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FSC Policy Update - Issue 86 -12 August 2025

Welcome to Issue 86 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

Financial System Emerging Risks

Recent highly publicised fund collapses associated with significant consumer losses have raised multiple complex policy issues for consideration, given the way these product failures cut across multiple policy domains, including responsible entity obligations, advice licensing, research houses, lead generation and marketing practices, platform investment governance, and the design of the Compensation Scheme of Last Resort (CSLR).

ASIC Chairman Joe Longo in his speech to the FSC Symposium called for a collective effort across industry, regulators and government to strengthen safeguards in the superannuation system, including revisiting gatekeeper obligations and considering targeted law reform to address emerging misconduct risks.

The FSC is working closely with the government, regulators and members on several streams of policy development work in relation to these matters.

For more information, please contact [Chaneg Torres](#) or [Julia Hukka](#)

Delay Continues on Superannuation Tax Legislation

There has been no movement on the Government's proposed tax on superannuation balances exceeding \$3 million, with the *Better Targeted Superannuation Concessions Bill* now needing to pass the House of Representatives again following the election.

The Government will still require the support of the Greens to pass the Bill through the Senate. The Greens' position remains to reduce the threshold to \$2 million and apply indexation. As of now, no known agreement has been reached.

While the tax is intended to apply from 1 July 2025, ongoing delays are creating uncertainty for funds, administrators, and affected members, particularly around disclosure and implementation. Through ATO implementation activities, it is understood the Government intends for the tax to apply to increases in balances over the current fiscal year, meaning that balances as at 1 July 2025 will need to be captured.

The Superannuation Practitioners Group is also progressing work with the ATO on implementation challenges, particularly around issues calculating total superannuation balance for certain products as at 1 July 2025.

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

Economic Reform and Productivity

Economic Reform Roundtable consultation

In tandem with the Economic Reform Roundtable to be held in Canberra on 19-21 August 2025, Treasury accepted submissions from the public on practical ideas and proposals to improve productivity, develop economic resilience and strengthen fiscal sustainability. The consultation closed on 25 July 2025.

The FSC has recommended a series of proposals that support improved capital allocation and making Australia more competitive as a destination for investment, including through holistic tax reform, regulatory streamlining and reducing barriers for global and domestic investors.

Productivity Commission five pillars of productivity inquiries

During August, the Productivity Commission (PC) is progressively releasing a series of interim reports on [five pillars of productivity](#) identified by the Treasurer for policy reform.

The interim report for *Pillar 1: Creating a more dynamic and resilient economy* recommends lowering the statutory corporate tax rate to 20 per cent for companies with revenue of under \$1 billion, offset by a new net cashflow tax of 5 per cent. A 30 per cent company tax rate would continue to apply to companies above the revenue threshold. The PC is seeking further information on application of these measures to the financial sector.

The PC also notes that the impact of regulatory compliance is increasing. It recommends reduction in inappropriate regulation, including through a statement of expectations that promotes a 'stewardship culture' for regulators that is outcome-based and considers the broader impacts of regulatory burden on economic growth and dynamism.

Key recommendations relating to *Pillar 5: Investing in cheaper, cleaner energy and the net zero transformation* are focused on faster infrastructure approvals and creating nationally consistent clean energy incentives.

Submissions on the Pillar 1 and 5 interim reports can be made until 15 September 2025.

ASIC 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.

The FSC has engaged with ASIC's Simplification Consultative Group and ASIC confirmed to us that a consultation paper is expected to be released, likely in late 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.

The FSC has provided a letter to ASIC containing a number of recommendations with respect to superannuation, managed funds and a number of cross-industry issues.

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

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Compensation Scheme of Last Resort (CSLR)

On 1 August 2025, Treasury released a [consultation paper](#) on options for the CSLR special levy. The paper sets out several potential approaches to recover the excess of \$47.3 million above the personal financial advice subsector cap of \$20 million.

The FSC distributed a [media release](#) in response outlining our position that while we welcome the Minister carefully considering this, industry needs confidence that the costs of the scheme will be brought down. As such we urge the Government to first implement changes to consider sustainability measures coming out of the Treasury review prior to imposing a special levy. The FSC will prepare a submission to this consultation.

