

## Draft Corporations Amendment Regulations

The Federal Government has released Draft *Corporations Amendment Regulations* for public comment.

### Summary

- The proposals are a significant step towards reducing the regulatory burden on business.
- The ability to incorporate information by reference in disclosure documents will reduce the length of documents and allow for more meaningful disclosure.
- It will no longer be necessary to provide a financial services guide or a statement of advice when a product or advice is rejected by the client.
- The dollar disclosure requirements relating to general insurance products will be modified by enabling disclosure of the various costs and benefits of the product to be disclosed in the insurance policy schedule.
- There are changes to the application of the retail/wholesale test.

### Key proposals

1. A statement of advice (SOA) and financial services guide (FSG) would not have to be given to a client who clearly rejects a product or advice.
2. FSG's may:
  - a. be combined with a disclosure document under Chapter 6D (e.g. a prospectus);
  - b. not have to be updated where the change relates to information that is not materially adverse, provided clients can access the updated information at no charge; and
  - c. be standardised in relation to community-owned branches of banking licensees and individuals that are sub-authorized.
3. Where a superannuation trustee administers more than one fund, the net value of the funds could be aggregated for the purpose of treating the trustee as a wholesale client. However, the trustee needs to manage at least one fund of \$10 million or more.
4. Bundled general insurance products that are predominantly wholesale will be treated as totally wholesale.
5. In certain circumstances, 'badging' of a product would not be considered to be providing financial product advice.
6. Dollar disclosure relief would be extended to a general insurance product disclosure statement (PDS).
7. Information to be included in PDS's could be 'incorporated by reference' to other information sources, such as on websites.
8. Secondary service providers could be relieved of their obligations to retail clients in some situations.
9. Oral disclosure requirements for FSG's and SOA's would be reduced for products having a cooling-off period.
10. A provider of sickness & accident insurance or a provider of life risk insurance could treat a client as wholesale where cover is part of a package with workers' compensation insurance.

11. The enhanced fee disclosure obligations would apply to investment life insurance products.
12. The regulations would be amended to remove the obligation on public companies to notify ASIC as to the top 20 shareholders each year.

## **Feedback**

The Government has requested that feedback on the draft regulations be provided by 23 April.

Address written comments to:

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