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TAKING ACTION ON THE BANKING, SUPERANNUATION & FINANCIAL SERVICES ROYAL COMMISSION

The Morrison Government has today released exposure draft legislation to implement a further seven recommendations of the Banking, Superannuation and Financial Services Royal Commission.

The legislation will establish the Compensation Scheme of Last Resort (recommendation 7.1) and the Financial Accountability Regime (recommendations 3.9, 4.12, 6.6, 6.7 and 6.8).

The establishment of the Compensation Scheme of Last Resort will support ongoing confidence in the financial system's dispute resolution framework by facilitating the payment of compensation to eligible consumers who have received a determination for compensation from the Australian Financial Complaints Authority (AFCA) which remains unpaid.

The Financial Accountability Regime will extend the Banking Executive Accountability Regime to all APRA-regulated entities and will be jointly administered by APRA and ASIC. The Financial Accountability Regime imposes a strengthened responsibility and accountability framework within financial institutions, recognising that decisions taken by directors and the most senior executives of financial institutions are significant for millions of Australians and the Australian economy.

The Government is also releasing the Australian Securities and Investments Commission (ASIC) report into industry's transition away from grandfathered conflicted remuneration. The Government introduced legislation to remove grandfathering arrangements for conflicted remuneration from 1 January 2021 and to require product issuers to rebate these amounts to consumers.

Following a direction from the Government, ASIC's investigations found that financial product issuers had fully terminated 96 per cent of grandfathered conflicted remuneration arrangements by 31 December 2020 and approximately \$266.7 million had already been rebated to consumers over the period 1 July 2019 to 31 December 2020. A further \$24.4 million is estimated to be rebated to consumers during 2021.

Both the consultation package and ASIC report can be found at <https://treasury.gov.au/>

The Morrison Government remains committed to completing implementation of the Financial Services Royal Commission and in doing so ensuring Australians continue to have trust and confidence in a strong and effective financial system.

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