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FSC Policy Update - Issue 89 - 3 March 2026

Welcome to Issue 89 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 & REGULATION

Ban on superannuation advertising Bill referred to Senate Committee

The Senate Economics Legislation Committee is currently conducting an inquiry into the Treasury Laws Amendment (Supporting Choice in Superannuation and Other Measures) Bill 2025 and is due to report on 4 March 2026.

Schedule 2 of the Bill includes a general ban on advertising superannuation products during employee onboarding. The ban does not apply where the product being promoted is the employee's stapled fund, the employer's default fund, or a MySuper product that has not failed the performance test (provided that the employee's stapled fund is also shown). If passed, the measure is scheduled to commence 1 July 2026.

The FSC made a submission to this inquiry outlining that, while we support the Bill's policy intent of reducing duplicate accounts and ensuring employees receive timely and accurate information, the drafting of the Bill risks undermining competitive neutrality at the point of onboarding. Furthermore, aspects of the current framework may also operate in a manner that is inconsistent with the stated objective of reducing unintended duplicate accounts.

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

Division 296 Super Tax Bill introduced ('Building a Stronger and Fairer Super System')

The Government has now introduced into Parliament the [Treasury Laws Amendment \(Building a Stronger and Fairer Super System\) Bill 2026](#) and the associated Imposition Bill, giving effect to the proposed Division 296 tax measure.

The legislation, as introduced, is substantively unchanged from the exposure drafts released in December. There are no material policy changes to the core design of the measure, including who is affected, how Division 296 liabilities are calculated, or the 1

July 2026 commencement date. Amendments since consultation on the draft legislation are largely technical and clarificatory in nature.

The vast bulk of key implementation issues raised in the FSC's submission relate to the yet-to-be-released supporting regulations and ATO guidance including:

- valuation methodologies for defined benefit interests, lifetime products and innovative income streams;
- the operation of the alternative TSB value formula for prescribed interests;
- treatment of amended fund returns and potential cascading re-reporting;
- detail of the prescribed earnings factor; and
- operational settings for APRA-regulated funds where member-level attribution of earnings is not feasible.

The FSC continues to engage on these issues, in addition to general flexibility and simple administration in calculating Division 296 liabilities, with Treasury and the ATO as drafting of the regulation progresses.

The legislation's pathway through the Senate remains uncertain, with the Opposition indicating it will not support the Bill and the Greens signalling they would prefer a more expansive measure.

For more information, please contact [Cooper Gannon](#)

Minister announces FY26 Special Levy and Treasury to consult on reform options to the Compensation Scheme of Last Resort

In December 2025 at an industry roundtable, the Minister announced that a special levy of \$47.3m would be distributed across several financial services subsectors to fund the increased call on the CSLR for FY26. The distribution of the special levy was calculated in proportion to the intensity of regulatory effort applied to the subsector by ASIC.

At the same roundtable, the Minister announced that Treasury would release an options paper in early 2026 on structural reform to the CSLR for public consultation.

The FSC made a formal submission to Treasury's Post-Implementation Review of the CSLR in February 2025 and engaged with the Government, calling for the urgent redesign of the CSLR to promote its long-term sustainability and to ensure its operation as a genuine scheme of last resort. We have called for key measures such as:

- amending the compensation methodology (to only cover actual capital losses as opposed to hypothetical capital gains);
- reigning in unduly high administration costs;

- introducing a one-off injection of government funding to deliver on the initial government commitment to do so; and
- introducing means testing to the scheme to ensure the scheme supports those most in need.

We intend to reiterate these positions in the upcoming consultation.

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

Beneficial Ownership Register

Legislation implementing a public beneficial ownership register for corporations has been passed by Parliament as part of the [Treasury Laws Amendment \(Strengthening Financial Systems and Other Measures\) Act 2025](#).

ASIC is expected to commence consultation on guidance implementing the provisions in the coming weeks. The FSC will engage with the regulator as part of the process, including on derivative valuation methodology.

