

Friday 8 May 2020

## **20-109MR ASIC defers commencement of mortgage broker reforms and design and distribution obligations**

ASIC today announced it will defer the commencement date of the mortgage broker best interest duty and remuneration reforms and the design and distribution obligations for six months from their original commencement dates, given the significant impact of COVID19 on the Australian economy, especially on the financial system and consumers.

ASIC will defer the commencement date for the mortgage broker reforms until 1 January 2021. ASIC will defer the commencement date for the design and distribution obligations until 5 October 2021. The deferral of these reforms follows, and is consistent with, the Government's announcement today to defer by six months the implementation of commitments associated with the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry as a result of the significant impacts of COVID-19.

ASIC has deferred the commencement dates so industry participants can focus on immediate priorities and the needs of their customers at this difficult time. In making this decision, ASIC also had regard to the important protections for consumers that these requirements introduce. We expect entities will continue preparing for commencement on the extended timeline. ASIC has also conveyed our expectations of meeting consumer needs at this time, including directly to lenders and insurers. [More information regarding ASIC's response to COVID-19 is available at ASIC's website.](#)

The new mortgage broker obligations were legislated by Parliament in response to [Recommendations 1.2 and 1.3 of the Royal Commission](#). These obligations were to commence on 1 July 2020.

The design and distribution obligations were originally to commence on 5 April 2021, following a two-year transition period.

ASIC released draft guidance on the mortgage broker best interests duty for consultation on 20 February 2020. Consultation closed on 20 March. Draft guidance for the design and distribution obligations was released for consultation on 19 December 2019, with consultation closing on 11 March 2020. We accepted a number of submissions after these dates due to COVID-19 disruption. ASIC will continue to work towards releasing final guidance on both reforms in mid-2020 responding to industry requests for that guidance to be finalised as soon as possible.

Unless otherwise indicated in this document, it is Copyright of the Commonwealth of Australia and the following applies:

Copyright Commonwealth of Australia.

This material does not purport to be the official or authorised version. Reproduction and use of this material is subject to a [Creative Commons Attribution-NonCommercial-ShareAlike 3.0 Australia License](#).

You should make independent inquiries and obtain appropriate advice before relying on the information in any important matter.

This document has been distributed by LexisNexis Australia. All queries regarding the content should be directed to the author of this document.