

QUALITY OF ADVICE REVIEW – INTERIM OPTIONS PAPER – WEBINAR TRANSCRIPT

George, Jordan

Hello, I'm Jordan George. I'm a director at Treasury. I'm a part of the Quality of Advice Review [Secretariat] and today I have Ms Michelle Levy, the independent reviewer with me, and we will be leading a presentation today on the proposals papers that Michelle has published for consultation. Hello, Michelle.

Levy, Michelle

Hello, Jordan and thank you.

George, Jordan

So we hope this presentation today will give a way for people to understand the proposals that Michelle has decided to speak to industry about in the proposals paper. The paper is available on the Treasury website for people to read and engage with, and we would like people to be able to make submissions to that consultation by the 23rd of September 2022. There is a template available for people to make submissions.

For this consultation, we encourage you to use a template because we are asking some quite targeted questions around the implementation of these proposals and how they may work in real life for advisers and different advice businesses. So please have a look at that template when thinking about making a submission. And like I said, Friday 23rd of September 2022 is when we would like submissions to be made by.

So, Michelle, to start things off, let's talk about why the review exists and the principles we're thinking about for it so far.

Levy, Michelle

The review really has been triggered by, a concern, by the last government, which has shared by this government, that consumers aren't getting access to affordable financial advice, and so I've been asked to consider the existing regulatory regime.

And make recommendations about changes that could be made to make advice more accessible and more affordable.

In thinking about how the how we do that, I'm mindful of not wanting to prejudice improvements in quality. So financial advice is valuable, but it's only valuable if that advice is sound or good quality of advice and so it is very much trying to balance accessibility, affordability with good quality advice.

It's also important to keep in mind that this is about consumers and giving access to advice to consumers. But how we do that is through making it easier for people to give that advice.

And so they're also interested in the people who give advice, so that could be financial advisers through to banks and superannuation funds. And it's important that they're able to do that in a sustainable way.

George, Jordan

Thanks Michelle. And from the consultation that we've undertaken so far, what do you think of the question of is regulatory change needed to accomplish those goals?

Levy, Michelle

Oh my answer to that question is absolutely yes. From my engagement with stakeholders so far, I think the changes also need to be reasonably substantial. If financial advice is going to be widely

accessible and truly affordable, it's clear that the current regulatory framework is a significant impediment [to] consumers accessing financial advice. It's preventing advisers and institutions providing advice and assistance to their customers, even where they're asking for that advice and assistance.

It's my intention that the proposals that we're going to discuss today will make it easier for consumers to access financial advice that meets their needs and that they can access that from a range of different providers. And so that will mean advisers, traditional financial advisers, as well as financial institutions. It's about helping all of them to have more helpful conversations with their customers and clients.

The review isn't over, so I think that's also important to mention at this point that the proposals that we're talking about and the paper that is being released, I think as we speak, is still very much proposals and the purpose and hope is that we get a lot of feedback and a lot of discussion, about whether or not they're going to help and help make advice more accessible.

At the moment, the paper, the draft proposals, they don't cover some important aspects of the review. In particular it doesn't talk about conflicted remuneration and commissions. And so those are things that we'll be talking about later, and we'll be having separate targeted consultations on those.

George, Jordan

That's right. So I think, Michelle, that takes us to the proposals, that we'll talk about today. The first of those is about regulating the provision of personal advice. What is being proposed for personal advice is to make the definition broader, to broaden it out so that it will cover any situation where an opinion or recommendation is provided to a client about a financial product or a class of products and the provider has or holds information about the clients objectives, needs or their financial situation.

This is different in the current personal advice definition, which is where it applies wherever provider considers the clients objectives, needs or situation, or where a reasonable person might expect the provider to have consider any of those factors.

What we're doing here is we're broadening it out to say that if you have that information, we are expecting that you do use it in providing a personal advice.

So, Michelle, what was your thinking behind this proposal? How do you think it will change advice from the consumer perspective?