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

Financial Adviser Registration

[Treasury Laws Amendment \(Genetic Testing Protections in Life Insurance and Other Measures\) Bill 2025](#) implements the Government's decision to no longer proceed with Stage 2 of the registration process for financial advisers established by the Better Advice Act, which would have required individual financial advisers to register with ASIC annually from 1 July 2026. This maintains the current system which requires AFS licensees to apply to ASIC to register their authorised financial advisers. This is consistent with the objective of reducing regulatory burden for individual advisers and maintaining a functioning and effective disciplinary system.

The FSC supports this decision given it reduces red tape in advice compliance. The FSC made a supportive submission to the Senate Economics Legislation Committee, which inquired into the Bill in January. The Committee's report has now been released, recommending passage of the Bill.

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

SUPERANNUATION

Treasury consults on requiring superannuation trustees to report indicators of high-risk super switching to ASIC

On 10 February, Treasury issued a [consultation paper](#) on enhancing oversight and governance of managed investment schemes (see more information under 'Investments'). The final proposal (Proposal 6) focused on improving ASIC's visibility of high-risk superannuation switching activity.

This proposal would impose an obligation on superannuation trustees to report to ASIC suspicious or anomalous patterns of behaviour, which the trustee reasonably considers could place their membership at risk of significant detriment.

The FSC responded to this proposal noting that, while we strongly support and have advocated for enhanced intelligence sharing within industry and between industry and regulators to facilitate earlier identification and disruption of misconduct, there are more effective and better-calibrated mechanisms to achieve this objective. These include the consultation paper's alternative proposal of periodic data reporting and structured intelligence-sharing forums.

For a more fulsome update on the consultation, see 'Government Consults on MIS Oversight and Governance' below.

For more information on Proposal 6, please contact [Julia Hukka](#).

Industry continues to come together on cybersecurity, scam and fraud prevention

The FSC is committed to continuing to facilitate the Australian Superannuation Cybersecurity Forum and the Superannuation Scam and Fraud Prevention Exchange.

The ASCF has been running successfully for two years and brings together the superannuation ecosystem to discuss cyber threats. The SFPE has been operating for a year and is for superannuation fund financial crime experts.

Last year, the forums were completely de-branded from the FSC allowing for broader cross-industry participation. This year, funds will come together at least four times to discuss issues and hear from subject matter experts to better protect Australians from the threats of cyber and financial crime.

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

Government consults on exposure draft legislation allowing victims of child sexual abuse to access the superannuation of perpetrators

The Government has commenced consultation on draft legislation designed to prevent convicted child sexual abusers from hiding their assets in superannuation to avoid paying compensation to their victims. The draft legislation will enable victims and survivors of child sexual abuse to seek access, via a court order, to additional personal or salary sacrifice superannuation contributions made by the offender where a related court order for compensation remains unpaid after 12 months.

The FSC previously made a submission to the early policy consultation, agreeing with the aims of the policy but noting that superannuation should not be used for every possible compensatory purpose.

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

Government considers next steps for performance test design changes

The Treasurer is continuing to consider the next phase of reforms to the annual superannuation performance test, following the conclusion of the recent technical consultation process.

Treasury recommenced engagement on the performance test to examine whether targeted refinements could provide greater flexibility for institutional investment into areas of national priority, such as renewable energy, social and affordable housing, and other emerging assets, while maintaining an objective and credible test.

During the technical phase, Treasury engaged with a selected group of industry experts, including several FSC members, to explore potential benchmark design options in greater detail. Discussions were primarily concentrated on:

- A targeted CPI + X benchmark concept for certain emerging asset classes; and
- Replacing the current benchmark framework with a simple reference portfolio test.

The FSC understands that the Technical Working Group discussions have now concluded and that the Government is considering next steps with the consultation process.

While fee settings and potential expansion of the test were not a central focus of the recent technical sessions, the FSC understands these remain areas of broader Government consideration as part of the overall review.

The FSC will continue engaging constructively with Treasury, to ensure any changes are targeted and proportionate, as the review progresses and will update members as further detail emerges.

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

APRA consults on targeted amendments to CPS 230

In December 2025, APRA consulted on [targeted amendments to CPS 230](#) to better accommodate material arrangements with what they have described as non-traditional service providers (NTSPs). APRA's proposal was to exempt certain non-traditional service providers from the contractual and service level obligations outlined in CPS 230.

