

Parliamentary Joint Committee on Corporations and Financial Services

Australian Securities and Investments Commission

Answers to Questions on Notice

Public hearing: 28 February 2020

Question No: 012

Reference: 49

Question:

Senator PRATT: When you're able to, can you remind me what the date would have been when you were first expecting, according to that time line, to have brought schemes into compliance?

Ms Bird: I'll take that on notice.

Senator PRATT: Thank you. Have you received any complaints in relation to breaches of code of ethics since 1 January?

Ms Bird: I'll have to also take that on notice.

Answer:

Under the *Corporations Act 2001*, as amended by the *Corporations Amendment (Professional Standards of Financial Advisers) Act 2017*, financial advisers would have been required to be covered by an ASIC-approved compliance scheme from 1 January 2020.

The timelines for applications for approval of a compliance scheme were set out in ASIC Regulatory Guide 269 *Approval and oversight of compliance schemes for financial advisers*. We expected to announce all approvals for compliance schemes in early October 2019, with the schemes commencing operation shortly after approval.

With the withdrawal of all compliance scheme applications and the Government's announcement that it would accelerate the establishment of a single disciplinary body for financial advisers, there are no existing compliance schemes.

Although there are no compliance schemes, Australian financial services (AFS) licensees are still required to take reasonable steps to ensure that their financial advisers comply with the *Financial Planners and Advisers Code of Ethics 2019* (code) from 1 January 2020, and advisers are still obliged to comply with the code from that date onwards.

ASIC has received a small number of breach notifications (6 in total) from AFS licensees about the licensee failing to take reasonable steps to ensure their advisers comply with the code.