Levy, Michelle

So one of the pieces of feedback that we've had a lot of is the difficulty for providers in knowing when they are giving personal advice and when they're not giving personal advice.

A lot of people have complained, putting it too highly, there is the decision against the Westpac trustee that went all the way to the High Court and like that decision is very much in my mind and making this proposed recommendation. So in that case the Westpac trustee was having through call centre their representatives in a call centre were speaking to members of their superannuation fund and they were recommending that the members roll over their superannuation into a single fund and that consolidation is good thing, that kind of message.

It was Westpac's view that that was general advice, now in the original court, the federal court, they actually succeeded on that argument and the point was made by Westpac and accepted by the

judge that as a matter of fact, the call centre staff member did not take into account the personal circumstances of the member, despite the fact that they held them and had some of that information. And because there were warnings given and disclaimers on the call that a reasonable person wouldn't expect that they had taken those things into account. Now, they were unsuccessful, ASIC appealed on this point and then full federal court found against Westpac and they said, actually, because you're talking to a customer, because they're a member of your superannuation fund and you held information about them, it was reasonable that the person would expect that you were giving personal advice. The High Court very much agreed with that.

So what I'm hoping to do with this is to say is if you have information about your customer, your member, your client, you are in the world of personal advice and you should be expected to provide advice that complies with the personal advice, duties. And what you need to comply with will adjust with the circumstances and we'll come back to that.

The starting point for these proposals is that when you are speaking to a customer or client and you are making a recommendation or expressing an opinion, so it doesn't apply still to information and facts only, but you will be in the world of personal advice.

So it is broad. But it's intentionally so.

George, Jordan

And so Michelle how do you think this would in particular impact product providers like super funds and insurers?

Levy, Michelle

Well, I think that it will be difficult for them to have a conversation with the customer where they're making a recommendation, expressing a view about what the customer should do, which is not personal advice. That's deliberate.

But of course they can still give information. So it's not to say that there won't be circumstances, seminars might be a very good example, where they would not be giving personal recommendations and personal advice.

But if they are speaking to a customer on the telephone, the customer says "should I change my investment option? Should I make an additional contribution? Should I roll over my superannuation?" (in the Westpac example), the answer will be personal advice.

George, Jordan

And I guess the important thing to note about that and which will consider as we go through the proposals is, the whole package of proposals is actually trying to make it easier to give personal advice in all circumstances, while still maintaining appropriate levels of consumer protection.

Levy, Michelle

That's right. And I think another reason for sort of doing this is that people want personal advice, call it whatever you might, but, all of the feedback again is that consumers want to speak to somebody who can tell them what to do.

George, Jordan

That's right.

Levy, Michelle

And they want them to use the information that they have and where we move into a world where people have more and more information about their customers I really want to discourage a kind of

artificial wall being created between information that's held by an institution or an advice provider and the conversations that they have with their customers and clients.

George, Jordan

And I think that probably flows on nicely to the second proposal that we're talking about, which is the change to general advice and that would be that it would no longer be regulated as a financial service under these proposals.

So the definition of general advice would be removed and same with the obligation to give a general advice warning as we no longer have that category and then general, so the kind of information provided under general advice now would fall under the general consumer protections regarding misleading or deceptive conduct in relation to supplying financial services. But we would also make sure that the conflicted remuneration provisions will be adjusted so they continue to apply to this conduct.

Would you like to explain a bit more about the thinking about why we're removing, looking to remove, general advice from the regulation of financial services?

Levy, Michelle

Yes, yes. So I know this could be slightly controversial, but it is intended to tie in again with the slight broadening of personal advice. If these proposals were adopted, as said, most conversations that a financial institution has with their customers will be in the world of personal advice, and they will be regulated.

I then was looking at the consequences of giving general advice under the law, and there's the licensing obligations and so you've got the efficient, honest and fair and so on. And then there's the general advice warning.

So in the going to the general advice warning. All of the feedback and the work that has been done by ASIC is that people don't understand what a general advice warning is. They don't understand what general advice is, and so we received a number of submissions with different names and suggestions for general advice.