Along with the consultation, APRA issued a draft list of who they would consider NTSPs,

including government agencies like central banks, stock exchanges, trade clearing and settlement platforms and payments schemes. The FSC made a submission supportive of these changes and made some suggested additions to the list of NTSPs, especially to capture service providers where regulated entities are unable to negotiate contractual terms due to market structure (including significant market power, concentration, or effective non-replaceability).

APRA expects to finalise the targeted changes before 1 July 2026.

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

APRA consultation on adjustments to the capital settings for longevity products

On 29 October 2025, APRA released a [response to submissions paper](#) on proposed changes to the capital treatment of longevity products. APRA is proposing a more principles-based approach to the illiquidity premium, including product eligibility under the revised framework.

APRA's response adopted many of the FSC's proposals, including the embedding of the Appointed Actuary's attestations within existing reporting processes and refinements to the cashflow matching and hold-to-maturity expectations, which now better reflect industry practice.

The FSC made a submission to this consultation largely supportive of APRA's proposals with a couple of suggested adjustments (including adjusting the long-term average spread floor to 35% and removing the limitation on the proportion of the illiquidity premium increase recognised in the credit spread stress charge).

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

APRA consults on proposed exemption to change of ownership and control provisions

On 18 November, APRA released for [consultation](#) a draft instrument to exempt a specified class of persons from compliance with the change of ownership and control provisions of the SIS Act. The proposed exemption would remove the requirement for management employees and company secretaries with a direct controlling interest in an RSE licensee of less than 2% to apply to APRA before acquiring a controlling stake.

The FSC made a submission supporting the proposed exemption and made a number of recommendations aimed at ensuring the instrument operates as intended in practice, particularly for firms with more complex corporate and shareholding structures, and can be relied upon with confidence.

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

FSC submits on ASIC's proposed technical changes to stamp duty disclosure under RG97

The FSC has lodged a [submission](#) in response to the [ASIC's consultation](#) on proposed amendments to stamp duty disclosure under RG97.

The FSC supports retaining stamp duty within RG97 transaction cost disclosures and smoothing it over time to reflect its long-term, capital nature and reduce volatility in annual fee outcomes.

However, the FSC has raised concerns that the proposed historical averaging approach may result in disproportionate cost recognition for newer products and inconsistent disclosures between products holding identical assets. To address this, the FSC has recommended a straight-line allocation over a clearly defined period to improve equity and comparability across products.

The submission also calls for clear guidance on transition arrangements, calculation methodologies, and alignment with unit pricing treatment to avoid unnecessary complexity.

In relation to ASIC's private debt disclosure proposal, the FSC has supported the proposed class relief to improve alignment between internally and externally managed arrangements, while emphasising the need for adequate implementation timeframes to support orderly adoption.

The FSC will continue engaging with ASIC to support disclosure outcomes that are transparent, workable and comparable for members.

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

ADVICE

Delivering Better Financial Outcomes (DBFO) Tranche 2 update

The Assistant Treasurer Dr Daniel Mulino has indicated that financial system policy and regulatory issues relating to the structure and cost of the CSLR, and the response to the Shield and First Guardian collapses, continue to demand the Government's attention and resources. This is causing the DBFO reforms to be halted for the time being.

In a recent forum the Minister said: "In the post-Shield and First Guardian world, I do think it is important that we move forward carefully when it comes to, for example, creating a new class of adviser (NCA)."

To the extent that the Government has an appetite to progress a final policy position on the reforms, the FSC is open to exploring a pathway to a compromise package which achieves key policy objectives for each sector. This may be structured to address all the

Tranche 2 reforms but would require particular consideration of how to approach the modernised best interests duty and the NCA.

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

Enhancing the effectiveness of Professional Indemnity Insurance (PII) in financial services

In December, Treasury released a consultation paper on [Enhancing the effectiveness of financial service professional indemnity insurance](#). The consultation seeks stakeholder feedback on the current operation of PII and opportunities to enhance the effectiveness of PII in the context of the CSLR. The paper will inform development of reform options to support the ongoing sustainability of the CSLR and is released in the context of the CSLR post-implementation review.

