

QUESTION ON NOTICE

---

**Question:**

13QW

Regulation of FFSPs

Written

On 5 June KPMG stated: 'Expect the application process for the FAFS licence to be less onerous than for a standard AFS licence'

- a. Why do you think KPMG finds it harder for Australian FFSPs to get a licence in Australia than for foreign FFSPs?
- b. Is the application process for a FAFS less onerous than for an AFS?

**Answer:**

It appears that KPMG is referring to the *potential* application process that may be put in place for a 'modified foreign AFS licence' if the proposals set out in Consultation Paper 301 *Foreign financial services providers* are implemented.

ASIC does not currently issue 'foreign AFS licences', as the proposals we are currently consulting on have not yet been adopted or implemented.

The application process for the proposed 'foreign AFS licence' has not yet been developed and how the application will be dealt with will take into account feedback received from respondents to our consultation paper in developing our final policy. We propose in our consultation paper to require similar proof documents to support an FFSP's application for a 'foreign AFS licence' as that required for an ordinary AFS licence. It is also proposed that FFSPs that hold a 'foreign AFS licence' will be exempt from certain obligations (that standard AFS licence holders are subject to) but additional tailored licence conditions will also be imposed on them (that ordinary AFS licence holders are not subject to). Under the proposed FFSP foreign licensing regime an entity may not require all the proofs required under an application for a standard AFS licence. An FFSP in that case will need to show to ASIC that it is subject to obligations in the relevant overseas regime that apply to the FFSP that are sufficiently equivalent to the obligations imposed by the Corporations Act.