Integrated into the [ASIC Regulatory Portal](#) this is designed to provide a more efficient and user-friendly experience for AFS applicants. Additional transactions to vary, cancel and maintain an AFS licence will be accessible in the coming months.

For more information, please contact [Harvey Russell](#) or [Julia Hukka](#).

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INVESTMENTS

ASIC's capital markets consultation

The FSC has made a submission to ASIC's consultation on the opportunities and risks emerging from shifts in the dynamics between public and private capital markets.

The FSC has developed a submission through its Private Markets Working Group, which consists of a broad spectrum of private market funds. The FSC's submission recommended a series of changes to ASIC Regulatory Guides to be supplemented by industry-led guidance on best practice. Recommendations focus on improving disclosure and governance arrangements in private market funds, focusing on valuations, the opacity of assets, leverage, liquidity and conflicts of interest, as well as calling for a balanced approach to ASIC's proposal to enhance data collection that does not add undue compliance burden on industry.

Importantly, the recommendations are mainly focused on revising regulatory expectations rather than changing existing legal obligations. It is anticipated these recommendations would mainly be implemented through an ASIC regulatory guide, potentially supplemented by standards or guidance developed through an industry-led process.

A copy of the FSC's submission is available [here](#).

For more information, please contact [Jack Morgan](#).

Compensation Scheme of Last Resort (CSLR)

The FSC has made a submission to Treasury's review of the CSLR.

The FSC's submission reiterates our position that the scheme should only compensate actual capital losses, rather than hypothetical unrealised capital gains. The FSC also argues other administrative costs of the scheme should be reduced and explores a variety of other cost-cutting and cost-recovery measures.

The FSC is resisting calls for the inclusion of managed investment schemes, which would exacerbate existing moral hazard issues with the CSLR.

For more information, please contact [Jack Morgan](#) or [Julia Hukka](#).

Climate-related financial disclosures

ASIC has finalised [Regulatory Guide 280](#) for the new reporting regime. Disappointingly, ASIC omitted to resolve a large number of outstanding ambiguities for the funds management and superannuation sector. This is partly because sector specific guidance was not a priority for ASIC at this stage.

The ESG Working Group has agreed on next steps, variously entailing:

- engaging with ASIC on industry approaches to compliance with the regime;
- seeking further guidance from the AASB; and
- exploring options for class and individual relief applications to be lodged with ASIC.

Obtaining greater regulatory clarity on how climate disclosures operate remains an ongoing FSC priority.

For more information, please contact [Jack Morgan](#).

Digital assets

The FSC has made a [submission](#) to ASIC in relation to proposed changes to Information Sheet 225 for digital assets such as crypto-currency and tokens.

The submission expresses concern about the licensing arrangements for existing REs who offer MISs with an exposure to digital assets. The FSC also flags that the proposed changes may also erect licensing barriers to platforms offering digital assets in the future and deter the broader adoption of technologies which underly digital assets, such as the use of tokenisation to facilitate transactions.

For more information, please contact [Jack Morgan](#).

ASX/CHESS outage update

Following the CHESS settlement failure on 20 December 2024, ASIC and the RBA [announced](#) on 31 March 2025 that they have responded as follows:

- ASIC and the RBA have written to the ASX expressing deep concern about the potential for future incidents to occur;
- The RBA has conducted an out-of-cycle assessment of ASX Clear and ASX Settlement's compliance with the RBA's Financial Stability Standards. As a result of its findings, the RBA has downgraded these entities' compliance with the "Operational Risk" standard from *partly observed* to *not observed*. A rating of *not observed* is made when the RBA has identified serious issues of concern that warrant immediate action.
- ASIC has directed the ASX under section 823BB(4) of the Corporations Act 2001 to engage an expert approved by ASIC to undertake a technical review of CHESS.

For more information, please contact [Jack Morgan](#).

LEGAL, TAX & CROSS-PORTFOLIO

Deregulation and regulatory simplification agenda

The FSC is continuing to identify unnecessary ‘red tape’ adversely impacting financial services businesses. This builds on the FSC’s call as part of its [2025 Election Policy Priorities](#) for Government to establish a deliberate process to identify opportunities for reducing inefficient regulation.

This work is relatively targeted to avoid overlap/doubling up with what the FSC is already working on and accordingly is limited to existing provisions in the law, existing regulation, existing regulatory guidance and approaches to supervision and enforcement of current law.