To which I wondered what the point of it was, ASIC has tested a whole range of different, or commissioned work, that commissioned different labels, none of which seemed effective.

And so I thought, well, given no one understands, if we have a broader definition of personal advice, then we can dispense with the need for a general advice warning, it just doesn't help consumers. For financial institutions that doesn't mean when they give general advice, their conduct won't be regulated. I think that's also very important.

You think about what general advice normally is it's the kind of it's usually promotion and education, that kind of stuff around financial product.

So there are still obligations to act efficiently, honestly and fairly in connection with the provision of financial services. So if, for example, you are advertising a product, it will not any longer be specifically a financial service, but it will be conduct in relation to or in respect of a financial service being the issue of a product and so efficient, honest and fair will still apply, misleading or deceptive conduct provisions which are probably the most appropriate apply and then under the consumer protection legislation the ACCC Act will still regulate misleading or deceptive conduct where it falls outside the regime altogether.

George, Jordan

And so I think that's right Michelle, so I think this diagram here on this slide tries to explain kind of a tiering of obligations, but the maintaining of protections through different categories that would exist under your proposals.

So most obligations around personal advice and those reducing to the outer circle, which is the general consumer protections for information by about a financial product, which would be very much be kind of the general advice that we're talking about now about would be outside of regulation, but we have that middle second circle, the green circle where we have information about a financial product provided by an AFSL holder. So they may have an AFSL for other purposes. Those AFS license obligations will still continue to apply where they provide information about a financial product.

Levy, Michelle

That's right, yes.

Yeah.

George, Jordan

So let's move on to the next proposal, which is talking about how personal advice should be regulated. And this proposal is about replacing the best interest obligations in the Corporations Act with an outcomes-based duty for all personal advice to be good advice. So we are characterizing good advice as advice that would be reasonably likely to benefit the client having regards to information that is available to the advice provider at time being advice is provided.

So Michelle again this goes to the heart of I think we talked about reducing some of the compliance burden making it easier for advice to be provided in this broader personal advice definition.

Can you talk to us about kind of what we heard and how you've responded with this proposal here?

Levy, Michelle

The obligation to provide good advice would apply to everyone who gives personal advice in that so looking at thinking back to the diagram we just had on the table, we had the three concentric circles. This would be in the centre and that centre I expect would be quite large.

We have had a lot of feedback about the difficulties of complying with the existing best interest duties. On that slide, you can see that there are four, there's the best interest duty itself, appropriate advice duty, the duty to warn the client and the duty of priority.

All of those duties are very much focused on the process and conduct of the provider of advice.

And the proposition that underpins them in the law is that if you regulate conduct and process then the advice that spits out at the end will in fact be good advice. It will serve the interests of the consumer, it would be fit for purpose. All of those sorts of words.

The difficulty people have is that these formulations don't make a great deal of sense and so what you end up seeing in the case law is that the judges will recite these duties, they'll then go to the substance of the advice and they will, if it's poor advice, they will assert that the best interest duties haven't been complied with. But they're bare assertions they're not supported by the reasoning.

When we look at ASIC guidance, they have got this rule of thumb which is, they'll again look at the content of the advice and they'll ask the question, at the time it was given, was it reasonably likely to be to benefit or put the client in a better position as their formulation.

And I think well, there's something a bit wrong here. If we have to substitute a rule of thumb and if courts are just looking at content. And so I think, well, what is it that people want when they go to get financial advice - they want good advice. They probably don't care that much about how the person got there. They don't really care about the process. And so that's why I'd like to flip the obligations from being conducted and processed, focused to content focused.

So this proposal is all about, let's look at the advice. Let's ask whether it was good advice. And to answer that question, you don't look at it after the fact. You look at it at the time it was given, and the question that should be asked is, is it reasonably likely to benefit the client? And again, you take into account, as you do now, the information that that's available to the provider of the advice at the time the advice was given.

