



**ASIC**  
Australian Securities &  
Investments Commission

REGULATORY GUIDE 126

# Compensation and insurance arrangements for AFS licensees

November 2024

## About this guide

This guide is for AFS licensees and their representatives, advisers and insurers.

It sets out how ASIC administers the compensation requirements for retail clients under s912B of the Corporations Act.

## About ASIC regulatory documents

In administering legislation ASIC issues the following types of regulatory documents.

**Consultation papers:** seek feedback from stakeholders on matters ASIC is considering, such as proposed relief or proposed regulatory guidance.

**Regulatory guides:** give guidance to regulated entities by:

- explaining when and how ASIC will exercise specific powers under legislation (primarily the Corporations Act)
- explaining how ASIC interprets the law
- describing the principles underlying ASIC's approach
- giving practical guidance (e.g. describing the steps of a process such as applying for a licence or giving practical examples of how regulated entities may decide to meet their obligations).

**Information sheets:** provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

**Reports:** describe ASIC compliance or relief activity or the results of a research project.

## Document history

This guide was issued in November 2024 and is based on legislation and regulations as at the date of issue.

Previous versions:

- Superseded Regulatory Guide 126, issued November 2007, reissued March 2008, October 2009, December 2010, August 2017, July 2020 and July 2022

## Disclaimer

This guide does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

Examples in this guide are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

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## A Overview

### Key points

If you provide financial services to retail clients, you must have arrangements for compensating those clients for breaches of Ch 7 of the *Corporations Act 2001* (Corporations Act). The primary way to comply with this obligation is to have professional indemnity (PI) insurance.

We administer the PI insurance requirements in order to, as far as possible, reduce the risk that an Australian financial services (AFS) licensee is unable to provide compensation to a retail client because of insufficient financial resources.

To reduce this risk, we aim to raise the standard of available PI insurance for AFS licensees. However, PI insurance is not a guarantee that compensation will be paid if there is a claim.

## The compensation requirements

RG 126.1 Under s912B of the Corporations Act, AFS licensees must have arrangements for compensating retail clients for losses they suffer as a result of a breach by the licensee or its representatives of their obligations in Ch 7 of the Corporations Act.

Note 1: In this guide, references to sections (s), chapters (Chs) and parts (Pts) are to the Corporations Act, unless otherwise specified. References to regulations (regs) are to the *Corporations Regulations 2001* (Corporations Regulations), unless otherwise specified.

Note 2: Our guidance on compensation and insurance arrangements for credit licensees is set out in Regulatory Guide 210 *Compensation and insurance arrangements for credit licensees* ([RG 210](#)).

RG 126.2 These arrangements must:

- (a) satisfy the requirements in the Corporations Regulations, which are that licensees must obtain PI insurance that is adequate, considering the nature of the licensee's business and its potential liability for compensation claims (see reg 7.6.02AAA); or
- (b) be approved by ASIC as alternative arrangements.

RG 126.3 Section C of this guide sets out what we regard as the minimum requirements for adequate PI insurance. Section D provides information about when we will approve alternative arrangements.

RG 126.4 The Corporations Regulations also provide exemptions from the requirements for some AFS licensees that are regulated by the Australian Prudential Regulation Authority (APRA) or are related to an entity regulated by APRA: see reg 7.6.02AAA(3) and Section E of this guide.

- RG 126.5 In this guide, the requirements in the Corporations Act and Corporations Regulations are referred to as the ‘compensation requirements’.

## Our general approach

### Our objective

- RG 126.6 Our objective in administering the compensation requirements is to reduce the risk that a retail client’s losses (due to breaches of Ch 7 for which an AFS licensee is responsible) cannot be compensated by a licensee because of a lack of financial resources (referred to in this guide as the ‘policy objective’).

