



ASIC

Australian Securities & Investments Commission

[CO 03/1048]

Mortgage offset accounts

Issued 8/12/2003

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Class Order [CO 03/1048] provides that an Australian financial services licence is not required for the provision of a financial service that consists of advising or arranging in relation to a mortgage offset account (including any non-cash payment facility that is part of a mortgage offset account), on the condition that the provider of the service is a member of an eligible external dispute resolution scheme.

Australian Securities and Investments Commission
Corporations Act 2001 — Paragraph 911A(2)(l) — Exemption

Under paragraph 911A(2)(l) of the *Corporations Act 2001* (the “Act”) the Australian Securities and Investments Commission (“ASIC”) exempts each person who is a member of an eligible external dispute resolution scheme from the requirement to hold an Australian financial services licence for the provision of the following financial services:

1. financial product advice relating to a mortgage offset account;
2. arranging for another person to apply for, acquire, vary or dispose of a mortgage offset account.

Interpretation

In this instrument:

“eligible external dispute resolution scheme” means an external dispute resolution scheme that:

- (a) is approved by ASIC for the purposes of subparagraph 912A(2)(b)(i) of the Act; and
- (b) may, under its rules, deal with disputes in relation to mortgage offset accounts;

“financial product advice” has the meaning given by section 766B of the Act; and

“mortgage offset account” means a deposit product (within the meaning of section 761A of the Act) that is a facility in relation to which either of the following paragraphs is satisfied:

- (a) the amount standing to the credit of the facility from time to time is notionally offset against the balance of a loan entered into by the depositor with the provider of the facility, and interest on the loan is calculated by reference to the notionally-reduced loan balance; or
- (b) interest payable on a loan entered into by the depositor with the provider of the facility is periodically reduced by an amount that would otherwise accrue as interest or other earnings on the amount standing to the credit of the facility from time to time.

Commencement

This instrument commences on gazettal.

Dated this 8th day of December 2003

Signed by Brendan Byrne
as a delegate of the Australian Securities and Investments
Commission