So the purpose is very much to reduce the steps and burden, particularly when giving simple advice, so that there's no obligation to step through all of the safe harbour steps, for example, that people feel compelled to do even when they give personal, simple personal advice.

George, Jordan

Michelle I think one of the kind of questions that people may ask about this proposal is that the idea of good advice could be open to wide interpretation or the idea of reasonably likely to benefit the client.

What would you say on that point?

Levy, Michelle

Well, I would say two things.

One, I query how difficult it really is. There are - there will be difficult cases around the edges. But there are extremely difficult cases now with the best interest duty. So I don't think it will be harder. One of the scenarios that has been put in our discussions with people on this point is what if the advice covers a number of topics? How do I know it's reasonably likely to benefit the customer or the client and I would say well I'm not sure that that is actually that difficult.

So if we had advice to, again, superannuation advice to consolidate your superannuation and let's look at the Westpac case example again, there was a recommendation to consolidate superannuation. And let's say there was also a recommendation to take out new insurance cover in the destination fund. So you might say consolidating super is good is reasonably likely to benefit the client, so you get a tick, but then you would say, but I'm going to lose my insurance and I'm going to have new exclusions that I don't have. So you won't say that bits good and that bits bad. There are two recommendations there, which are both pieces of financial advice, one bits good one bits bad. The answer to the question will be (the advice was not reasonably likely to benefit the client because that one bit was really bad.

George, Jordan

Good example.

Levy, Michelle

Yep.

George, Jordan

OK, so let's move on to the next proposal. So this is about the requirement to be a relevant provider. So under this proposal, we're saying that an advisor would have to be or advice provider would have to be a relevant provider where the client pays directly for advice or the provider receives a

commission in connection to advice, there's an ongoing advice relationship or if a client has a reasonable expectation of such a relationship.

So that is narrowing the scope in some ways of who would be a relevant provider and relevant providers would then have to comply with professional standards, mainly being the education standards and training standards and the code of ethics. And then we would have a category of non-relevant providers who are also able to provide personal advice to people and they will be governed by the good advice standard which we spoke about.

So this is quite a quite a broad proposal here, Michelle, that changes how advice is regulated. Now can you explain what you're intending for this proposal to do?

Levy, Michelle

Yes. So here, we're again going back to that original slide with the three concentric circles. Here we're in the middle circle, and there's a further subdivision within that circle. I think it's the way to think about this proposal.

So everybody in this circle or these two circles in this picture has a good advice obligation. When you shrink right into that middle, you also have the person has to be a relevant provider with the associated obligations which will come to.

The purpose was again coming back right to the beginning about making affordable financial advice accessible. And for some people, affordable advice is actually advice that they're not paying a fee for and the only way that that is going to be widely accessible is through people who have some interest in providing that advice. And that will be your product issuers, it is your superannuation funds, your insurers and your banks.

And so I want to be able to encourage them to have personal advice, conversations with their customers, using the information that they have to give them good advice. To impose a best interest duty on these people, I think is overly burdensome. I don't think it is necessary from a consumer protection point of view and it certainly is unhelpful in an accessibility point of view.

So this proposal is about expanding accessibility. It's also then at the same time recognising that there is a place for professional financial advice. And in linking this to fees for advice, it's thinking again about that sort of professionalism. What do you expect when you are dealing with a professional person you are paying for their advice? Will then you start to expect, you certainly expect education standards. You expect them to have a body of knowledge, to be qualified and competent to give that advice. And then you also expect probably a best interest type obligation. And that's where the code of ethic will come in.

George, Jordan

Michelle will the expectation within that category you're talking about there where people are paying a direct fee for that advice. The type of advice being provided is quite different to the type of advice you think maybe an insurer or a superannuation fund is providing to their customers.

Levy, Michelle

That's right. And I think again, some of the early feedback and just testing some of these ideas has been well, in the proposals, there's no line drawn on complexity and so it's possible that, at least in theory, a superannuation fund, or a bank or an insurer could give complex advice without an additional fee. It will be somewhere it'll be covered in there, you know, product fees or whatever. But because they're not providing, they're not being paid an advice fees specifically, they'll fall outside these obligations and that was a concern.