### What this means for AFS licensees and consumers

- RG 126.7 Our approach to administering the compensation requirements means that all AFS licensees that provide financial services to retail clients must have PI insurance that meets the minimum standards in Section C, unless an exemption applies.
- RG 126.8 It is important, however, to recognise the limitations of PI insurance as a consumer protection mechanism.
- RG 126.9 PI insurance is not designed to protect consumers directly and is not a guarantee that compensation will be paid. It is designed to protect the insured (i.e. the AFS licensee) against the risk of financial losses arising from poor quality services (e.g. poor advice or execution of services) and other misconduct by a financial services provider (e.g. fraud by its representatives).
- RG 126.10 The insurance is not intended to cover product failure or general investment losses, claims for loss solely as a result of the failure (e.g. insolvency) of a product issuer or where a return on a financial product has not met expectations. Nor is it intended to underwrite the products of a product issuer.
- RG 126.11 We recognise that the PI insurance that is currently available in the market is unlikely to provide a source of funds when an AFS licensee has become insolvent before the claim was brought. Ideally, insurance policies would continue to cover the licensee after it has become insolvent or otherwise ceased business, but we understand that this insurance is generally not available in the current market to the average licensee. We also recognise that insurers may exclude some areas of cover in policies for risk management reasons.

## Complying with the compensation requirements

RG 126.12 Table 1 sets out what you must do to meet the minimum PI insurance requirements.

**Table 1: What you must do to comply**

Who	What you must do	When
<b>New AFS licensees</b>	<p>If you are applying for an AFS licence, you will need to confirm in your application that you have:</p> <ul style="list-style-type: none"> <li>adequate PI insurance in place; or</li> <li>a process to ensure that you will have adequate PI insurance in place when your AFS licence takes effect.</li> </ul> <p>We will ask questions about your proposed compensation arrangements, including:</p> <ul style="list-style-type: none"> <li>the insurer and the type and level of PI insurance you have (or will have) in place;</li> <li>the scope of the cover; and</li> <li>whether the policy meets the minimum standards (see Section C).</li> </ul> <p>You must also provide ASIC with a certificate of currency of the PI insurance policy before your AFS licence will be granted.</p>	<p>When you apply for your AFS licence.</p> <p>You must have the insurance in place by the date your AFS licence commences.</p>
<b>Existing AFS licensees</b>	<p>You must have PI insurance that complies with the standards set out in Section C, unless an exemption applies or you have alternative arrangements in place that we have approved.</p>	<p>Since 1 January 2010.</p>
<b>Alternative arrangements</b> (we may approve alternative arrangements to PI insurance)	<p>You must lodge an application addressing the issues set out in Section D.</p>	<p>When you want to have alternative arrangements to PI insurance.</p> <p>You should allow enough time:</p> <ul style="list-style-type: none"> <li>for your application to be assessed; and</li> <li>to obtain the required PI insurance if your arrangements are not approved.</li> </ul>
<b>Exempt AFS licensees</b> (some AFS licensees are exempt)	<p>Some AFS licensees can rely on an exemption under the Corporations Regulations: see Section E.</p> <p>If required, you must lodge an application for approval of a guarantee.</p>	<p>Not applicable.</p>

## AFS licensees with specific PI insurance requirements

RG 126.13 The following groups of AFS licensees are subject to specific PI insurance requirements either as a condition of their AFS licence or under the terms of an ASIC instrument:

- (a) responsible entities of registered schemes and corporate directors of retail corporate collective investment vehicles (CCIVs)—see Pro Forma 209 *Australian financial services licence conditions* ([PF 209](#));
- (b) investor directed portfolio service (IDPS) operators—see [ASIC Corporations \(Investor Directed Portfolio Services\) Instrument 2023/669](#) and Regulatory Guide 148 *Platforms that are managed investment schemes and nominee and custody services* ([RG 148](#)) at RG 148.52–RG 148.55; and
- (c) managed discretionary account (MDA) providers—see Regulatory Guide 179 *Managed discretionary accounts* ([RG 179](#)) at RG 179.93–RG 179.94.

RG 126.14 If you fall within any of these groups, you will need to ensure that the cover you hold meets these specific requirements.

RG 126.15 Additionally, specific PI insurance requirements may apply to AFS licensees that are also market participants. These requirements are set out in the ASIC market integrity rules. Licensees that are also market participants should refer to the ASIC market integrity rules as relevant to them to ensure that they are meeting all their obligations. For this reason, an approval of compensation arrangements under s912B(2)(a) may not satisfy, or relieve a market participant from, the insurance requirements under the market integrity rules.

Note: See Regulatory Guide 265 *Guidance on ASIC market integrity rules for participants of securities markets* ([RG 265](#)) and Regulatory Guide 266 *Guidance on ASIC market integrity rules for participants of futures markets* ([RG 266](#)) for further detail on the market integrity rules that apply to domestic licensed markets.