The FSC shared a framework with working groups and invited members to provide further feedback. A number of members have provided comments and suggestions and the FSC is now working systematically through the feedback. A key task is deciding whether a particular issue is best dealt with by a regulator (principally ASIC or APRA) via legislative instrument or by Government (via legislation or regulation), noting that some areas also involve ministerial discretion.

The FSC has also started to engage with ASIC’s Simplification Consultative Group and asked ASIC for a high-level meeting in early April. At this meeting ASIC confirmed to us that a consultation paper is expected to be released, likely in August 2025, setting out their initial views on where they see the biggest opportunities for regulatory simplification.

Some emerging themes for ASIC at this early stage:

- Removing requirements for wet ink signatures and hard copies.
- The existence of legacy forms and streamlining them.
- Improving guidance that helps stakeholders comply instead of merely paraphrasing the law. Consolidation of different regulatory guides.
- Looking at platform related instruments and whether there are opportunities to streamline without changing the fundamental regulatory settings.
- Where we can provide concrete examples of how a particular aspect of ASIC guidance or a class order is problematic that would be appreciated.

Reportable situations consultation

Related to the above, in April ASIC published its consultation paper: *Reportable situations and internal dispute resolution data publication (CP 383)* which sets out ASIC's approach to publication, at a firm level, of data about reportable situations (RS) reports and internal dispute resolution (IDR) submissions.

The FSC considers that ASIC's proposal will work against ASIC's priority of looking for ways to simplify or reduce the regulatory burden on businesses where that extra regulation does not produce consumer benefit. In particular, we have expressed the following key concerns in our submission to ASIC:

- The format will incentivise under reporting, is not necessary to improve firm behaviour, and will provide little consumer benefit.
- There is a risk of misleading comparisons across licensees and a risk of double counting or under counting breaches
- Data quality as well as scam and privacy concerns
- The format will lead to an increased regulatory burden and costs will materially increase
- The format does not reflect international practice and could have adverse reputational consequences for the Australian financial services industry

The FSC has noted that given broader economy-wide concerns to increase productivity, bolster investment and encourage more international businesses to participate in the Australian financial services industry, it is important that the dashboard is not seen as introducing an unnecessary or disproportionate regulatory burden on financial services businesses that would discourage this.

Anti-Money Laundering and Counter-Terrorism Financing

AUSTRAC is continuing to update the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No.1), (**Rules**) with a second exposure draft out w/c 19 May.

The new Rules were delayed due to the unexpectedly high volume of detailed submissions made to AUSTRAC. They provide current and future reporting entities with more detail on their AML/CTF obligations, allow them greater flexibility in how they meet their obligations, reduce regulatory impacts and support them to better detect and prevent financial crime.

The FSC is working on a submission on the draft Rules.

The FSC and is also working with AUSTRAC and members on draft Guidance to be published in connection with the new Rules. In addition, AUSTRAC will in due course publish a second set of draft Rules covering exemptions from the AML/CTF Act.

The FSC and members are continuing their meetings with AUSTRAC to discuss industry concerns and provide feedback to AUSTRAC.

Design and Distribution Obligations

The FSC convenes the DDO Working Group on an ad hoc basis to discuss relevant industry implementation concerns.

In the coming weeks it is expected that the group will meet to discuss possible avenues to improve the DDO framework that can be actioned by the regulators as well as potential changes to the FSC DDO due diligence questionnaire template.

Derivatives

The Derivatives Working Group continues to meet on an ad hoc basis to discuss implementation of the ASIC Derivative Transaction Rules (Reporting) 2024 (2024 Rules) and any issues arising pursuant to Regulatory Guide 251 Derivative transaction reporting (RG 251), as well as the accompanying technical guidance.

For more information, please contact [Ashley Davies](#).

United States Tax Bill

The FSC has been monitoring developments with proposed legislation in the United States that would impose higher tax rates on foreign investors from jurisdictions deemed to apply 'unfair' taxes to US companies. This initiative is part of the 'Big Beautiful Bill' to implement the US President's budget agenda, which recently passed the US House of Representatives.

If enacted, the proposed tax would apply a 5 per cent higher rate of withholding tax annually up to a maximum of 20 per cent. The measure specifies the undertaxed profit rule under the OECD Pillar Two framework, which Australia has implemented, as an example of an 'unfair' tax.

The FSC is engaging with the Australian Embassy in Washington DC, as well as the Australian Government and Treasury, to encourage them to prioritise this issue as a diplomatic issue. The FSC is also considering options for a cross-jurisdiction advocacy effort with other global funds management bodies.