But the answer I think to that is that you do have to give good advice and it has to be reasonably likely to benefit the client. And so then I would say if I'm giving complex advice on a multitude of issues to somebody who is, you know, I don't know, difficult, you know, sorry, difficult circumstances, complex circumstances, is that in fact feasible to do that with the call centre operator who doesn't have, you know, a relevant degree? The answer to that seems to be no.

And so I would hope and expect that, how this works in practice is that the product issuers will self-assess. They'll decide what is it that we can safely allow our staff to provide personal advice on. And what is it that we actually need to make sure that we're only using relevant providers who will be your professional financial advisers.

So I don't think we need to actually prescribe that only relevant providers can give complex advice. I think that should follow from the good advice duty itself.

George, Jordan

OK. Well, I think that's a good segue into our next topic, which is about advice through superannuation and there's three proposals here that we will talk about. So the first two I'll go through. I'll go through all of them actually, but we'll talk about it in two batches.

So the first is a personal advice to supervision from members, and we're saying here that trustees should be able to provide personal advice to members about their interest in a fund, including as they are transitioning to retirement, and this should include taking into account some of their personal circumstances beyond just their interest in the superannuation fund, such as their family situation or eligibility for age pension or Social Security entitlements, if it's relevant to the provision of advice about their superannuation interests.

And then we have a proposal about the collective charging of advices. So this is kind of what people think of as intra-fund advice. So we're saying here trustee should have full discretion to decide how to charge members for personal advice that they provide to their members. So the restrictions on collective charging of fees should be removed, putting much more, giving much more to the discretion of the trustee thinking about what their members need and want from a superfund in terms of advice that should be provided.

And then finally, we have a proposal about fees for advice provided to members about their super. And we're saying here that superannuation trustees should be able to pay a fee from the members account to an advisor for personal advice provided to the member about the interest in that fund. So very much clarifying that is something you can do within the bounds of the SIS Act.

So I think maybe Michelle let's talk about number 5 and number 6 here first. So clarifying that super funds should be providing advice and the scope of that advice and then giving more discretion around the charging for that advice.

What are you hoping to kind of see come from these two proposals?

Levy, Michelle

It is really to give greater certainty to superannuation fund trustees. I think trustees, like other product issuers, can be a very important source of financial information and personal advice for their members. And I think that the regulatory regime should encourage trustees to provide tailored information and either to provide or make available personal advice about their superannuation to their members.

And superannuation trustees already do this, and a lot of them do give intra-fund advice. But you'll see from the discussion in the paper that I think there's some real ambiguity about what is in fact permitted by the SIS Act in terms of advice? And I'm worried that people, superannuation fund industry people get to too much comfort at the moment from the provision in the SIS Act 99F, which permits the collective charging/allow for advice to be charged on a collective basis for certain types of personal advice.

And we've had a lot of submissions asking us to expand the scope of intra-fund advice. I'm nervous that the current law doesn't really permit us to do so. These proposals are meant to make it abundantly clear that trustees can give personal advice about the superannuation interest to their members. In doing that they can take into account things that are relevant. They can and should, I would say go further, should take into account relevant things like Social Security, like whether or not they have a partner, like their assets. All of those things are relevant and can be taken into account. The advice is not about those things though per se, in my view it shouldn't be.

And then the other aspect about this is about how do you charge your members for this advice. And the SIS Act contains so many obligations for trustees. General law obligations to act in the best interests of their members, but also very specific obligations about charging members, fees about allocating costs on a fair and reasonable basis. And so in my view, those provisions are sufficient and trustees should be able to form their own view about what is the most appropriate way to charge their members for the advice that they give.

George, Jordan

And I think Michelle that point about ambiguity in the SIS Act probably goes to proposal number 7 here, and we're talking about advice fees coming out of a someone superannuation account to a financial advisor.

