

Article Information

Author: Andrea Beatty

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Revised timelines for Banking Royal Commission reforms, design and distribution obligations and open banking

The COVID-19 pandemic has pushed back Banking Royal Commission timelines, the implementation of Design and Distribution Obligations and Open Banking.

Due to the COVID-19 pandemic, a number of reforms resultant from the Banking Royal Commission will be delayed for six months to allow sufficient time for the financial services industry to adjust, implement and manage the suggested reforms. In addition to deferring the implementation of the regulatory timeline, ASIC has announced they will also defer enforcing Design and Distribution Obligations (DDO) and Open Banking for six months.

Piper Alderman had [previously reported](#) on the draft legislation for the Banking Royal Commission recommendations released on 31 January 2020. A number of these bills which were intended to be introduced into Parliament by 30 June 2020, will now be implemented by December 2020. Similarly, those that were scheduled to be introduced by December 2020 will now be implemented by 30 June 2021. Mortgage broker reforms aimed at implementing mortgage broker best interests duty which was intended to operate from 1 July 2020 will be enforced from 1 January 2021.

See below for a table summarising the intended commencement date for the proposed Banking Royal Commission reforms. The revised implementation dates with asterix are not confirmed, but are assumed due to the Government's announcement.

No.	Recommendation	Revised implementation date
1.2	Mortgage broker best interest duty	1 January 2021
1.3	Mortgage broker remuneration	1 January 2021
1.6	Introduce breach reporting requirements to prevent misconduct by mortgage brokers	1 January 2021*
2.1	Annual renewal and payment for financial advice	1 January 2021
2.2	Disclosure of lack of independence of financial advisers	1 January 2021*
2.7	Compulsory scheme for checking references for prospective financial advisers	1 January 2021*
2.8	Licensee obligations to report compliance concerns	1 January 2021*
2.9	Require AFSL to investigate misconduct by financial advisers and remediate affected clients	1 January 2021*
3.1	Trustees of Registrable Superannuation Entities (RSE) should hold no other role or office	1 January 2021*
3.2 & 3.3	Advice fees in superannuation	1 January 2021*
3.4 & 4.1	No hawking of superannuation and insurance products	1 January 2021*

3.8 & 6.3	Adjust APRA and ASIC's roles in relation to superannuation	1 January 2021*
4.4	Cap on commissions paid to vehicle dealers for sale of add-on insurance products	Commencement will be deferred 6 months if passed*
4.5	Duty to take reasonable care not to make a misrepresentation to an insurer	5 October 2021*
4.6	Limiting avoidance of life insurance contracts	Commencement will be deferred 6 months if passed*
4.7	Application of unfair contract terms provisions to insurance contracts	5 October 2021
4.8	Removal of claims handling exemption for insurance	Timeline to be extended
6.4	Gives ASIC joint responsibility for enforceable provisions in the Superannuation Industry (Supervision) Act 1993	1 January 2021*
6.5	Ensures APRA's role is unchanged and remains responsible for prudential and member outcomes regulation in superannuation	1 January 2021*
6.14	Financial Regulator Assessment Authority	1 January 2021*
7.2	ASIC directions power	Commencement will be deferred 6 months if passed*
1.7	Removal of point of sale exemption	Introduced by December 2020
3.4 & 4.1	Prohibition of hawking superannuation and insurance products	Introduced by December 2020
4.3	Deferred sales model for add-on insurance	Introduced by December 2020 Commencement will be deferred 18 months if passed*
1.15	Enforceable industry code provisions	Introduced by December 2020 Commencement on 1 January 2021*
7.1	Compensation scheme of last resort	Introduced by 30 June 2021
3.9, 4.12 & 6.8	Extending BEAR to RSE licensees and APRA-regulated insurers and financial institutions	Introduced by 30 June 2021

The DDO which were meant to be implemented from 5 April 2021 will now come into force from 5 October 2021. The Open Banking deadline for 1 July 2020 has also been pushed back to 1 October 2020. This allows financial institutions who were required to share product reference data by 1 July to have a three-month extension to do so. Product reference data includes information regarding a bank's rates, fees and product features.