Following engagement with members, the FSC made a submission in February. This highlighted the FSC's support for targeted changes to enhance PII but cautioned that this cannot be expected to do the heavy lifting to address the root causes of recent collapses (or recoup these significant losses). This reflects that there's a limit to the sort of misconduct risk that an insurer would be willing to take on without making insurance unaffordable across the board.

We recommended that before considering material changes to the regulatory model or the structure of PII policies, Treasury should undertake further analysis on the drivers of the loss events leading to unpaid determinations and what relative contribution inadequate PII cover made. However, broadly the FSC is open to targeted reforms including:

- Enhancing annual regulatory monitoring and supervision (oversight) of licensee PII cover,
- Reviewing the minimum coverage requirements for PII to ensure policies provide adequate protection, safeguarding both consumers and licensees and maintaining confidence in the system, and
- Enhancing CSLR operator's subrogation rights, as improving its ability to step into the shoes of the insurer and recover costs will help ensure the efficiency of the scheme.

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

FSC White Paper on the value and future of advice licensing

The FSC is developing its White Paper on the Value and Future of Advice Licensing following consultation on the [Green Paper](#) and recent market developments.

Consultation feedback generally opposed wholesale redesign of the AFSL framework, including tiered licensing models based on firm size. Stakeholders consistently noted that licensee size is not a reliable proxy for risk and that additional structural complexity will not necessarily improve consumer outcomes.

Recent market failures have reinforced the importance of proactive supervision and early intervention. Various recommendations are being developed in response to feedback from the Green Paper, with the FSC's focus now turned toward supervision-led reform, properly resourced enforcement, and increased transparency within the existing AFSL framework.

For more information, please contact [Cooper Gannon](#).

ASIC's review of compliance in the managed accounts sector

The FSC recognises managed accounts as an important emerging issue for our sector, given the significant growth in managed accounts and growing regulatory interest. With ASIC's review of compliance in the managed accounts sector now underway, the FSC will bring together an expert group with the initial aim of facilitating an informed discussion with members on good and poor practice in the market, and considering future industry level regulatory engagement.

The FSC understands the review is focused on Separately Managed Accounts (SMAs) and ASIC is planning to release findings of its review in the second half of the year.

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

ASIC review of advice licensees that use lead generation services

In February, ASIC [announced](#) it has commenced a review of advice licensees using lead generation services as part of its ongoing program of work to address practices that inappropriately or unnecessarily encourage consumers to switch their superannuation. As part of the review, ASIC published a consumer-facing [list of known entities](#) involved in lead generation, those acting as referral partners, and advice licensees or corporate authorised representatives that have acquired leads, since 1 July 2024.

See more below in 'Legal, Tax & Cross-Portfolio'.

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

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Digital Advice

The FSC continues to progress work through the Digital Advice Expert Group on the Role and Value of Digital Advice research report. This report examines consumer outcomes, cost efficiency and innovation within digital advice models and is nearing completion. Evidence in the draft report indicates that digital advice should be viewed as

complementary to, rather than a substitute for, traditional personal advice. Regulatory settings should support innovation and safe adoption, while maintaining appropriate consumer protections.

The final product is intended to provide an evidence base to inform policymakers as Government considers next steps in advice reform, including the future role of digital advice tools, and will form a helpful new angle as to why the regulatory model must evolve in accordance with the FSC's DBFO advocacy.

For more information, please contact [Cooper Gannon](#).

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PLATFORMS

Platform investment and adviser governance principles

The FSC is [developing](#) industry-led investment and adviser governance principles for platforms. These principles are designed to set a clear benchmark for governance across three key areas: investment onboarding, ongoing monitoring of investment options, and adviser and licensee oversight.

The initiative has the Minister's support, and we have engaged constructively with Treasury, ASIC and APRA in developing the draft principles. Following stakeholder consultation, the final draft remains on track for completion in the first quarter of this year, and release soon after it works through our governance process.