The CSLR operator has also released a [revised actuarial estimate](#) for FY26 which estimates expenditure will be nearly \$76 million, of which \$67 million corresponds to personal financial advice compensation. While this represents a slight reduction to FY26 expenditure, this is due to lowered assumptions regarding the processing speed of on-hand applications. The revised actuarial estimate also identified new sources of claims which are anticipated to be processed in future years.

In the [FSC's submission](#) to the Treasury review of the CSLR, the FSC advocates for the CSLR to be made more sustainable. Structural flaws should be fixed, including through revisions to the compensation methodology, reducing administrative expenses and reducing the compensation caps.

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

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SUPERANNUATION

Platform Investment Governance

There is heightened regulatory attention on wrap platform investment governance by APRA and ASIC. The FSC is actively engaging with both regulators on industry best practice and will continue to keep members informed of key developments.

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

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ATO Writes to Trustees About Expected Updates to Super Stream

On Wednesday, 23 June, the ATO issued a letter to superannuation fund trustees advising that SuperStream Contributions Version 3 (V3) will be required to be implemented by **1 July 2026**.

While the ATO is currently working towards a **March 2027** implementation timeframe, it has confirmed that a formal timeline will be published in **early August**. This timeline will remain *conditional* and subject to reassessment depending on any future Government announcements.

Importantly, the current indicative timeline assumes that either:

- The **Payday Super** commencement date will be extended, or
- The **ATO and APRA** will provide a **transitional period** to support industry readiness.

We will continue to monitor developments closely and keep members informed as further guidance is released.

For more information please contact [David Delaney](#) or [Aidan Johnson](#).

APRA Outlines Expectations Regarding Multi-Factor Authentication

In June 2025, APRA wrote to all Trustees to outline expectations for authentication requirements under CPS 234. This letter expressed the expectation that all funds would

employ multi-factor authentication for high-risk transactions. If a fund could not employ multi-factor authentication by 31 August 2025, the fund would need to justify to APRA why this is not a material control breach, and if it was not justifiable, submit a breach notification.

This means that APRA has now mandated multi-factor authentication on high-risk transactions by 31 August 2025.

The FSC has hosted several informal meetings with its cross industry cyber information sharing forum – the Australian Superannuation Cybersecurity Forum – so that funds can share approaches to implementing APRA's expectations and will continue to support funds as they work to meet APRA's deadline.

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

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FSC Updates Standard 29: Scam and Fraud Mitigation Measures for Superannuation Funds

The FSC has finalised updates to [Standard 29: Scam and Fraud Mitigation Measures for Superannuation Funds](#).

The updates to the Standard take into account recent regulator communications in relation to scam mitigation, the passing of the Scam Prevention Framework Legislation, learnings from recent cyber incidents, and commentary from consumer groups about the need for better support for people experiencing vulnerability.

The compliance date for the multi factor authentication requirements for digital web and app based transactions has been brought forward from 1 July 2026 to 31 August 2025, in line with recent communications by APRA.

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

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APRA Consults on Changes to the Capital Framework for Annuity Products

In June, APRA released proposals to amend the capital treatment of annuities and other longevity products under the Life and General Insurance Capital framework. The reforms aim to better align capital requirements with the long-term nature of these products, improve recognition of cashflow matching strategies, and reduce procyclicality that can discourage product development. APRA is also proposing additional risk management requirements for insurers applying the revised illiquidity premium, including higher expectations around governance, reporting, and actuarial signoffs.

The [FSC's submission](#) broadly supports the direction of the reforms, noting their potential to improve pricing, support innovation, and enable more competitive offerings in the retirement income market. Key points include support for recognising illiquidity premiums in matched portfolios, calls for clarity on reporting obligations, concerns about potential bias towards credit oriented strategies, and a recommendation for APRA to acknowledge the role of affordable advice in supporting product uptake.

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

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ADVICE

FSC Green Paper on Advice Licensing

The FSC released a Green Paper examining the case for reforming Australia's financial advice licensing framework to better protect consumers, support a diverse and professional advice sector, and ensure the regulatory model remains fit for purpose in a changing environment.

Informed by research from CoreData, [The Value and Future of Advice Licensing: FSC Green Paper on the Advice Licensing Framework](#) invites a broad, forward-looking conversation about how the licensing regime needs to adapt to meet today's challenges.