RG 126.16 Some other regulatory regimes also require AFS licensees to hold PI insurance. For example, some superannuation trustees are obliged to hold PI insurance under APRA’s registrable superannuation entity (RSE) licence regime. As their existing cover has been obtained under a different regime with different objectives, such licensees still need to consider whether their existing cover is adequate for the purposes of the Corporations Act.

## Discharge of security bonds

RG 126.17 Under previous transitional compensation arrangements, some AFS licensees were required to:

- (a) lodge and maintain a security bond with ASIC; or

- (b) have PI insurance under the repealed *Insurance (Agents and Brokers) Act 1984*.

RG 126.18 However, provided that you have PI insurance or ASIC-approved alternative arrangements in place, you may apply to ASIC to have your security bonds discharged and returned: see reg 7.6.02AA(4).

Note: For information on how to apply to have your security bond released, see Section F.

## Disclosure to retail clients

RG 126.19 You must disclose to retail clients the kind of compensation arrangements you have in place and whether these arrangements comply with s912B: see regs 7.7.03A and 7.7.06B. The disclosure must be presented as a statement in your Financial Services Guide (FSG) or website disclosure information and the FSG or website disclosure information of your representatives: see Section G of this guide.



## B Our general approach

### Key points

Our objective in administering the compensation requirements is to reduce the risk that a retail client's losses cannot be compensated by an AFS licensee because of a lack of financial resources: see RG 126.20–RG 126.21.

However, the compensation requirements are not a mechanism for providing compensation directly to consumers and are not intended to cover certain losses: see RG 126.22–RG 126.24.

The following key principles guide our approach:

- 'adequate' means fit for achieving the policy objective (see RG 126.26–RG 126.28);
- AFS licensees are responsible for determining what is adequate in their circumstances (see RG 126.29–RG 126.32); and
- An element of adequacy is the type of insurance that is practically available at any given time (see RG 126.33–RG 126.36).

### Policy objective

RG 126.20 When it introduced the regulations, the Australian Government described the objective of the compensation requirements as:

... to reduce the risk that compensation claims to retail clients cannot be met by the relevant licensees due to the lack of available financial resources.

Note: See [Compensation arrangements for financial services licensees: Regulation impact statement to the Corporations Amendment Regulations 2007 \(No. 6\)](#), p. 7.

RG 126.21 Our policy objective is to administer the compensation requirements to maximise their potential to meet the objective in RG 126.20 set out in the regulation impact statement.

RG 126.22 In any industry, from time-to-time, clients might suffer loss due to inappropriate advice or other misconduct by a service provider. Individual service providers or firms might not have sufficient resources to meet claims arising from these losses. In the financial services industry, there needs to be a mechanism to ensure that funds are likely to be available where retail clients suffer loss due to breaches by AFS licensees or their representatives of their obligations under the legislation.

RG 126.23 The compensation requirements are not a mechanism for providing compensation directly to consumers. Rather, they are a means of reducing the risk that an AFS licensee cannot pay claims because of insufficient financial resources.

- RG 126.24 The compensation requirements are *not intended to cover*:
- (a) product failure or general investment losses;
  - (b) all possible consumer losses relating to financial services;
  - (c) claims for loss solely as a result of the failure (e.g. through insolvency) of a product issuer (i.e. it is not intended to underwrite the products of a product issuer); or
  - (d) a return on a financial product that has not met expectations.

## Key principles

- RG 126.25 Table 2 sets out the key principles that guide our administration of the compensation requirements.

**Table 2: Key principles**

<b>Principle 1: Fit to achieve the policy objective</b>	'Adequate' means the compensation arrangements are fit for achieving the policy objective.
<b>Principle 2: Responsibility of AFS licensee to assess</b>	It is the basic responsibility of AFS licensees to determine what is adequate for them.
<b>Principle 3: Practical availability</b>	An element of adequacy is what is practically available at any given time.