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

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ASIC consults on simplification of IDPS and IDPS-like scheme instruments

In October 2025, the FSC made a submission to ASIC's Regulatory Simplification Team on ASIC's proposals for the simplification of the IDPS and IDPS-like scheme instruments, as set out in [Attachment D](#) of Report 813 Regulatory Simplification. Our submission made several recommendations that would reduce regulatory complexity for platform operators, including a request for relief from issuing annual investor statements for accounts with a zero balance or no transactions during the financial year, and for the clarification of various reporting obligations.

ASIC has since been engaging with the FSC requesting further details on the recommendations made in our submission. ASIC indicated that they intend to update stakeholders on next steps in early 2026.

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

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INVESTMENTS

FSC continues to develop industry best practice standards for private markets

The FSC has continued to progress its work on private markets through ongoing engagement with members and ASIC, following the release of its [capital markets response package](#) in late 2025.

The FSC has continued to advance the development of its Private Markets Best Practice Standards through the Private Markets Working Group and targeted member engagement. This work is focused on supporting practical uplift in governance, transparency and risk management practices, while maintaining a principles-based and proportionate framework that reflects the diversity of private market strategies.

The FSC has also continued discussions with ASIC on the scope, timing and implementation of the Standards, and is monitoring potential reforms affecting wholesale managed investment schemes. Member feedback is being used to inform ongoing engagement with regulators and policymakers.

The FSC will continue working closely with members and regulators to support high-quality private market practices and will provide further updates as this work progresses.

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

Government consults on MIS oversight and governance

In February, the Government released its consultation on [Enhancing oversight and governance of managed investment schemes](#) where the FSC made a submission. The consultation forms part of the Government's broader response to the Shield and First Guardian collapses and proposes reforms to strengthen governance arrangements for retail MISs, enhance oversight settings and improve ASIC's supervisory capability.

The FSC has lodged a [submission](#) which supports the objective of maintaining consumer confidence and strengthening regulatory oversight, while emphasising the importance of proportionate, risk-based reforms that preserve flexibility for well-governed operators and avoid unintended consequences for capital formation and competition.

The consultation paper outlined six key proposals the Government is considering to address the issues surrounding the Shield and First Guardian failures, which include:

- *Proposal 1 – Compliance framework changes.* The FSC noted the importance of ensuring any reforms focus on improving governance outcomes in practice and align with existing risk management and licensing obligations.
- *Proposal 2 – Responsible entity board external director requirements.* The FSC highlighted the importance of maintaining appropriate flexibility across different business models and structures.
- *Proposal 3 – Prohibition on related party transaction.* The FSC emphasised that reforms in this area should be clearly targeted to conflicted conduct and should avoid capturing legitimate commercial arrangements that operate within existing conflict management and best-interest obligations.
- *Proposal 4 – Increased financial requirements for responsible entities.* The FSC acknowledged the role of financial resources in supporting effective oversight while noting that settings should be proportionate to the size, scale and complexity of the business.
- *Proposal 5 – Increased ASIC data collection powers.* The FSC supported strengthening ASIC's risk-based supervisory capability and noted that any expanded data collection should be clearly linked to supervisory objectives and designed to avoid unnecessary duplication or regulatory burden.
- *Proposal 6 - relating to superannuation switching alerts,* is covered in the Superannuation section of this update.

Treasury will consider stakeholder submissions and determine next steps following the consultation process. The FSC will continue engaging with Treasury and regulators as policy development progresses and will keep members informed.

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

Development of the ABS and ASIC's funds management data collection capability

The FSC continues to work with the Australian Bureau of Statistics (ABS) on proposals to enhance data collection for the funds management sector. The ABS has presented its current framework to the Funds Management Data Collection Working Group and is expected to re-engage following consideration of industry feedback and broader stakeholder consultation.

The FSC is also engaging with ASIC on its plans to uplift data reporting capability, as outlined in its capital markets response. This is expected to commence with a voluntary pilot in 2026–27, and the FSC has offered to assist ASIC in the development and implementation of the pilot.

In addition, the FSC is contributing to discussions on data-related proposals under ASIC's consultation on MIS oversight. The FSC has emphasised the importance of ensuring that any new data collection supports risk-based supervision, aligns with existing reporting frameworks, and avoids duplication across regulators.