I just want you to quickly explain what you're proposing here, well short version of that.

Levy, Michelle

A short version. This is really tricky and it has grown out of a whole range of changes to the law and understanding and misunderstanding I would say about how the law operates and I think it's a mess that we I'm just trying to clarify here.

So at the moment a trustee can only pay a benefit or an expense from the fund and expense is something that trustee incurs in connection with the fund. An advice fee that is arranged between a client and their advisor is not, in the easy way and expense that is incurred by the client. And so the current regime relies on a fairly artificial construct which has really three parties, client member, advisor and trustee, with the adviser commissioning advice to the member and then paying it out as an expense of the fund.

That creates quite complicated documentation and explanation and this proposal 7 is only about making it simple, making it clear that there is an exception from the rule that says you can only pay expenses from the fund. So that the trustee can actually pay an advice fee, a reasonable advice fee, out of the fund from the members interest, on the direction of the member.

George, Jordan

Right.

Levy, Michelle

It doesn't mean that trustees had no interest. They still have to be confident that the advice is about the members interest in the fund, but they no longer need to be a party to that arrangement.

George, Jordan

Great. Thanks, Michelle.

We'll move on to the next proposal. So I think from here on in the presentation, we're probably dealing with proposals that are aimed at reducing red tape or compliance, I guess from an advisor and a consumers perspective.

So we'll start off with ongoing fee arrangements and consent requirements. So very much the proposal here is to kind of taking the three existing kind of forms that need to be worked through by an advisor and their client and consolidating them into one standardized consent form, with a fee estimate for the upcoming 12 months that will really try to reduce the complexity of the ongoing fee arrangements.

So anything Michelle, you would like to add on this proposal.

Levy, Michelle

No, I think well, sorry. Yes, but it's not a great deal. I think this one very much comes out of the very strong uniform feedback from stakeholders that preparing these documents is time consuming.

There's also, you know, a number of advisers who are moving to rolling fixed term arrangements in order to avoid the disclosure obligations. And so that of course isn't desirable.

It's also duplicative, so there is multiple forms and the same information is provided multiple times, particularly in the fee disclosure statement. What we see is the adviser has to disclose fees where they're deducted from products are also disclosed in the periodic statements from the product. They're also disclosed in the renewal of arrangements and the original ongoing fee arrangements.

And so the proposal here is it's a fairly modest change really. The important thing from a consumer protection point of view is that client still need to renew these arrangements every year. They need to know what they're going to be paying and they need to positively renew it. But what I'm proposing is that they don't also have to be given a separate fee disclosure statement. And I'm hoping that that will provide relief without any risk to consumers.

George, Jordan

Thanks Michelle. So the next two proposals are focusing on disclosure documents currently provided.

Let's start off with the statement of advice. So this change will basically remove the requirement that advice providers need to provide a statement of advice now and instead there will be an obligation for them to keep records of advice and also to provide a written record of advice on requests of a client.

So what we're really trying to do here is put it to advisers to use their professional judgment on how best to provide advice to their clients. So this is something I think Michelle we heard a lot about in consultation.

Did you want to just reflect on kind of the things that we heard and we're trying to encourage here?

Levy, Michelle

Yes. So I think the Ripoll Inquiry which led to FOFA really spoke a lot about how disclosure as a form of consumer protection had really failed and so that's why we got bans on conflicted remuneration and the best interest duty. But they layered on top of the obligations to give a statement of advice and financial services guidance and live again.

The feedback has been that people really don't want statements of advice. And so they often are as we are told, people don't want to print them off, they don't necessarily want them at all.

So I am minded to think that it would be better for consumers not to have to accept one of these documents if they don't want one. So I'm proposing that there be no obligation to give a statement of advice or any similar document, except if the person asks. So I think that's important. There should be an opportunity for the client to they actually want something in writing, and they're also should be a record keeping obligations so that there is evidence of what was provided. Yes.