### Principle 1: Fit to achieve the policy objective

- RG 126.26 PI insurance is designed to protect the insured (in this case, the AFS licensee) against certain risks. It is not designed to protect consumers and is not a guarantee that compensation will be paid. PI insurance is a way of reinforcing a licensee's ability to meet any consumer losses caused by negligence or a breach of duty by the licensee or its representatives by making funds available to the licensee under the terms of the insurance policy. Consumers generally have no direct right of access to these insurance policies.
- RG 126.27 The Corporations Regulations require:
- (a) AFS licensees to have PI insurance that is *adequate*, considering certain factors of their business and potential liability; and
  - (b) ASIC to assess applications for alternative arrangements against the same factors.
- RG 126.28 The concept of what is 'adequate' is an important area for our guidance. We will consider whether compensation arrangements are adequate with reference to the policy objective—that is, whether the compensation arrangements reduce the risk that a retail client's losses (due to breaches of

Ch 7 for which an AFS licensee is responsible) cannot be compensated by the licensee due to the lack of financial resources.

Note: For information on what we consider to be ‘adequate’ PI insurance—that is, cover that we consider would be fit to achieve the policy objective, given the nature of PI insurance—see Section C.

## **Principle 2: Responsibility of AFS licensee to assess**

- RG 126.29 We consider that compliance with the compensation requirements is part of your overall risk management processes and your obligation in s912A to provide financial services ‘efficiently, honestly and fairly’.
- RG 126.30 The Corporations Regulations reflect the fact that different AFS licensees will have very different businesses and risks, which will affect what compensation arrangements are adequate for them. Therefore, we consider that you should undertake your own analysis of what is adequate for you.
- RG 126.31 Minimum standards set by relevant industry and professional bodies might provide a guide. However, compliance with these standards does not necessarily mean that an AFS licensee meets the requirements under the Corporations Act.
- RG 126.32 You might find it helpful to engage external consultants, actuaries, brokers or advisers to undertake a risk assessment of your business and provide advice on the amount and type of cover that you should obtain.

## **Principle 3: Practical availability**

- RG 126.33 We consider that one of the elements of adequacy is what is practically available at any given time.
- RG 126.34 The nature and extent of coverage of PI insurance is limited by what the PI insurance market will provide, and the market is subject to fluctuations. This can have a material impact on the scope and effectiveness of PI insurance. There may be times in the future when PI insurance is also less freely available (e.g. during a future ‘hard’ insurance market). These limitations mean that insurance that achieves the policy objective may not always be available.
- RG 126.35 Through our consultation and research we have considered and will continue to consider what standard of PI insurance is currently available for AFS licensees in the market.
- RG 126.36 We understand from industry feedback that there is no market for automatic run-off cover. Accordingly, we do not currently require AFS licensees to obtain automatic run-off cover. We will continue to monitor the availability of automatic run-off cover and may reassess our position if such cover becomes available.

## C Adequate PI insurance

### Key points

AFS licensees must hold PI insurance that is adequate. ‘Adequacy’ depends on several factors, including the amount of cover, its scope, the terms and conditions, and AFS licensee resources: see RG 126.37–RG 126.45.

You should assess what is adequate PI insurance to meet your obligations under s912B. You should undertake initial and ongoing assessments, noting our minimum requirements and factors to consider: see RG 126.51–RG 126.53.

Generally, you must obtain PI insurance from insurers that meet particular characteristics: see RG 126.54–RG 126.55.

A contract of insurance that is not labelled PI insurance but has the same broad effect as PI insurance may be adequate if this is the case in substance: see RG 126.56–RG 126.58.

### What is ‘adequate’?

RG 126.37 The Corporations Regulations require you to hold PI insurance that is *adequate*, considering:

- (a) your liability for claims brought through the Australian Financial Complaints Authority (AFCA) scheme (see reg 7.6.02AAA(1)(a)); and

Note: You should take into account ‘the maximum liability that has, realistically, some potential to arise’ in connection with any particular claim against you and all claims for which you could be found liable—see reg 7.6.02AAA(1)(a).

- (b) the nature of the financial services business carried on by you, including:
  - (i) the volume of business;
  - (ii) the number and kind of clients;
  - (iii) the kind or kinds of business; and
  - (iv) the number of representatives (see reg 7.6.02AAA(1)(b)).

Note: The [Explanatory Statement to the Corporations Amendment Regulations 2007 \(No. 6\)](#) explains that reg 7.6.02AAA(1)(b) should capture liability for claims brought outside an external dispute resolution scheme (e.g. through the courts).

