



ASIC
Australian Securities &
Investments Commission

Explanatory Statement

ASIC Corporations (Basic Deposit and General Insurance Product Distribution) Instrument 2025/520 and ASIC Corporations (Repeal) Instrument 2025/519

This is the Explanatory Statement for *ASIC Corporations (Basic Deposit and General Insurance Product Distribution) Instrument 2025/520* and *ASIC Corporations (Repeal) Instrument 2025/519*.

The Explanatory Statement is approved by the Australian Securities and Investments Commission (ASIC).

Summary

1. *ASIC Corporations (Basic Deposit and General Insurance Product Distribution) Instrument 2025/520* (**Instrument 2025/520**) provides relief from the requirement for an Australian financial services (AFS) licensee to appoint a distributor of a basic deposit product or general insurance product as its authorised representative.
2. Instrument 2025/520 remakes *ASIC Corporations (Basic Deposit and General Insurance Product Distribution) Instrument 2015/682* (**Instrument 2015/682**), originally made in 2015 and subsequently amended, which will sunset under section 50 of the *Legislation Act 2003* on 1 October 2025.
3. *ASIC Corporations (Repeal) Instrument 2025/519* repeals Instrument 2015/682.

Purpose of the instruments

4. Instrument 2025/520 allows AFS licensees who are authorised to deal in basic deposit products and general insurance products (**licensees**) to avoid the requirement to appoint persons who deal in these products on their behalf (**distributors**) as authorised representatives.
5. Instrument 2025/519 repeals Instrument 2015/682.

Reasons for making Instrument 2025/520

6. Part 7.6 of the *Corporations Act 2001* (**Act**) allows AFS licensees to appoint authorised representatives to provide financial services on their behalf. AFS licensees are required to notify ASIC of any appointments and changes (such as revocation and variation) of authorised representatives. Authorised

representatives are then subject to their own disclosure obligations under Part 7.7 of the Act, including the requirement to provide a Financial Services Guide (FSG).

7. ASIC first made Instrument 2015/682 in 2015 to:
 - reduce unnecessary or disproportionately burdensome regulatory requirements in relation to the authorisation of distributors of basic deposit products and general insurance products;
 - facilitate use of wider distribution networks to promote access to basic deposit products and general insurance products (particularly in locations where issuers of basic deposit products and general insurance products have a limited corporate presence); and
 - ensure that consumers continue to receive the same level of protection when purchasing basic deposit products or general insurance products through distributors that they would receive if they dealt directly with the product issuer.
8. Instrument 2015/682 combined relief previously provided by two separate class orders: Class Order [CO 04/909] *Agency banking* and Class Order [CO 05/1070] *General insurance distributors*.

Reasons for remaking the relief in Instrument 2015/682

9. ASIC has reviewed the operation of Instrument 2015/682 and has assessed it as operating efficiently and effectively. ASIC has also assessed that AFS licensees still rely on the relief. Accordingly, ASIC is remaking the relief in Instrument 2015/682 by making Instrument 2025/520.

Balancing consumer protection and regulatory burden

10. Instrument 2025/520 balances consumer protection objectives against a licensee's regulatory burden and compliance costs by allowing a licensee to appoint a distributor who is not their authorised representative under conditions that mitigate potential consumer risks consequent to the relief.
11. ASIC considers that licensees could be deterred from appointing authorised representatives to distribute their products because of the costs involved in satisfying authorised representative requirements. This has potential to restrict consumer access to basic deposit products and general insurance products, particularly in regional or remote areas where it is less likely that product issuers have a corporate presence.
12. ASIC considers that any potential consumer risks associated with the relief are mitigated by imposing limitations on who a licensee can appoint as a distributor and what a distributor can do, and by maintaining consumer protection obligations imposed on licensees by the Act.

Consultation

12. ASIC consulted publicly on its proposal to remake the relief in Instrument 2015/682. On 28 May 2025, ASIC issued a news item summarising our proposal to remake the relief and seeking submissions.
13. ASIC received one submission, which was generally supportive of the proposal.

Operation of the instruments

13. Instrument 2025/520 operates in relation to a basic deposit product as defined in section 9 of the Act, or in relation to a general deposit product as defined in sections 9 and 764A(1)(d) of the Act.
14. Instrument 2025/520 modifies Part 7.6 of the Act by removing technical requirements in relation to authorised representatives. Licensees can avoid statutory requirements relating to authorised representatives, including the requirements to notify ASIC of an appointment and to maintain the currency of information about representatives in ASIC's registers. The requirement for a distributor to provide a FSG to a consumer is also removed.
15. Instrument 2025/520 provides relief subject to certain conditions.
 1. There are limits on who a licensee can appoint as a distributor. A licensee can:
 - a. appoint any person as a distributor except:
 - a person who is its authorised representative; or
 - a person who is prohibited from providing the relevant service by a banning order under Part 7.6 of the Act (sections 920B and 920C of the Act).
 - b. consent to a distributor that is not an individual sub-contracting a specified person or a specified class of persons (the membership of which might change from time to time) to act as a distributor.
 2. There are limits on what a distributor can do. A distributor acting on behalf of a licensee:
 - can deal in basic deposit products;
 - can deal in general insurance products;
 - can deal in bundled consumer credit insurance products (i.e. consumer credit insurance products that include a life insurance component); and
 - cannot provide financial product advice.