It invites discussion on several proposals that aim to create:

- A recalibrated licensing regime that responds to firm diversity
- Balanced accountability between licensees and advisers that empowers individual practitioners
- Financial resource and other requirements that adequately protect consumers

Industry and public feedback will inform the FSC White Paper on the Future of Advice Licensing, released in early 2026.

Consultation on the Green Paper is open until Friday, 21 November 2025 and submissions can be sent to the FSC's [financial advice team](#).

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

Delivering Better Financial Outcomes (DBFO) Tranche 2 update

The DBFO reforms are at an important stage in the policy development process as the new Minister considers finalising Exposure Draft legislation containing the remainder of

the Tranche 2 reforms, as well as the Tranche 2a exposure drafts already consulted on, prior to introducing the reforms into Parliament. In public comments the Minister has indicated he plans to release draft legislation covering the New Class of Adviser (NCA) and modernised Best Interests Duty as part of a 'Tranche 2b' in due course. However, Minister Mulino has also signalled he is not inclined to rush these reforms.

The broader financial services industry is aligned on the policy intent and benefits to consumers of achieving swift passage of the Tranche 2 legislation through a consensus. Where there remains some differences of view on how to deliver reforms to realise that intent (including on the parameters of the NCA and collective charging), goodwill exists to bring the reforms to a positive conclusion which would balance views on these important design questions. The Government's dominant position in the Parliament underscores the importance of industry taking a collaborative approach.

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

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ASIC's limited no-action position on account numbers

Tranche 1 of the DBFO legislation (commenced 10 January) has inadvertently added red tape into the fee consent requirements by requiring a product's account number on advice fee consent forms for new accounts where fees are to be deducted from a financial product or platform. This has introduced significant practical issues for industry given that, for new accounts, fee consent arrangements, including the deduction of ongoing fees from accounts, are often completed at the same time as the application form.

Following advocacy by the FSC, ASIC issued a response to the issue on 6 June in the form a [limited no-action](#) in relation to 'issues with the inclusion of account numbers in a client's written consent for the deduction, or arranging of the deduction, of ongoing advice fees.

To rely on the no-action position, the AFSL or representative (fee recipient) must enter into a new ongoing fee arrangement (OFA) with the client and seek a new written consent for the fee recipient to deduct or arrange to deduct ongoing fees, including to cover the period where any fees were deducted under a non-compliant written consent. The revised OFA must comply with all the requirements in s962T of the Corporations Act. If this is not in place by 5 September 2025, the fee recipient must take steps to stop receiving fees. ASIC has also indicated that the no-action does not extend to reportable situations obligations, and it expects licensees to continue to comply with obligations to submit a reportable situation where required, including where there are breaches of the ongoing fee arrangement and written consent obligations to which the no-action position relates.

The FSC is pleased that ASIC has provided this limited no-action, however it does not address the underlying practical issues impacting some advisers and product providers/platforms on an ongoing basis, nor does it address the lack of alignment with the policy aims of the DBFO package.

The FSC is seeking a legislative amendment to remove or update the provision requiring an account number to be included on fee consent forms for ongoing fee arrangements. The FSC has also written to ASIC, as part of its simplification and deregulation program, requesting a commitment to extend its no-action stance to ensure sufficient time to align to any legislative change.

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

ASIC warning for AFS Licensees to check the accuracy of relevant provider qualifications in time for new qualification standards

ASIC has conducted a second [spot check](#) of the Financial Adviser Register (FAR). As of 28 May 2025, of the 15,610 relevant providers on the FAR, AFS licensees have notified ASIC that 6,426 relevant providers hold an approved degree or qualification and 4,580 are relying on the experienced provider pathway. The remaining 4,604 relevant providers have yet to meet the qualifications standard. Of this cohort, 1,844 may be eligible for the experienced provider pathway, but their licensees are yet to notify ASIC.

The deadline for meeting the qualification standards is 1 January 2026. To assist licensees in checking that their relevant providers meet the qualification standards, ASIC has provided a one-off [temporary dataset](#) on the ASIC website. The dataset includes relevant providers' capacity to provide tax (financial) advice services and information on qualification and training courses.