RG 126.38 This is not an exhaustive list of the factors that you need to take into account in assessing what PI insurance is adequate in your circumstances. Certain AFS licensees are also subject to specific PI insurance requirements, either as a condition of their AFS licence or under the terms of an ASIC instrument: see RG 126.13. These licensees must ensure that they also meet these requirements on an ongoing basis.

## Amount of cover

- RG 126.39 To be adequate overall, a PI insurance policy must have an adequate amount of cover. To be adequate, the limit of indemnity under the policy should cover a reasonable estimate of retail clients' potential losses.

## Scope of cover

- RG 126.40 Section 912B requires that the insurance must cover loss or damage suffered by retail clients due to breaches of obligations under Ch 7 by the AFS licensee and its representatives. This obligation extends to all financial services covered by Ch 7. Losses caused by negligent, fraudulent or dishonest conduct that amounts to a breach of Ch 7 and gives rise to liability to retail clients must be covered.

Note: For example, an AFS licensee may have liability to retail clients under s953B, 953C, 991A, 1022B, 1022C or 1041I.

## Terms and exclusions

- RG 126.41 If exclusions in a PI insurance policy undermine the policy objective, it is hard to see how the cover can be adequate. This applies especially to exclusions that relate directly to the minimum scope of cover described in RG 126.40.
- RG 126.42 Of special concern are exclusions that mean cover is not available for breaches of obligations under Ch 7 (by an AFS licensee or its representatives) for services (most often advice) that relate to moving a client from products that are outside the licensee's approved product list to products that are on the licensee's approved product list.

## Financial resources

- RG 126.43 Financial resources are a necessary part of PI insurance and are a factor in determining the adequacy of PI insurance. The Corporations Regulations require AFS licensees to assess adequacy based on an estimate of claims that may be made against the licensee and based on other relevant factors of their business. One of these factors is whether a licensee has the financial resources to make the PI insurance work in practice.
- RG 126.44 There is generally an excess on insurance policies and those insured need to consider how they will cover the excess. You must assess what financial resources are required (to cover the excess and gaps in cover due to various exclusions) and ensure that you have such financial resources available. You should be able to demonstrate to yourself, and to ASIC if necessary, that you have such financial resources available.

RG 126.45 You must retain records of this assessment. These records should indicate how the financial resources were calculated using either capital, cash flow, overdraft or support from a parent company.

Note: For guidance on measuring financial resources, see Regulatory Guide 166 *AFS licensing: Financial requirements* ([RG 166](#)).

## Assessing adequacy

RG 126.46 As discussed in RG 126.37–RG 126.49, whether a particular PI insurance policy is adequate for you depends on all the facts and circumstances—including the nature, scale and complexity of your business, and your other financial resources. Therefore, it is up to you to determine what is adequate PI insurance for you to meet your obligations under s912B and obtain such insurance.

RG 126.47 Table 3 gives guidance on the process we consider you should follow to determine what is adequate PI insurance for you. However, we will not ‘approve’ your PI insurance arrangements.

RG 126.48 You should also have a process of ongoing assessment of your PI insurance to ensure that it remains adequate.

### Initial assessment

RG 126.49 If you are applying for an AFS licence, we suggest that you use the assessment process in Table 3 to determine what will be adequate PI insurance for you.

**Table 3: Initial assessment process**

<b>Step 1: Assess the business</b>	Review your business, taking into account any proposed changes to the business. Review your claims history (if any) and risk management procedures.
<b>Step 2: Assess potential liability</b>	Determine ‘the maximum liability that has, realistically, some potential to arise’: see reg 7.6.02AAA(1)(a). We suggest you do this by making a reasonable estimate of the following factors: <ul style="list-style-type: none"> <li>• the maximum exposure to a single client (‘worst loss scenario’ per client);</li> <li>• the number of claims that could arise from a single event (potential for multiple claims); and</li> <li>• the number of claims that might be expected during the policy period.</li> </ul> See RG 126.39 and Table 4.
<b>Step 3: Approach insurers/brokers</b>	Ask insurers or insurance brokers for a list of key policy features, exclusions and available extensions (based on full disclosure of your assessment in Steps 1 and 2). See RG 126.54–RG 126.55 about authorised insurers.