The FSC will continue to advocate for coordinated, proportionate and targeted data collection settings that support regulatory objectives while minimising unnecessary burden on industry.

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

Sustainable investment product labelling

Treasury has commenced a second round of [consultation](#) on policy design for a sustainable investment product labelling framework, which is receiving submissions until Friday 13 March 2026. Key design questions relate to four elements of the scheme: scope, consumer-facing disclosure, threshold requirements and evidentiary assessment.

The FSC has favoured a principles-based framework design supported by regulatory guidance, which is credible, flexible, and adaptable to future developments in sustainable finance policy and practice. A submission will be developed focusing on providing certainty to product issuers when making sustainability claims, while providing useful information to investors on the characteristics and features of financial products marketed as sustainable.

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

Foreign Investment Framework Reforms

Treasury consulted on a [discussion paper](#) proposing modifications to the Foreign Investment Framework in December 2025. The proposed approach would more closely target high-risk investment activity with potential impacts on the national interest. The discussion paper also considered expanding sectors considered sensitive and potential new powers for the Treasurer to call in previously approved investments for further review.

The FSC is supportive of a risk-based approach to foreign investment review that makes it easier for trusted global funds to make low-risk investments in Australia while targeting regulatory resources at activities more likely to have national interest implications. Any new call-in power should be strictly limited to extremely rare circumstances with grave national interest concerns. The FSC will continue to monitor developments on the proposals.

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

Modern Slavery Act

The Attorney-General's Department has been consulting on potential amendments to the [Modern Slavery Act 2018](#) as part of implementing the Government response to a statutory review of the framework. Consultation with key stakeholders to identify implementation issues and potential improvements is ongoing, including on due diligence practices and reporting criteria.

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

LEGAL, TAX & CROSS-PORTFOLIO

Reforms to address harmful lead generation and 'super switching'

The Government continues to consider a range of policy responses to the Shield and First Guardian collapses, including measures that would introduce additional 'friction' for consumers seeking to switch superannuation funds (such as 'cooling-off' periods). Some of these proposals could reduce consumer choice and risk weakening the benefits of competition. They are also difficult to reconcile with the evidence in AFCA's lead determinations, which indicate that consumers were typically engaged by lead generators over weeks or months.

In this context, the FSC continues to advocate for alternative responses – including measures to address harmful lead generation practices – that more directly target the underlying causes of the failures and are more likely to maintain broad industry consensus.

A Treasury Options paper is expected to be published on these developments in March. The FSC will continue to engage with members and the Government accordingly.

ASIC has also begun a [review](#) of advice licensees using lead generation services to understand these arrangements and, where necessary, take enforcement action. As part of this, ASIC has published (and will be regularly updating) a [list of known entities](#) involved in lead generation, those acting as referral partners, and advice licensees or corporate authorised representatives that have acquired leads, since 1 July 2024. While ASIC has stressed that inclusion on the list does not imply a breach of the law, consumers have been warned to exercise caution, particularly with unsolicited calls or high-pressure approaches.

For more information, please contact [Bronwyn Allan](#).

Thin capitalisation rules review

The Government has asked the Board of Taxation to independently review the recent changes to Australia's thin capitalisation rules. These changes were introduced in

Schedule 2 of the [Treasury Laws Amendment \(Making Multinationals Pay Their Fair Share—Integrity and Transparency\) Act 2024](#). The Board has been asked to report within 12 months, with public consultation to form part of the review process.

FSC members have raised concerns that aspects of the thin capitalisation framework, as it is now operating in practice, may be giving rise to unintended consequences for internationally sourced investment, particularly in capital-intensive sectors such as infrastructure, energy and real assets.

The FSC has begun engaging members in preparation for the review, including hosting a technical briefing to identify priority issues for the funds management sector.

The FSC will develop a coordinated submission once the consultation paper is released, with a focus on ensuring that the rules appropriately reflect commercial standard practice and do not unintentionally deter foreign investment into infrastructure projects of national priority.

For more information, please contact [Cooper Gannon](#).