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3. Certain consumer protection obligations imposed on licensees for their authorised representatives by the Act are maintained
 - a. A licensee is responsible for its distributors in the same way as it is responsible for its authorised representatives, including:
 - to ensure its distributors are adequately trained and supervised; and
 - to take reasonable steps to ensure distributors comply with the financial services law.
 - b. A licensee must take reasonable steps to ensure retail clients are given information about:
 - the availability of the licensee's dispute resolution system; and
 - if a distributor is dealing in insurance products, the capacity in which the distributor is acting and the remuneration received, or to be received, by the distributor.
 - c. Distributors are representatives of the licensee for the purpose of liability provisions, and consumers have recourse to the licensee in relation to a distributor's conduct
 4. The appointment of a distributor by a licensee must be in writing.
 16. Instrument 2025/519 repeals Instrument 2015/682 on the day after it is registered on the Federal Register of Legislation.

Legislative instruments and primary legislation

17. The subject matter and policy implemented by Instrument 2025/520 is more appropriate for a legislative instrument rather than primary legislation because the matters contained in the instrument apply to only a relatively small subset of financial products. If the matters in the instrument were to be inserted into the primary legislation, they would insert, into an already complex statutory framework, a set of specific provisions that would apply only to a relatively small group of entities. This would result in additional cost and unnecessary complexity for other users of the primary legislation.
18. It will be a matter for the Government and for Parliament to consider whether the Act or the *Corporations Regulations 2001* may need to be amended in the future to include the substance of Instrument 2025/520 in legislation.
19. The subject matter and policy implemented by Instrument 2025/519 is more appropriate for a legislative instrument rather than primary legislation because the instrument repeals the operation of Instrument 2015/682, which is itself a legislative instrument.

Duration of the instrument

20. The duration of Instrument 2025/520 is 5 years. This period is appropriate to provide certainty for industry while the Government decides whether to amend the primary legislation.

Legislative authority

21. Both Instrument 2025/520 and Instrument 2025/519 are made under section 926A(2)(c) and of the Act.
22. Section 926A(2)(c) of the Act provides that ASIC may declare that Part 7.6 (other than Divisions 4 and 8) applies in relation to a person or financial product, or a class of persons or financial products, as if specified provisions were omitted, modified or varied as specified in the declaration.
23. Instrument 2025/519 is made through the exercise of power as expressed in section 33(3) of the *Acts Interpretation Act 2001* (**AI Act**).
24. Section 33(3) of the AI Act provides that where an Act confers a power to make, grant or issue any instrument of a legislative or administrative character (including rules, regulations or by - laws) the power shall be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal, rescind, revoke, amend, or vary any such instrument.
25. Both Instrument 2025/520 and Instrument 2025/519 are disallowable legislative instruments.

Statement of Compatibility with Human Rights

19. The Explanatory Statement for a disallowable legislative instrument must contain a Statement of Compatibility with Human Rights under subsection 9(1) of the *Human Rights (Parliamentary Scrutiny) Act 2011*. A Statement of Compatibility with Human Rights is in the Attachment.

Attachment

Statement of Compatibility with Human Rights

This Statement of Compatibility with Human Rights is prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

ASIC Corporations (Basic Deposit and General Insurance Product Distribution) Instrument 2025/520 and ASIC Corporations (Repeal) Instrument 2025/519

Overview

1. *ASIC Corporations (Basic Deposit and General Insurance Product Distribution) Instrument 2025/520 (Instrument 2025/520)* provides regulatory relief for Australian financial services licensees who provide basic deposit products or general insurance products from the technical requirement to appoint a distributor who deals in those products on its behalf as its authorised representative. Instrument 2025/520 preserves the effect of the relief provided in *ASIC Corporations (Basic Deposit and General Insurance Product Distribution) Instrument 2015/682*, which has a sunset date of 1 October 2025.
2. The relief provided by Instrument 2025/520 does not remove or reduce any of the consumer protection obligations imposed on AFS licensees by the *Corporations Act 2001*. This ensures that consumers who access basic deposit or general insurance products offered under the relief have the same protections they would have received had they dealt directly with the provider.
3. *ASIC Corporations (Repeal) Instrument 2025/519 (Instrument 2025/519)* repeals *ASIC Corporations (Basic Deposit and General Insurance Product Distribution) Instrument 2015/682*.

Assessment of human rights implications

4. Neither Instrument 2025/520 nor Instrument 2025/519 engages any of the applicable rights or freedoms.

Conclusion

5. Both Instrument 2025/520 and Instrument 2025/519 are compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.