Article Information

Author: Andrea Beatty
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Banking & Finance Summary Updates – August 2019

There have been a number of updates in the industry over the past month from regulators and the Government.

- The Federal Government introduced the Treasury Laws Amendment (Ending Grandfathered Conflicted Remuneration) Bill 2019 intended to ban grandfathering of conflicted remuneration paid to financial advisers by 1 January 2021. The Bill also includes a scheme that those people paying conflicted remuneration rebate clients for any remuneration that would be paid after 1 January 2021. The Government has commissioned ASIC to monitor and report on the extent to which product issuers are acting to end the grandfathering of conflicted remuneration.

- Following ASIC's approval, the ACCC has granted interim authorisation to allow the Australian Banking Association (ABA) to make certain changes to the Banking Code of Practice that followed from the Final Report of the Banking Royal Commission.

- On 26 July 2019, the Black Economy Taskforce: Consultation on Currency (Restrictions on the Use of Cash) Bill 2019 was introduced to Parliament, which proposes to introduce an economy-wide cash payment limit of $10,000 for payments made or accepted by businesses for goods and services.

- The Government will extend the UCT regime to insurance contracts in response to Recommendation 4.7 made from the Banking Royal Commission. Submissions to the consultation are open until Wednesday 28 August 2019.

- ASIC released Consultation Paper 318: *Remaking ASIC class order on departed former temporary residents' superannuation: [CO 09/437],* outlining ASIC's rationale to remaking [CO 09/437] *Departed former temporary residents' superannuation-Disclosure relief* (**CP 318**). The paper consults on whether ASIC should remake a class order that provides conditional relief to superannuation trustees from obligations in the *Corporations Act* which require them to provide an exit statement and notice to depart to former temporary resident members when their benefits are compulsorily transferred to the ATO as unclaimed.

- ASIC has released Consultation Paper 317: *Unsolicited telephone sales of direct life insurance and consumer credit insurance,* which seeks feedback on ASIC's proposal to ban unsolicited telephone sales of life insurance and CCI when only general advice or no advice is given. Submissions to the consultation are open until Thursday 29 August 2019.

- ASIC published Consultation Paper 319: *Securities lending by agents and substantial holding disclosure* explaining the concept of 'relevant interest' as per s 608 and 609 of the Corporations Act and how it applies to agent lending and the substantial holding disclosure requirements in s 671B. ASIC is seeking feedback on whether they should provide relief to agent lenders consistent with their policy in Regulatory Guide 222: Substantial holding disclosure: Securities lending and prime broking and the relief provided under Class Order [CO 11/272]. Submissions to the consultation are open until Monday 9 September 2019.

- APRA published Draft prudential standard CPS 511 Remuneration which proposes to heighten requirements on entities' remuneration and accountability arrangements in response to evidence that existing arrangements have been a factor driving poor consumer outcomes. Submissions to the consultation are open until Wednesday 23 October 2019.

- APRA has required several banks to tighten the intra-group funding arrangements for their Australian operations. The banks notified include Macquarie Bank Limited, Rabobank Australia Limited and HSBC Bank Australia Limited. It was found these banks were improperly reporting the stability of the funding received from other entities within

the group.

- An AUSTRAC initiative, the Fintel Alliance which consists of analysts from government agencies and ANZ, CBA, NAB and Westpac provided financial intelligence that allowed police to quickly dismantle the operations of a criminal syndicate in Western Sydney.