<b>Step 4: Assess amount of cover</b>	Consider whether the amount of cover is adequate. It should at least meet our minimum requirements. See RG 126.39 and Table 4.
<b>Step 5: Assess scope of cover</b>	Consider whether the scope of cover is adequate. See RG 126.40 and Table 4.
<b>Step 6: Review policy terms and exclusions</b>	Review the policy features using the questions in Table 4. Identify any gaps in cover. See RG 126.41–RG 126.42 and Table 4.
<b>Step 7: Consider financial resources</b>	Check that you have the financial resources to pay the excess on the estimated number of claims and cover any gaps and legal costs (if necessary). Consider how you will cover these claims and retain records of the assessment (e.g. through capital, cash flow, overdraft or support from a parent company). See RG 126.43–RG 126.44 and Table 4.

## What the policy should cover

RG 126.50 Table 4 sets out our view on the features a PI insurance policy should have in order for it to be ‘adequate’. We have included what we consider are the minimum requirements for these features, and some factors you should consider when determining what is adequate depending on your business and individual circumstances.

**Table 4: Features of adequate PI insurance**

Policy feature	Minimum requirements and factors to consider
<b>Amount of cover</b>	<p><b>Minimum requirement:</b> We consider that, to be adequate, a PI insurance policy must have a limit of at least \$2 million for any one claim and in the aggregate for AFS licensees with total revenue from financial services provided to retail clients of \$2 million or less.</p> <p>For AFS licensees with total revenue from financial services provided to retail clients greater than \$2 million, minimum cover should be approximately equal to actual or expected revenue from financial services provided to retail clients (up to a maximum limit of \$20 million).</p> <p>Note 1: Revenue has the same meaning in this context as in Australian Accounting Standard AASB 15 <i>Revenue from contracts with customers</i> and, for not-for-profit entities, Australian Accounting Standard AASB 1058 <i>Income of not-for-profit entities</i>. You can download copies of these standards from the <a href="#">Accounting standards page</a> on the Australian Accounting Standards Board (AASB) website.</p> <p>Note 2: For the purposes of this minimum requirement, an AFS licensee’s revenue should be calculated including the revenue any authorised representatives receive from providing financial services to retail clients.</p> <p>Revenue may be calculated based on the financial year ended before taking out the insurance policy and reassessed on each policy renewal. For new AFS licensees, or if a licensee believes revenue is likely to substantially change, the licensee should make an estimate of expected revenue.</p> <p>Some AFS licensees will require a higher limit of indemnity in order for the insurance to be adequate. Licensees must retain records of how they determined what amount was adequate for them.</p>

Policy feature	Minimum requirements and factors to consider
Amount of cover (continued)	<p><b>Factors to consider:</b></p> <ul style="list-style-type: none"> <li>• Is the level of indemnity adequate to cover claims brought both inside and outside of AFCA? <p style="margin-left: 20px;">Note: The regulation prescribes AFCA membership as a key factor in assessing the adequacy of PI insurance arrangements. However, an estimate of claims under AFCA might not always provide an accurate guide to an AFS licensee's potential liability, as claims could be brought outside AFCA, such as through the courts.</p> </li> <li>• Does the policy cover claims made by wholesale clients or claims that fall outside the scope of s912B? If so, this might reduce the amount of cover available for claims that fall within s912B and AFS licensees might need to increase the amount of cover accordingly.</li> <li>• Does the business carry a higher risk of claims (e.g. does it give advice on higher risk products) or is it exposed to a higher volume of claims and therefore requires a larger amount of PI insurance?</li> <li>• Have weaknesses been identified in your compliance systems, such as a high number of claims or high-risk products/practices, which might mean a higher level of cover is required?</li> </ul>
Scope of cover	<p><b>Minimum requirement:</b> The policy must indemnify the AFS licensee against liability for loss or damage suffered by retail clients because of breaches of Ch 7 by the licensee or its representatives. This includes liability:</p> <ul style="list-style-type: none"> <li>• for fraud or dishonesty by officers, employees and other representatives of the licensee (but fraud cover is not required for sole traders or for companies that have one director who is also the company's only financial adviser or representative, and the company's only shareholder and employee); and</li> <li>• under AFCA awards.</li> </ul> <p>Note 1: The policy need not explicitly refer to 'breaches of Ch 7' or 'AFCA awards'. However, the policy must have the effect of providing cover for breaches of the relevant obligations under Ch 7 and AFCA awards.</p> <p>Note 2: The policy must be a contract of PI insurance. This means it must cover negligence, fraud and other misconduct (relating to retail clients) ordinarily covered by a contract of PI insurance.</p>
Exclusions	<p><b>Minimum requirement:</b> The policy must <i>not</i> have the effect of excluding:</p> <ul style="list-style-type: none"> <li>• AFCA scheme awards;</li> <li>• loss caused by the conduct of representatives generally;</li> <li>• fraud and dishonesty by officers, employees and other representatives (but fraud cover is not required for sole traders or for companies that have one director who is also the company's only financial adviser or representative, and the company's only shareholder and employee);</li> <li>• claims for misrepresentations about services;</li> <li>• claims arising from incidents that have been notified to ASIC (e.g. through a reportable situation transaction) on the basis that, by merely making the notification, the AFS licensee has admitted liability and as a result the insurance policy will not cover the claim); or</li> <li>• awards by state boards and specialist tribunals for claims against trustee companies (as defined in s601RAB) in relation to their role as guardians and administrators of estates.</li> </ul> <p>Note 1: A policy may include a term prohibiting the AFS licensee from admitting liability for any claim, loss or demand provided that it does not prevent the licensee from notifying ASIC of the reportable situation as required under s912DAA.</p> <p>Note 2: Under reg 5D.1.04, trustee companies remain subject to relevant state and territory laws on matters relating to their role as guardians and administrators of estates.</p>