George, Jordan

Right. So the other one in this space is financial services guides. So I think this one gives a bit more again a bit more flexibility for advice providers about how they provide the FSG or the information in the FSG. So we are saying you can kind of continue to do it as you are now by providing an FSG or there's an option of including information on your advice providers website where clients can access that. And that information would include about remuneration and other benefits they receive, the internal dispute resolution arrangements they have, and also AFCA's details.

So again, Michelle, I guess it's an increasing flexibility and trying to reduce compliance burden.

Levy, Michelle

That's right that I don't think there's anything more to add.

George, Jordan

Right. So again, still in, I guess in the space of talking about compliance burdens and things we've heard from advisers through consultation, the design instruction obligations.

So here this proposal will be looking to simplify the requirements around reporting requirements that relevant providers need to do in relation to DDO. So what we are saying here is that we would reduce the existing reporting requirements to being restricted to reporting of complaints in relation to a product rather than including significant dealings outside of the target market determination, and any other information specified in that determination which product providers wanted collected.

So again, Michelle, this I guess is that we're trying to reduce the compliance burden but also maintain the consumer protection kind of perspective of DDO reporting.

Levy, Michelle

Yes, that that's it. I think design and distribution obligations are really important to the consumer protection, existing consumer protection provisions in the law, which I think are an important underpinning for the proposals that we've been talking about.

So the intention here isn't to change these other than to really adjust at the edges those that seem to be causing some problems and which don't appear to add a lot on from a consumer protection point of view, but very keen to get feedback.

George, Jordan

Right. And so if the last thing in terms of proposals and Michelle to talk about before we wrap it up, is there any thoughts around transitioning to a new regulatory regime that is constituted by these proposals.

So what did you want to kind of say about what you think a transitional approach could look like?

Levy, Michelle

I think change is always difficult. Even welcome change is difficult and so I do think that a transition period will be really important. I think FOFA there was an opt in early arrangement, I don't know that anyone ever took it up, but in this case this might be one where it would be appropriate and people might be happy to opt in early, I think.

The feedback we've had from all the stakeholders, other than ASIC themselves, perhaps, is that people are really nervous about ASIC. And so I think again, during any transition period, the more open ASIC is able to be and the more engaged ASIC and industry are together, the better that would the transition period will be.

I know that we've been asked about whether or not ASIC should have a ruling power in the same way that the ATO does. I haven't recommended and I'm not proposing to recommend that I think that the. The laws that ASIC regulated are quite different to tax laws, and so I would be nervous about giving ASIC the power of really a court to determine what the law requires because it would have, it could have very wide implications for consumers. So I, you know, I I don't think that is the right approach Lots of consultation, lots of talking guidance, particularly examples, that's one of the things that again we've been told that stakeholders really like examples, and the more close to those examples are to what they do, the better. So that would be fantastic.

And then finally, ASIC has previously adopted what they call a facilitative approach to compliance during transition periods so that people are who act in good faith, honestly, are not looking at penalty proceedings being brought by ASIC during that initial period, so that I think would be important. Consumers, of course, would always have to be able to bring claims for breaches of the law or unfair conduct.

George, Jordan

Right, thank you, Michelle. So I think that brings us to the end of the presentation today. So once again, Michelle, thank you for taking the time to explain your thinking behind the proposals which have been outlined in the proposals paper.

Just a final reminder to everyone who's tuning into this presentation that submissions are due by the 23rd of September. So a four week consultation period. So we really appreciate people to think about how these proposals may work in a real sense within your business that is providing advice and how they may affect consumers that you work with if you're advisor. And for consumer groups we'd love to hear how you think these proposals would impact upon consumers.

So I'd encourage everyone to read the paper, which will be published on the quality of advice review website. There are some cameos in there which try to explain the real world effects that these proposals are trying to implement, so have a look at those and be like I said at the top of a presentation, the template for submissions, which we've outlined some important questions, seeking feedback.

So thanks for your time today, Michelle. I hope everyone has found this presentation useful and we look forward to receiving your submissions. Thanks a lot.

Levy, Michelle

Thank you, Jordan.