

28 April 2026

Investment Management Team
Australian Securities and Investments Commission
By email: IM.sunsettingconsultation@asic.gov.au

CS 47 – Proposed remake of relief for managed discretionary account services

Dear ASIC,

WT Financial Group Limited (ASX: WTL) welcomes the opportunity to provide feedback on the proposed remake of ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968 (the Instrument). WT Financial Group is one of Australia's largest financial adviser networks, operating through our Wealth Today, Sentry Advice, Synchron Advice, and Millennium3 subsidiaries, with one of our group entities operating as an MDA operator. This submission draws on our experience across approximately 400 independently owned advice practices, but the issues we raise are not unique to our group – they reflect challenges experienced widely across the MDA sector.

We strongly support the continuation of the MDA relief. The Instrument plays an essential role in the financial services landscape, enabling advisers to deliver efficient, personalised portfolio management to retail clients. Without this relief, the regulatory burden of full managed investment scheme registration would be disproportionate to the nature of MDA services and would undermine the viability of MDAs as a service model.

A key benefit of the current framework is that MDA providers are not required to register as managed investment schemes or comply with the financial requirements applicable to responsible entities, including net tangible asset requirements. This distinction is appropriate and should be maintained. MDA providers are already subject to the financial requirements of their AFS licence, which provide proportionate prudential oversight. Imposing scheme-level capital requirements on MDA providers would significantly increase costs across the sector without a corresponding improvement in client outcomes, and would risk undermining the viability of the MDA service model – particularly for smaller licensees. We encourage ASIC to maintain this aspect of the current framework in the remake Instrument.

However, the regulatory environment has changed materially since the Instrument commenced in 2016. The remake presents a timely opportunity to ensure the MDA framework remains fit for purpose, both by addressing areas where the Instrument has created unnecessary compliance friction for the profession and by aligning the relief with the direction of broader legislative reform. Our recommendations fall under four themes.

1. Alignment with the Delivering Better Financial Outcomes reforms

The Instrument was drafted in 2016 against the legislative framework as it then stood. Since that time, the Delivering Better Financial Outcomes (DBFO) reform package has substantially reshaped the advice landscape. Tranche 1, which commenced in mid-2024 and early 2025, has already removed the Fee Disclosure Statement and reformed ongoing fee consent requirements. Tranche 2 draft legislation, consulted on through May 2025, proposes replacing the Statement of Advice (SOA) with a Client Advice Record (CAR).

The Instrument and RG 179 are built around the SOA framework. The investment program must comply with SOA requirements under Division 3 of Part 7.7. The annual review must be documented through an SOA. References to the SOA appear throughout the conditions of relief. If the Instrument is remade for a further period of up to ten years, these provisions risk being immediately misaligned with the Corporations Act once Tranche 2 is enacted. This is not a concern unique to any individual MDA provider – it is a structural issue that will affect every participant in the MDA sector.

We recommend that ASIC:

- (a) draft the remade Instrument with flexible definitional references that can accommodate the transition from SOA to CAR without requiring a further amendment – for example, by referring to “a statement of advice or client advice record (as applicable)” or adopting a technology-neutral term such as “advice record”; and
- (b) remake the Instrument for a shorter period (three to five years rather than ten), with a commitment to review its alignment with the DBFO reforms once Tranche 2 commences.

This approach avoids the need for ASIC to delay the remake, while ensuring the Instrument does not lock in a framework that is already overtaken by legislative reform.

2. Investment program review requirements

The Instrument currently requires the investment program (including the MDA contract) to be reviewed at least every 13 months. While the principle that investment programs should remain appropriate to each client’s circumstances is sound, the rigid annual cycle imposes a compliance burden on the profession that is not always proportionate to the client protection benefit it delivers.

Many MDA clients have stable, long-term portfolios where neither their circumstances nor the investment strategy have materially changed. The annual review in these cases becomes a largely administrative exercise that consumes adviser and licensee resources without producing a meaningful reassessment for the client. For smaller advice practices in particular, the volume of reviews required within a 13-month window can be a significant operational constraint.

We recommend that ASIC replace the fixed 13-month review cycle with a risk-based approach, supplemented by a longer outer time limit. Specifically, a review of the investment program should be required when there is a material change in the client's relevant circumstances or in the investment program, with a maximum outer limit of 24 to 36 months in all cases. This would ensure that reviews occur when they are genuinely needed, while retaining a backstop that protects clients from being overlooked. It would also be consistent with the general direction of the DBFO reforms, which emphasise outcomes over procedural compliance.

3. Disclosure and reporting modernisation

The disclosure and reporting requirements in the Instrument have accumulated over time and would benefit from rationalisation. Three areas in particular warrant attention.

First, the MDA-specific FSG content requirements overlap significantly with the general FSG obligations under Part 7.7 of the Corporations Act. This results in lengthy, repetitive documents that do not assist clients in understanding the MDA service. We encourage ASIC to review the additional FSG content requirements with a view to removing provisions that duplicate the general law.

Second, the quarterly transaction reporting requirements are increasingly difficult to justify in a modern advice environment. The vast majority of MDA clients now access their portfolios through regulated platforms that provide real-time online visibility of holdings, transactions, and performance. A mandated quarterly report adds cost to the profession without adding information that clients do not already have. We recommend that ASIC permit MDA providers to satisfy the quarterly reporting obligation through ongoing digital access to portfolio information, rather than requiring a separate periodic report.

Third, the requirement that fee disclosure in MDA contracts be consistent with Schedule 10 of the Corporations Regulations — as if the MDA contract were a PDS for a registered scheme — is complex to implement and creates duplication with fee information already provided in the advice record. With the removal of the Fee Disclosure Statement under DBFO Tranche 1, there is an opportunity to simplify and consolidate the fee disclosure framework for MDAs so that it aligns with the streamlined approach being adopted across the broader advice industry.

4. Breach reporting simplification

The Instrument requires MDA providers to notify ASIC of breaches within 10 business days of becoming aware of the breach or likely breach. When this requirement was introduced in 2016, it was the primary mechanism for breach notification in the MDA context.

Since then, the reportable situations regime under section 912D of the Corporations Act commenced on 1 October 2021. This regime imposes its own reporting obligations and timeframes on all AFS licensees, including in respect of significant breaches. The continued existence of the MDA-specific breach reporting requirement alongside the

reportable situations regime creates uncertainty across the profession about whether dual reporting is required and which timeframes apply in any given situation.

We recommend that ASIC remove the MDA-specific breach reporting requirement from the remade Instrument, or at a minimum clarify its interaction with the reportable situations regime, so that MDA providers are not subject to duplicative or conflicting obligations. We note that ASIC has taken a similar rationalisation approach in other recent sunseting consultations.

Conclusion

WT Financial Group strongly supports the continuation of the MDA relief and commends ASIC for consulting on the remake. The Instrument has served the profession and consumers well since 2016. However, the regulatory landscape has changed materially in the intervening decade, and the remake is an appropriate opportunity to ensure the Instrument remains fit for purpose for the entire MDA sector.

We would welcome the opportunity to discuss any aspect of this submission with ASIC.

Yours faithfully,

A black rectangular redaction box covering the signature area.