

AGENDA PAPER

Item Number: 7
Date of Meeting: 4 June 2026
Subject: Update on Financial Planning Services

Action required For discussion For noting For information

Purpose

To provide an update to the Board on the APES 230 *Financial Planning Services* (APES 230) project.

Background

APES 230 was issued in April 2013 and became effective on 1 July 2014, except for provisions relating to professional fees and third-party payments, which became effective a year later on 1 July 2015. APES 230 was revised in December 2019 (effective 1 July 2020) to align with the restructured Code, change the timing of written consent to continue charging fees on a percentage basis from biennial to annual and remove the expired transitional provisions.

Since APES 230 was first issued, the financial planning industry has undergone ongoing legislative and regulatory changes. APESB Technical Staff have monitored the changes and provided updates to the Board on the following:

- the Technical Staff's assessment of retail versus wholesale clients and the Australian Reform Commission's (ALRC) review of the financial services legislation (September 2021 Board meeting ([Agenda Item 6](#))).
- the cessation of the Financial Adviser Standards and Ethics Authority (FASEA), with ASIC's Financial Services Credit Panel (FSCP) becoming the single disciplinary body for financial advisers, including the FASEA Code, the transfer of the FASEA Code to Treasury, the commencement of Treasury's Quality Advice Review and the ALRC's first Interim Report (March 2022 Board meeting ([Agenda Item 7](#))).
- the Quality of Advice Review Final Report (QAR Final Report) led by Ms Michelle Levy, the Government's likely response to the QAR Final Report and the ALRC's Interim Report B Financial Services Legislation (May 2023 Board meeting ([Agenda Item 10](#))).
- the Government's initial response to the QAR Final Report and the release of the Delivering Better Financial Outcomes (DBFO) package (August 2023 Board meeting ([Agenda Item 10](#))).

- the Government's final response to the QAR Final Report and the release of the Australian Law Reform Commission (ALRC) Final Report (March 2024 Board meeting ([Agenda Item 8](#))).
- the enactment of the *Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Act 2024* (DBFO Act), representing Tranche 1 of Government legislation (September 2024 Board meeting ([Agenda Item 4](#))).
- the release of draft legislation, *Treasury Laws Amendment Bill 2025: Delivering better financial outcomes* as part of Tranche 2 reforms (June 2025 Board meeting ([Agenda Item 9](#))).

Matters for Consideration

Changes to legislation and regulations in the financial planning industry continue to evolve. This paper sets out some of the key developments since the last update on APES 230 was provided to the Board at the June 2025 Board Meeting.

Delivering Better Financial Outcomes (DBFO) Package

The DBFO package is the Government's response to the [QAR Final Report](#) 22 recommendations, delivered in two tranches: the initial response on 13 June 2023 ([Tranche 1](#)) and the final response on 7 December 2023 ([Tranche 2](#)).

The Government's QAR response and key legislative developments were presented to the Board in August 2023 ([Agenda Item 10 \(a\)](#)), March 2024 ([Agenda Item 8 \(a\)](#)), September 2024 ([Agenda Item 4 \(a\)](#)), and June 2025 ([Agenda Item 9 \(a\)](#)).

Tranche 1

In July 2024, Tranche 1 reforms were enacted via the [Treasury Laws Amendment \(Delivering Better Financial Outcomes and Other Measures\) Act 2024](#) (DBFO Act). The Act implemented 11 QAR recommendations (7, 8, 10, 13.1-13.5, 13.7-13.9), introducing changes to superannuation advice fee deductions, ongoing fee and consent requirements, Financial Services Guide flexibility, conflicted remuneration provisions, and standardised consent requirements for insurance.

In November 2024, ASIC [updated](#) its legislative instruments and regulatory guidance, releasing four new information sheets and revising two regulatory guides. Further details are available on the ASIC's [website](#).

Tranche 2

Since the passage of [Tranche 1](#) reforms, the Government issued a series of announcements throughout 2024-2025, outlining its plans for [Tranche 2](#) reforms, as set out below:

- July 2024: The Government [announced](#) the development of Tranche 2 legislation in the second half of 2024, which would address QAR recommendations 3 (Relevant Providers), 4 (Good Advice Duty), 5 (Statutory Best Interests Duty), 6 (Superannuation Advice) and 9 (Statement of Advice).
- December 2024: The Government [announced](#) plans for a new class of adviser restricted to providing financial advice on products issued by prudentially-regulated entities, with complex advice topics excluded through a regulatory blacklist.
- February 2025: The Government [announced](#) plans to reform the current education pathway for financial advisers. It also removed Stage 2 of ASIC's annual adviser registration to reduce unnecessary red tape for individual advisers.