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

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INVESTMENTS

ASIC's capital markets consultation

ASIC has released a [summary of the feedback](#) it has received from its capital markets consultation

In discussing the feedback, ASIC:

- **Private markets:** foreshadows that it will consult further with industry and experts around regulatory guidance for private markets. ASIC notes it “*will take a*

measured approach to promote the quality and integrity of private markets with a focus on investor protection and market integrity”;

- **Private credit:** suggests that due to the market’s rapid growth, private credit funds may need increased supervision due to the increased involvement of retail investors as well as *“its opacity, rapid growth, and untested status in a downturn”*, noting the regulator is still working on market surveillance and consulting industry experts;
- **Superannuation:** observes in relation to superannuation that APRA will *“examine investment-related disclosures to members and industry practices”*, but *“[t]ransparency requirements should only build on existing disclosures and not duplicate them”*;
- **Data collection by ASIC:** states that there is *“more to do on data and transparency of private markets”*, signalling a continued appetite for broader data collection powers; and
- **Public markets:** indicates that as a first step it is *“considering regulatory changes to streamline the IPO process, and other ideas to make staying listed easier”*.

ASIC held a symposium on 10 June regarding capital markets, comprising [opening remarks](#) from the Chair, Joe Longo, a [public markets panel](#) and a [private markets panel](#). It was indicated ASIC:

- is in “no rush to regulate”;
- will be announcing action arising from the capital markets consultation affecting:
 - public markets in Q3;
 - private markets in Q4;
- is particularly concerned by what it is seeing in private credit markets, especially the limited transparency and concentration towards property-related lending;
- will “almost certainly” enhance its data collection capabilities;
- remains concerned by the low barriers to becoming a wholesale investor but is also supportive of increasing retail investor participation in private markets. The regulator also considers improved data collection and transparency will be essential to protect retail investors.

Following these developments, ASIC has also [announced](#) measures to streamline IPOs.

The FSC awaits the release of ASIC's full report in response to the consultation and will consider with members further industry policy development that may come out of the report's findings.

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

ASIC consultation on RG 181 Licensing: Managing conflicts of interest

On 30 July, 2025, ASIC initiated a [consultation](#) on proposed updates to Regulatory Guide 181 Licensing: Managing conflicts of interest (RG 181). This regulatory guide had not been updated since 2004. Specifically, ASIC are proposing changes that:

- outline the intended scope and application of the Guide
- update guidance on identifying different types of conflicts
- establish what is involved in having 'adequate arrangements' to manage conflicts; and
- outline what effective conflicts management should involve.

This consultation has relevance to ASIC's consideration of valuation governance for private markets and wider concerns around conflicts of interest arising from recent high profile fund collapses.

Feedback is due on Friday 5 September 2025.

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

Modern Slavery Act 2018 review recommendations

The Attorney-General's Department (AGD) has released a [consultation paper](#) on implementation of the Government's response to the statutory review of the *Modern Slavery Act 2018*, which accepted 25 of 30 recommendations from the review.

Responses to the consultation will assist in shaping future changes to the framework, including on mandatory reporting criteria and compliance issues. Feedback can be provided to AGD until Monday 1 September 2025.

For more information, please contact [James Young](#).

ASIC Consultations on Digital Disclosure and PDS Reform

ASIC has released two consultations proposing updates to its guidance on digital disclosure (RG 221) and Product Disclosure Statements (RG 168). The digital disclosure

proposals would remake existing relief instruments for a further five years, update RG 221 to clarify legislative obligations, and refresh examples, including guidance on link accessibility periods and electronic delivery requirements. The PDS reforms aim to simplify RG 168 by consolidating relevant content from other regulatory guides, removing outdated overlap, and clarifying the Good Disclosure Principles.

The FSC has responded to both consultations, highlighting the regulatory gap for IDPS operators who are excluded from RG 221's publish and notify relief, leading to compliance uncertainty and reduced efficiency. Feedback also called for measurable investment return objectives and clearer liquidity disclosure in PDSs, alignment of adviser disclosure content between RG 168 and RG 175, and refinements to RG 221's guidance, such as removing examples that go beyond legislative requirements and reinstating factors that determine reasonable link accessibility periods.