Tax Issues – live updates

RTP Schedule application to CIVs and super funds

Following a meeting with the ATO in February, the FSC is continuing discussions regarding the appropriateness of applying the existing Reportable Tax Position schedule to funds, emphasising the need for a tailored form and exemptions for feeder structures.

Pillar Two (GloBE) amendments

The FSC is reviewing a [consultation on proposed amendments to Australia's Global Anti-Base Erosion framework](#) and is monitoring implications for multinational investment structures. Feedback is invited from Members.

Public Country-by-Country Reporting and Local File relief

The FSC continues to monitor the implementation of the administrative guidance, particularly with respect to the expanded partial exemptions included in the final guidance.

Non-resident CGT changes and financial centre issues

Advocacy continues regarding the 2024–25 Budget non-resident CGT measures, TOFA hedging settings, MIT qualification rules and broader competitiveness recommendations, through the BoT Red Tape Reduction Review, the FSC's Pre-Budget Submission and submissions to Senate Committees.

For more information, please contact [Cooper Gannon](#).

Deregulation and productivity agenda

Council of Financial Regulators (CFR)

The Treasurer has requested that the CFR (Treasury, ASIC, APRA and the ATO) provide advice on areas where meaningful red tape reduction can be undertaken. The Better Regulation Roadmap, that was published in December, lays out their detailed implementation plan through to 2028.

As a priority, the CFR is focusing on the streamlining and harmonisation of data collection. In response to a request from the CFR, the FSC consulted with members on problematic areas of data duplication and presented feedback at a workshop in December. There was consensus across the participating associations on potential solutions, and the CFR committed to leverage these insights to present options to the Treasurer in early 2026. The FSC attended a follow-up workshop in February and will continue to engage with the CFR on next steps.

For more information, please contact [Bronwyn Allan](#).

ASIC Report 813

As part of ASIC's work on regulatory reduction, [Report 813 Regulatory Simplification](#) was published in early September. ASIC wrote to the FSC shortly before the report was released and confirmed it has actioned, or have stated an intention to action, several of the points that the FSC raised with them, including in respect of (i) the Financial Accountability Regime (FAR), (ii) breach reporting framework, (iii) usability of ASIC Portals and Registers, and (iv) digital disclosure.

The FSC submitted feedback on the report in October outlining further suggestions beyond what ASIC have already committed to. To supplement this individual submission, the FSC also submitted a combined response (with other associations) in December to highlight areas of priority reform where there is clear consensus across the sector.

For more information, please contact [Bronwyn Allan](#).

Senate Committee Inquiry

The FSC lodged a comprehensive submission to the opposition-led Senate Select Committee on Productivity in Australia, positioning financial services as a foundational enabler of capital formation, investment and long-run productivity growth.

The submission argues that sustained productivity depends not only on labour and technology, but on the efficient allocation of capital. It sets out a coherent reform package centred on commissioning a "Johnson Report 2.0" to strengthen Australia's competitiveness as a financial services export hub, alongside recommendations for comprehensive tax reform, competition-enhancing measures, product modernisation and regulatory streamlining.

The Committee is due to report by 30 September 2026. The FSC will continue to engage as the inquiry progresses.

For more information, please contact [Cooper Gannon](#).

Board of Taxation - Red Tape Reduction Review

The Board of Taxation is progressing its Red Tape Reduction Review, focused on identifying substantial, measurable compliance reductions that support productivity while maintaining integrity and revenue neutrality.

The FSC lodged a comprehensive submission outlining seventeen recommendations across ten priority areas. These include reducing red tape in tax assurance processes, simplifying withholding tax administration, addressing implementation challenges in Build-to-Rent, improving tax certainty, and supporting product modernisation to strengthen Australia's competitiveness as a financial services centre.

The Board is due to report by 30 June 2026. The FSC is seeking further engagement with the review team as their recommendations are drafted.

For more information, please contact [Cooper Gannon](#).