- March 2025: Draft [Treasury Laws Amendment Bill 2025: Delivering better financial outcomes](#) (draft legislation) was [released](#) for consultation until 2 May 2025. It covers collectively charged advice and targeted prompts for superannuation members (QAR recommendation 6) and replaces Statements of Advice with Client Advice Records (QAR recommendation 9). [Additional consultation](#) was sought on the allowed, allowed-circumstances, and disallowed advice topic lists for collectively charged advice through superannuation.
- March 2025: The Government [reaffirmed](#) that further draft legislation will be developed to modernise the best interests duty (QAR recommendations 4 and 5) and create a new class of adviser (QAR recommendation 3). These changes are to be consolidated with the previously released [draft legislation](#) into a single package.

Following the May 2025 election, Dr Daniel Mulino [succeeded](#) Stephen Jones as Assistant Treasurer and Financial Services Minister. The Government has not yet indicated a timeframe for completing the next [Tranche 2](#) of DBFO reforms.

Investment Magazine [Chair Forum](#) on 4-5 February: Minister Mulino expressed concerns about legislating the proposed new class of adviser and about continuing DBFO, due to the Shield and First Guardian collapses. He did not want to commit to a specific timeline for progressing the DBFO draft legislation planned for 2026.¹

Professional Planner [Advice Policy Summit](#) on 23-24 February: Minister Mulino reassured the advice and pension industries that legislating advice reform remains “a high priority”. He acknowledged the slow progress of the DBFO draft legislation, attributing the delay to limited drafting resources and the legislation’s complexity.²

Strengthening the retirement phase of superannuation

On 23 February 2026, the Government released the Retirement Reporting Framework and Best Practice Principles for Superannuation Retirement Income Solutions, following [consultations](#) in August 2025. Building on the Retirement Income Covenant, these reforms aim to strengthen the retirement phase of superannuation and work in tandem with the DBFO package.

The [Principles](#) guide trustees in designing and delivering retirement income solutions in line with best practice. The [Framework](#) will collect data on industry progress and drive uplift to member outcomes through greater transparency. Read the Treasury’s [Media Release](#).

Education reform for financial advisers

On 17 March 2026, the Government launched [a consultation](#) on proposed reforms to the education standards for financial advisers, as part of the DBFO package, to help address the adviser supply shortage. The consultation closed on 17 April 2026.

Under the current pathway, new entrants must meet the qualifications standard, pass an exam, undertake the professional year, and subsequently continue with continuing professional education.

The proposed standard would require completion of three components: a bachelor’s degree or higher, four financial concepts subjects, and four accredited financial advice subjects. The remaining professional standards, including adviser exam, professional year and CPD

¹ Investment Magazine article, [DBFO new class of adviser unlikely to survive Shield, First Guardian fallout](#), 4 February 2026.

² Professional Planner article, [‘High priority’: Mulino ties DBFO to consumer protection](#), 23 February 2026.

requirements, remain unchanged. Further details are available in the Treasury's [Media Release](#) and [Consultation Paper](#).

Technical Staff noted strong support from professional bodies.³ In the [joint statement](#), the Joint Associations Working Group (JAWG), a coalition of 11 industry and professional bodies representing financial advisers, stockbrokers, accountants, superannuation trustees and investors (including CPA Australia, CA ANZ and IPA), strongly supported the education reforms, warning that rigid education settings have contributed to a critical shortage of financial advisers.

At the time this Agenda Paper was written, the Government had not yet passed the Tranche 2 draft legislation and had not yet proposed education reform for financial advisers. Technical Staff will continue to monitor developments related to the DFBO package.

Financial Planners and Advisors Code of Ethics 2019 – Review of FASEA Code

The FASEA Code will be reviewed following the implementation of the DFBO package to ensure it aligns with the Government's reforms to financial advice and remains fit for purpose. As Tranche 2 reform is still underway, Technical Staff will continue to monitor developments relating to the FASEA Code.

Australian Law Reform Commission (ALRC) - Financial Services Law Simplification

The Australian Law Reform Commission (ALRC) has undertaken an inquiry into simplifying the legislative framework for corporations and financial service regulations. The ALRC issued three Interim Reports: [Interim Report A](#), [Interim Report B](#), and [Interim Report C](#). Refer to updates provided to the Board in March 2022 ([Agenda Item 7](#)) and May 2023 ([Agenda Item 10](#)).

The ALRC issued its [Final Report](#) on 18 January 2024, outlining 58 recommendations, including the 23 previously released in the Interim Reports. To date, 13 recommendations from the Interim Reports have been implemented in full or in part. Refer to the update provided at the March 2024 Board meeting ([Agenda Item 8](#)).

At the time this Agenda Paper was written, the Government had not yet responded to the ALRC Final Report. Technical Staff will continue to monitor any developments relating to this inquiry.