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

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ASIC inquiry into the ASX and CHESS outage(s)

ASIC has [announced](#) an inquiry to consider whether the ASX is “complying with its obligations as a market licensee and a Clearing and Settlement facility licensee”, “focusing on governance, capability and risk management frameworks and practices”. This follows the 20 December 2024 CHESS settlement failure and related actions by the RBA and ASIC [announced on 31 March 2025](#).

The [terms of reference](#) identify five incidents over the last ten years, including the recent batch settlement failure, the 2022 cancellation of the CHESS upgrade and other market outages/failures. The inquiry will consider the ASX's:

- Culture;
- Organisational capabilities, structure and governance framework;
- Risk management and compliance framework;
- Financial objectives;
- Accountability framework;
- Framework for identifying, escalating and addressing matters of concern raised by third parties; and
- Mixture of monopoly and competitive services.

The inquiry will also consider whether the ASX's present initiatives to enhance these areas will be sufficient to respond to any shortcomings identified and other potential remedial actions.

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

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Updates to ASIC regulatory guides RG 132 (Funds management: Compliance and oversight) and RG 136 (Funds management: Discretionary powers)

ASIC has issued amended versions of [RG 132](#) (Funds management: Compliance and oversight) and [RG 136](#) (Funds management: Discretionary powers).

Below is a brief description of the regulatory guides and the key changes:

- **RG 132:**
 - **Outline:** This guide sets out ASIC’s expectations for funds’ compliance management systems, compliance plans and oversight arrangements for compliance;
 - **Amendments:** It was amended to update references to the superseded Australian Standard AS ISO 19600: 2015 *Compliance management systems – Guidelines* with references to the more recent Australian Standard AS ISO 37301:2023 *Compliance management systems – Requirements with guidance for use*. ASIC has noted that the 2023 standard “contains substantially the same requirements as the 2015 standard” so the changes are minor in nature;
 - **Further comment:** Members will recall that this follows [a recent ASIC review of MIS compliance plans](#).
- **RG 136:**
 - **Outline:** This guide sets out ASIC’s approach to granting individual relief to funds and describes common forms of individual relief.
 - **Amendments:** It was amended to:
 - Insert references to provisions permitting virtual-only or hybrid meetings of scheme members;
 - Update outdated class order reference and definitions; and
 - Redraft some sections to improve their clarity.

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

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RBA Draft Guidance for the Australian Clearing and Settlement Facility Resolution Regime

In September 2024, the *Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Act 2024* amended the *Corporations Act 2001* to provide the RBA with crisis resolution powers with respect to domestically incorporated clearing and settlement facilities.

The RBA is consulting on [draft guidance](#) which provides transparency about when and how the RBA would generally expect to use these resolution powers. The guidance aims to help market participants understand the RBA's general approach to its resolution powers.

Submissions closed on 11 August.

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

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.FSC advocacy on climate-related financial disclosures

ASIC has released its final regulatory guide on climate-related financial disclosure. Disappointingly, the guidance leaves several critical ambiguities unresolved, particularly in relation to how the regime applies to the superannuation and funds management sectors.

The FSC's ESG Working Group has agreed on next steps to support members in preparing for the regime's implementation, including:

- Pro forma for relief applications – With ASIC indicating it will not consider class order relief for consolidated reporting at the trustee level, the FSC is developing a pro forma to assist members with preparing individual relief applications.
- Engagement with ASIC – A letter will be sent outlining agreed implementation approaches and seeking informal feedback on unresolved issues such as platforms, cross-referencing, and reporting thresholds.
- Engagement with AASB – The FSC has provided a submission to the AASB (detailed below) and will continue to engage with the AASB whilst they seek to finalise AASB S2.
- Further guidance – Depending on the outcomes of regulator engagement, the FSC may develop additional implementation guidance and review existing guidance notes to ensure they align with the new regime.
- Industry collaboration – The FSC is exploring a joint project with the Australian Custodial Services Association to develop a data collection standard for climate reporting.

The FSC will continue to work with members and regulators to seek clarity on unresolved matters and support effective implementation of the climate disclosure framework.

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

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Climate-related financial disclosures - proposed amendments to IFRS S2 re financed emissions

The International Sustainability Standards Board (ISSB) has consulted on a proposal to amend the international template (IFRS S2) for our climate reporting accounting standard (AASB S2) to change the measurement and disclosure of indirect (Scope 3) financed greenhouse gas emissions (Category 15 emissions). The Australian Accounting Standards Board (AASB) [has consulted](#) on its response to the ISSB, which may influence later changes to the Australian accounting standard AASB S2.

