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Manager  
Financial Services Reform Taskforce  
The Treasury  
Langton Crescent  
PARKES ACT 2600

By email: [productregulation@treasury.gov.au](mailto:productregulation@treasury.gov.au)

Dear Manager

### **AFA Submission – Corporations Amendment (Design and Distribution Obligations) Regulations 2019**

The Association of Financial Advisers Limited (**AFA**) has served the financial advice industry for over 70 years. Our objective is to achieve *Great Advice for More Australians* and we do this through:

- advocating for appropriate policy settings for financial advice
- enforcing a Code of Ethical Conduct
- investing in consumer-based research
- developing professional development pathways for financial advisers
- connecting key stakeholders within the financial advice community
- educating consumers around the importance of financial advice

The Board of the AFA is elected by the Membership and all Directors are currently practicing financial advisers. This ensures that the policy positions taken by the AFA are framed with practical, workable outcomes in mind, but are also aligned to achieving our vision of having the quality of relationships shared between advisers and their clients understood and valued throughout society. This will play a vital role in helping Australians reach their potential through building, managing and protecting their wealth.

#### **Introduction**

The AFA is pleased to provide a submission in response to the consultation on the draft Design and Distribution Obligations Regulations. We welcome the development of these regulations and the additional clarity that they provide.

#### **AFA's comments with respect to the Corporations Amendment**

There is one important financial product where there is a greater level of uncertainty about the applicability of the Design and Distribution Obligations legislation and we would have liked to have seen this uncertainty addressed through this regulation. Self Managed Superannuation Funds

(SMSF) are classified as a financial product, however they are different from other financial products in a number of ways.

We believe that there are grounds for treating SMSFs differently, including the fact that they are more of a service than a product and are typically used to house other products that will be caught under the Design and Distributions Obligations legislation. In addition, the product provider is technically the trustees of the SMSF, who are also the members of the fund. Thus, the benefit of this legislation is less apparent in the case of SMSFs.

### **Concluding Remarks**

We encourage Treasury to update this regulation to specifically address the applicability of the Design and Distribution Obligations legislation for SMSFs.

The AFA welcomes further consultation with Treasury, should clarification of anything in this submission be required. Please contact us on (02) 9267 4003.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Kewin'.

**Philip Kewin**  
Chief Executive Officer  
Association of Financial Advisers Ltd