ASIC – Regulatory Simplification

In November 2024, ASIC Chair Joe Longo [announced](#) the focus on regulatory simplification at the *ASIC Annual Forum: Bridging generations – regulating for all Australians*.

ASIC has since introduced measures to simplify regulation, reduce regulatory burdens, and improve stakeholder interactions⁴ as set out in the paper below. Meanwhile, peak industry bodies, including the Stockbrokers and Investment Advisers Association (SIAA), have urged ASIC to implement changes to regulations suggested through the ALRC's 58 recommendations.⁵

³ Accounting Daily article, [Professional bodies welcome proposed overhaul of financial adviser requirements](#), 22 April 2026.

⁴ Insurance Business article, [ASIC clears regulatory clutter, seeks more simplification ideas | Insurance Business](#), 3 September 2025

⁵ Independent Financial Adviser article, [ASIC needs regulatory reform, not simplification: SIAA - IFA](#), 23 October 2025.

ASIC slashes red tape and calls for further regulatory simplification proposals

In September 2025, ASIC released [Report 813 Regulatory Simplification](#) to seek feedback on its multi-year program focused on improving access to regulatory information, reducing complexity in regulatory instruments, making interaction with ASIC easier, and supporting simplification through law reform. The consultation closed on 15 October 2025.

The report also reveals that ASIC culled more than 9,240 pages of regulation, as it called for further ideas to simplify regulation. Read the ASIC's [Media Release](#).

ASIC Simplification Consultation Group (ASCG)

In 2025, ASIC Chair Joe Longo established the ASIC Simplification Consultative Group (ASCG) to provide ASIC with fresh thinking and practical ideas to address key issues of regulatory complexity within ASIC-administered laws.

The Group brings together senior leaders from consumer, business and industry organisations, including the Australian Institute of Company Directors, Consumer Action Law Centre, Super Consumers Australia, the Governance Institute, the Business Council of Australia, the Australian Chamber of Commerce and Industry and the Council of Small Business Organisations.

Expert Advisers Group

ASIC also established a group of expert advisers to provide technical advice on proposals from the ASCG and to contribute their own ideas. ASIC Commissioner Kate O'Rourke and Professor Andrew Godwin of Melbourne Law School coordinate this group.

Further details about ASIC's regulatory simplification work and initiatives are available on ASIC's [website](#).

Shield Master Fund and First Guardian – Systemic Fallout

While the paper above references Minister Mulino's hesitation on the DBFO package arising from the Shield and First Guardian collapse, the broader regulatory and enforcement consequences are significant and ongoing. The collapse of the Shield Master Fund and First Guardian left approximately \$1.2 billion of retirement savings of around 11,000 Australians at risk. ASIC alleged multiple issues, including mislabelled risk profiles, misuse of member money, and failures across the advice chain – from telemarketers and financial advisers to platforms, licensees, ratings houses, and auditors.

Key regulatory and enforcement developments include:

1. ASIC banned multiple advisers from [MWL Financial Services](#) and [United Global Capital](#) for inappropriate advice related to Shield and First Guardian, with bans ranging from three to eight years.
2. APRA warned platform [trustees to lift their governance standards](#) or face tougher regulatory oversight, finding that some trustees were over-reliant on external ratings agencies for due diligence and lacked systems to flag emerging investment product risks. [Macquarie agreed to remediate \\$321 million](#) in superannuation investments into Shield for around 3,000 members of the Macquarie Superannuation Plan.

3. As recently as May 2026, [Treasury has been consulting on whether to extend the Your Future Your Super \(YFYS\)](#) performance test to externally managed products such as those in the Shield and First Guardian master funds, which were previously outside the test's scope.

Technical Staff will monitor legislative and enforcement responses to the collapse of the Shield and First Guardian, including any implications for the professional standards applicable to members providing financial planning services.

AML/CTF Tranche 2 – New Obligations for Accountants and Financial Planners

On 29 August 2025, AUSTRAC tabled the Anti-Money Laundering and Counter-Terrorism Financing Rules 2025 ([AML/CTF Rules 2025](#)) in Parliament, following amendments to the AML/CTF Act passed in November 2024. These represent the most significant changes to Australia's AML/CTF laws in nearly two decades and are directly relevant to members of the professional accounting bodies.

[The reforms extend the AML/CTF regime to "Tranche 2" entities](#). This category directly captures accountants, lawyers, conveyancers, real estate agents, trust and company service providers, and dealers in precious metals and stones. The key compliance milestones are:

1. **31 March 2026:** Changes to obligations for existing reporting entities and virtual asset service providers take effect. Tranche 2 entities may commence enrolment with AUSTRAC from this date.
2. **1 July 2026:** Full AML/CTF obligations commence for Tranche 2 entities. An estimated 80,000–90,000 new reporting entities – including accounting and financial planning practices – will be required to be enrolled with AUSTRAC, have an AML/CTF program in place, and be ready to report suspicious matters.