Policy feature	Minimum requirements and factors to consider
<b>Persons covered</b>	<p><b>Minimum requirement:</b> The policy must cover the acts of the AFS licensee and all of its representatives (either under the policy or separately covered by a policy under which the licensee has a right of indemnity).</p> <p>Note 1: AFS licensees need to take into account all of their representatives (i.e. not just authorised representatives) when considering the type and extent of cover that will be adequate. A client will generally have the same remedies against the licensee as it has against its representatives.</p> <p>Note 2: The AFS licensee's policy does not need to indemnify the licensee for acts of its representatives if such acts are adequately covered by the representatives' own PI insurance and the licensee has a contractual right to be indemnified by its representatives.</p> <p><b>Factors to consider:</b></p> <ul style="list-style-type: none"> <li>• Are there many representatives and are they geographically dispersed? If so, the limit of indemnity might need to be higher to manage this risk.</li> </ul> <p>Note: In our experience, the greater the number of representatives that are working for an AFS licensee, and the more geographically dispersed they are, the greater the potential for client losses to occur. The number and distribution of representatives might affect the licensee's ability to adequately supervise its representatives, and a licensee with a greater number of representatives is likely to provide services to a greater number of clients.</p>
<b>Automatic reinstatements</b>	<p><b>Minimum requirement:</b> The policy must include at least one automatic reinstatement.</p> <p>Note 1: Automatic reinstatement means that if the limit of the policy is exhausted before the end of the policy period, the limit of indemnity is reinstated for the balance of the period to cover any new claims that might arise. This is important, as AFS licensees must ensure their PI insurance is adequate at all times.</p> <p>Note 2: Automatic reinstatement is not necessary where the limit is at least twice the minimum amount of cover referred to in the 'Amount of cover' policy feature above.</p>
<b>Excess/deductibles</b>	<p><b>Factors to consider:</b></p> <ul style="list-style-type: none"> <li>• Is the excess at a level that the business can confidently sustain as an uninsured loss, taking into account the AFS licensee's financial resources?</li> </ul> <p>Note 1: A business with a lower cash flow available to meet claims might require a larger amount of cover and/or cover with a lower excess. If there is a limited asset base available to meet claims, a policy with a lower excess might be preferable. We understand that currently available PI insurance policies generally have an excess. We consider that whether an AFS licensee has sufficient cash flow to meet the excess for a reasonable estimate of claims is a relevant consideration in determining whether a PI insurance policy is adequate for that licensee.</p> <p>Note 2: If a PI insurance policy has a significant excess or deductible in proportion to the limit of indemnity, it may not be adequate. However, if the AFS licensee can demonstrate that for other reasons (e.g. other financial resources, systems and controls in place) that their arrangements are adequate overall, they may wish to apply to have this kind of arrangement considered as an alternative arrangement.</p>
<b>Legal costs</b>	<p><b>Minimum requirement:</b> Defence costs must be 'in addition' to the minimum limit or the level of cover must be sufficiently increased to take into account these costs.</p>

