

EXPOSURE DRAFT

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Inserts for

Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers) (Ongoing Fee Arrangements) Regulations 2020: FSRC rec 2.1

Commencement information

Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. Schedule [2.1]	Immediately after the commencement of Schedule [2.1] to the <i>Financial Sector Reform (Hayne Royal Commission Response—Protecting Consumers (2020 Measures)) Act 2020</i> .	

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Schedule [2.1]—Amendments relating to ongoing fee arrangements

Corporations Regulations 2001

1 Subregulation 7.7A.11(2)

After “subsection 962H(2)”, insert “or (2A)”.

2 At the end of Division 3 of Part 7.7A

Add:

7.7A.11AA Compliance records required to be kept by fee recipients

- (1) This regulation is made for the purposes of section 962X of the Act.
- (2) A fee recipient must keep the following records in relation to an ongoing fee arrangement the fee recipient has with the client:
 - (a) each renewal notice the fee recipient has given to the client;
 - (b) the date on which each such renewal notice was given to the client, and the manner in which it was given;
 - (c) each fee disclosure statement the fee recipient has given to the client;
 - (d) the date on which each such fee disclosure statement was given to the client, and the manner in which it was given;
 - (e) if the client gives any of the following notifications to the fee recipient—the notification and the date on which the notification was given:
 - (i) a notification of an election to renew the ongoing fee arrangement;
 - (ii) a notification of an election not to renew the ongoing fee arrangement;
 - (iii) a notification terminating the ongoing fee arrangement;
 - (f) if the ongoing fee arrangement has terminated—the date on which the arrangement terminated and the basis on which the arrangement terminated.
- (3) A fee recipient must also keep the following records in relation to an ongoing fee arrangement:
 - (a) each consent for deductions relating to the ongoing fee arrangement given to the fee recipient for the purposes of section 962R or 962S of the Act;
 - (b) the date on which each such consent was given;
 - (c) each notice given to the fee recipient under subsection 962U(1) of the Act withdrawing or varying such consent;
 - (d) the date on which each such notice was given;
 - (e) each confirmation of receipt of such notice given by the fee recipient under subsection 962U(2) of the Act;
 - (f) each of the following communications in relation to the consent referred to in paragraph (a), and the date on which the communication occurred:
 - (i) giving a copy of the consent as required under paragraph 962S(2)(c) of the Act;
 - (ii) giving a copy of a notice withdrawing or varying the consent as required under paragraph 962U(2)(b) of the Act;

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- (g) if the fee recipient arranges with another person (the *account provider*) for deductions relating to the ongoing fee arrangement to be made, as referred to in paragraph 962S(1)(c) of the Act—the details of the arrangement with the account provider.

3 Paragraph 9.4AB.02(2)(f)

Repeal the paragraph, substitute:

- (f) subsection 962U(3);