[Obligations for Tranche 2 entities](#) will include mandatory enrolment with AUSTRAC, customer due diligence (including identity verification and beneficial ownership checks), suspicious matter reporting, cash transaction reporting, record-keeping for at least seven years, a risk-based AML/CTF program subject to independent review every three years, and an annual compliance report. Senior leadership will bear personal accountability for compliance.

Technical Staff note that the AML/CTF Tranche 2 obligations will apply to professional accountants who are involved in financial services. APES 230 already contemplates AML/CTF reporting obligations: paragraph 3.16 specifically identifies the reporting of suspected money laundering activities to AUSTRAC under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 as an example of confidential information that may be required or authorised by law to be disclosed.

The Tranche 2 reforms will significantly expand the practical scope of what paragraph 3.16 currently contemplates, by imposing comprehensive and mandatory AML/CTF program, reporting and record-keeping obligations on members who were previously outside the regime. Technical Staff will monitor the implementation of the AML/CTF reforms and assess whether any guidance on APES 230 or other standards may be required.

ASIC Reviews – SMSF Establishment Advice and Lead Generation Services

SMSF Establishment Advice – REP 824

In November 2025, ASIC released [Report 824](#) (REP 824) following a review of personal SMSF establishment advice provided to retail clients. The purpose of the review was to understand why some retail clients are being advised to establish an SMSF even where an SMSF is not suitable or beneficial for them and may adversely affect their retirement outcomes.

[ASIC reviewed](#) 100 advice files across 27 financial advisers and 12 advice licensees. The review identified several key themes, including misalignment between client circumstances and SMSF suitability, weaknesses in licensee oversight, and inadequate documentation of the basis for SMSF recommendations. Given that many members of the professional accounting bodies provide SMSF-related financial planning services, the findings of REP 824 are relevant to members' compliance with APES 230, which also addresses these matters.

Review of Advice Licensees Using Lead Generation Services

In February 2026, [ASIC commenced a new review](#) of advice licensees that use lead generation services. This review was initiated in direct response to practices exposed in the Shield and First Guardian collapses, in which telemarketers were found to have played a significant role in directing clients toward unsuitable, high-risk products. The review will examine whether licensees are taking adequate steps to ensure that leads generated through third-party services result in compliant and appropriate financial advice. ASIC has signalled that findings will be published in a public report.

Technical Staff will monitor the outcomes of both ASIC reviews and consider the implications for APES 230.

Impact of legislative reforms APES 230 *Financial Planning Services*

In [Agenda Item 8](#) of the March 2024 Board meeting, Technical Staff conducted a high-level assessment of the recommendations from the ALRC Final Report and DBFO package, identifying three key areas that could impact APES 230:

a) *To reform the Statement of Advice (recommendation 9 of the DBFO Package, Tranche 2)*

The [draft Tranche 2 legislation](#), released in July 2024, proposes replacing Statement of Advice with a more fit-for-purpose Client Advice Record. This may require APES 230 to introduce a new definition of 'Client Advice Record' and remove the extant definition of 'Statement of Advice'.

As noted in this paper, the Government has not indicated a timeframe for finalising Tranche 2 reforms. Once enacted, Technical Staff will need to assess their impacts on the extant APES 230 requirements in Section 5: *Terms of the Financial Planning Services*, Section 6: *The basis of preparing and reporting Financial Planning Advice*, and Section 11: *Documentation and quality control*.

b) *To modernise the Best Interests Duty (recommendations 4 and 5 of the DBFO Package, Tranche 2)*

The Government has not progressed these QAR recommendations in the draft Tranche 2 legislation. Technical Staff will continue to monitor developments in the DBFO reforms and their implications for APES 230.

c) *To have a single definition of "Financial Product" and "Financial Service" in the Corporations Act 2001 (recommendation 31 of the ALRC Final Report)*

The Government is yet to respond to the ALRC Final Report issued in January 2024. Technical Staff will continue to monitor this review and its impact on APES 230.

As the Government continues its DBFO reforms, Technical Staff will monitor the developments noted in this paper to determine whether any revisions to APES 230 are required.

Impact on small and medium practices (SMPs)

There are no proposed changes to APES 230 at this stage. However, the Tranche 2 AML/CTF obligations are likely to have a significant impact on SMPs. Technical Staff will continue to monitor these changes and consider their effects in any future deliberations related to APES 230.

Way Forward

Technical Staff propose continuing to monitor the legislative and regulatory environment in financial planning. The Board will receive further updates during future meetings.

Recommendations

That the Board note the update on the APES 230 project.

Authors: Channa Wijesinghe
Ann Chang

Date: 15 May 2026