Senate Select Committee on the Capital Gains Tax Discount

The FSC's submission to the Senate Select Committee on the Operation of the Capital Gains Tax Discount emphasised the importance of the CGT discount in supporting long-term investment, efficient capital allocation and sustainable retirement outcomes. In particular, the submission highlighted the implications of any change to the discount for superannuation funds, managed investment trusts and other pooled vehicles that rely on stable long-term capital settings.

The Committee is scheduled to report by 17 March 2026. The FSC will continue to monitor developments closely.

For more information, please contact [Cooper Gannon](#).

Productivity Commission - Five Pillars of Productivity Inquiry

The Productivity Commission has released the [final reports from its Five Pillars of Productivity Inquiry](#), setting out 47 recommendations aimed at lifting Australia's productivity growth.

Of particular relevance to Members is the proposed 'hybrid' corporate tax reform model: a 5% economy-wide net cashflow tax combined with lower company tax rates. While a lower corporate tax rate is welcome, the FSC has significant concerns regarding the complexity, volatility and administrability of a cashflow-based tax for financial services, including risks of taxing intermediation margins and creating highly volatile outcomes driven by transaction timing. The proposal is not supported by the FSC.

For more information, please contact [Cooper Gannon](#).

Foreign Financial Service Providers (FFSPs)

The FSC has consistently advocated for resolution of the long-running uncertainty surrounding the FFSP regime. Foreign providers have been subject to rolling transitional relief from the requirement to hold an AFS licence since 2003. Two previous Bills seeking to establish a permanent framework were introduced but lapsed upon the calling of general elections—first in 2022 and again in 2025.

In November, the Government introduced the [Treasury Laws Amendment \(Genetic Testing Protections in Life Insurance and Other Measures\) Bill 2025](#), which, among other measures, would establish a new AFSL exemption regime for FFSPs.

The Bill was referred to the Senate Economics Legislation Committee for inquiry and the FSC made a submission. In this submission, the FSC recommended passage of the Bill while also noting two proposed amendments: (i) that there should be a streamlined process for an FFSP to notify ASIC that they wish to rely on the exemption again (where they have previously ceased reliance), and (ii) that a materiality threshold should be introduced so that only significant breaches of exemption conditions to be notified to ASIC.

The Senate Economics Legislation Committee released their report recommending that the Senate pass the Bill. The report also noted that proposed amendments to the FFSP regime raised by the submitters be considered by the Assistant Treasurer. The Bill is now in the House of Representatives, and the FSC will continue to follow its progress.

Pending the outcome of the Bill, ASIC has issued a [legislative instrument](#) extending transitional relief for FFSPs for a further 12 months (until 31 March 2027).

For more information, please contact [Bronwyn Allan](#).

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Anti Money Laundering and Counter-Terrorism Financing (AML / CTF)

AUSTRAC Rules

AUSTRAC published final [Anti-Money Laundering and Counter-Terrorism Financing Rules](#) in August. The new Rules are intended to 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.

However, in February, AUSTRAC published a [short consultation](#) on targeted amendments to these Rules. The proposed changes are intended to correct minor issues, improve operationalisation and reduce the administrative burden, particularly in relation to reporting groups. The consultation closes on 20 February 2026.

Department of Home Affairs Transitional Provisions

The Department of Home Affairs has announced some [transitional provisions](#) to support a smooth implementation of the reforms. In particular, these provisions push the compliance deadline for current reporting entities' Initial Customer Due Diligence (ICDD) requirements out by three years from 31 March 2026 to 30 March 2029. Current reporting entities still need to implement ongoing CDD from 31 March 2026, and newly regulated (Tranche 2) entities still need to comply with their deadline of 1 July 2026.

During the three-year transition period, impacted entities can either continue using existing applicable customer identification procedures (ACIP), or transition to the reformed initial CDD requirements at any time. Once a reporting entity transitions, the new CDD requirements must be applied in full.

The FSC is working to engage AUSTRAC and the Department of Home Affairs to continue clarifying expectations in the wake of these changes.

FSC AML forms

Despite the transitional provisions, the Department of Home Affairs has emphasised that all entities should continue working towards full implementation as soon as possible. As such, the FSC has continued the update of our own AML forms in order to have them finalised and available for use shortly.

For more information, please contact [Bronwyn Allan](#).