In short, the proposed changes give reporting entities discretion to exclude from the measurement and disclosure of financed greenhouse gas emissions any emissions associated with:

- derivatives; and
- other financial activities related to:
- investment banking; and
- insurance and reinsurance underwriting.

Entities who rely on this exemption would still be required to disclose the magnitude of the excluded emissions.

The [FSC's submission](#) is broadly supportive of the proposed changes, but makes some minor recommendations for improvements.

Importantly, if the proposed changes are incorporated into IFRS S2, it will still be necessary for the AASB to formally incorporate them into AASB S2. As such, even if they are adopted, the provisions may not be in place in time to benefit all members during their first reporting period.

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

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Sustainable investment product labels

Treasury has commenced [public consultation](#) on the design of a product labelling framework for sustainable and responsible investment products. The FSC has been

providing views to Treasury in the lead up to the release of this paper. The process is focused on identifying key objectives and parameters for the policy, and notes the role of product labels in reducing regulatory uncertainty when making sustainability-related claims relating to financial products, consistent with FSC advocacy.

A successful framework will enable investor choice while offering greater clarity on greenwashing and enforcement, allowing for a broad range of investment products that cater to diverse consumer preferences and values.

Treasury is accepting submissions on the consultation paper until Friday 29 August 2025.

For more information, please contact [James Young](#).

LEGAL, TAX & CROSS-PORTFOLIO

Reportable situations

In response to advocacy from the FSC and other industry stakeholders, ASIC has provided further relief from reporting certain minor or technical breaches. The new relief:

- exempts industry from reporting certain breaches of the misleading and deceptive conduct provisions, and certain contraventions of civil penalties;
- extends the length of investigations that are reportable to ASIC from 30 days to 60 days;
- clarifies that a report is taken to be lodged with ASIC, if a licensee has submitted a breach report to the Australian Prudential Regulation Authority (APRA) that contains all the information APRA has requested.

Following input from FSC and other stakeholders, ASIC have also broadened the types of reports that are exempt by increasing:

- the time allowed for rectification from when the breach first occurred from 30 days to 60 days;
- the number of impacted consumers from five to 10;
- the total financial loss or damage to consumers from \$500 to \$1000.

The FSC continues to raise with ASIC and Treasury ways to further reduce the impact of the breach reporting regime on members.

Related to the above, the FSC made a submission to the ASIC 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 submitted 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 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.

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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 open to public consultation in May/June.

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 prepared a detailed submission on the draft Rules.

The FSC has also been working with AUSTRAC and members on draft Guidance published in connection with the new Rules, with submissions on both Batch 1 Core Guidance and Batch 2 Core Guidance.

It is expected that the Rules will be finalised in late August 2025 and the core Guidance materials by October 2025.

The Department of Home Affairs also began consulting in late July on Transitional Rules to the reforms that would potentially delay the implementation of certain new obligations concerning international value transfer services, conducting independent evaluations of AML/CTF programs, and updating enrolment details for compliance officers. The FSC is discussing this consultation with members. 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. Members have been interested in the recent *Firstmac* case and discussing the potential ramifications for their operational processes, practices and procedures.

The FSC has been in recent discussions with Treasury and ASIC as to potential improvements that can be made to the DDO regime, notably around the definition of “Excluded Conduct” and certain reporting obligations.

In the coming weeks it is expected that the group will meet to discuss further 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.

Privacy law reform

The Government has indicated it is looking at introducing a second tranche of privacy reforms, with a focus on regulating large social media and tech firms. Although the FSC has not been any firm indication of timing at this stage, based on discussions with the privacy reform team at the Department of Home Affairs we can expect further developments.

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

Public Country-by-Country Reporting exemptions

The ATO has issued draft guidance ([PS LA 2025/D1](#)) on exercise of the Commissioner’s discretion to provide full or partial exemption from reporting requirements under the public Country-by-Country Reporting framework for a single period.

Members have raised concern that implementation of the exemption should apply to commercially sensitive information where its release would lead to significant harm while providing minimal benefit to transparency objectives.

Submissions are to be made to the ATO by Friday 5 September.

For more information, please contact [James Young](#).