Policy feature	Minimum requirements and factors to consider
<b>AFCA scheme awards</b>	<p><b>Minimum requirement:</b> The policy must cover AFCA scheme awards.</p> <p><b>Factors to consider:</b></p> <ul style="list-style-type: none"> <li>• Does the policy cover agreed decisions reached through the AFCA conciliation process? (If not, you will be effectively self-insuring to cover any conciliated agreements through the AFCA scheme.)</li> <li>• Do lower sub-limits apply to AFCA awards and how are claims aggregated for the purpose of these limits? Again, you will be effectively self-insuring to cover claims outside these limits.</li> </ul> <p>Note: A policy will not be inadequate merely because it contains a lower sub-limit on the amount that can be claimed as a result of an AFCA award.</p>
<b>Fraud/dishonesty/infidelity</b>	<p><b>Minimum requirement:</b> The policy must cover fraud/dishonesty/infidelity by officers, employees and other representatives of the AFS licensee (but fraud cover is not required for sole traders or for companies that have one director who is also the company's only financial adviser or representative, and the company's only shareholder and employee).</p>
<b>Approved product list</b>	<p><b>Minimum requirement:</b> The policy must be able to cover legitimate switching cases where a client is being switched from a fund or product that is not on an approved product list to another fund or product that is on an approved product list.</p> <p><b>Factors to consider:</b></p> <ul style="list-style-type: none"> <li>• AFS licensees should review the product list on a regular basis and inform the insurer if there are other products that should be included on the product list.</li> <li>• ASIC considers that this is a key area of potential retail client loss and encourages AFS licensees to endeavour to get cover generally for exposure to claims arising from moving a client from a product that is not on an approved product list to a product that is on an approved product list as part of their overall risk management strategy.</li> </ul>
<b>Retroactive cover</b>	<p><b>Minimum requirement:</b> If the AFS licensee had an immediately previous PI insurance policy, the policy must provide retroactive cover to the earlier of:</p> <ul style="list-style-type: none"> <li>• the retroactive date specified in the immediately previous PI insurance policy; or</li> <li>• the commencement date of the first PI insurance policy in the series of continuous policies.</li> </ul>
<b>'Run-off' cover</b>	<p><b>Not required:</b> For the avoidance of doubt, the policy is not required to include automatic run-off cover as it is not currently available in the market. We will continue to monitor the availability of automatic run-off cover and may reassess our position should automatic run-off cover become available.</p>

## Ongoing assessment

RG 126.51 We expect you to review your PI insurance or other compensation arrangements at least annually to ensure that they continue to be adequate (e.g. when your existing policy is due for renewal). We also expect you to review the adequacy of your compensation arrangements in light of any major changes in your business (e.g. if you start providing new services or products or engage more representatives).

RG 126.52 From time to time, we may ask you to provide a copy of your PI insurance policy or a certificate of currency and other information relating to your compensation arrangements. For example, we may ask for these documents when conducting a compliance review.

### Compliance controls

RG 126.53 We expect you to ensure that a senior officer or manager is accountable for ensuring that your PI insurance policy is renewed when required, that premiums are paid on time and that your policy or other compensation arrangements continue to be adequate. You will need to make provision in your internal dispute resolution systems for ensuring that claims that are brought to your attention are promptly notified to insurers.

## Which entities can provide the cover?

RG 126.54 Generally, the cover needs to be obtained from an insurer regulated by APRA, or operating under an exemption under the *Insurance Act 1973*.

RG 126.55 Under the *Financial Sector Legislation Amendment (Discretionary Mutual Funds and Direct Offshore Foreign Insurers) Act 2007*, all direct offshore foreign insurers must be authorised under the *Insurance Act 1973*, unless they can rely on an exemption. You can obtain PI insurance provided by an APRA-regulated direct offshore foreign insurer. However, not all direct offshore foreign insurers are regulated by APRA.

## Distinction between PI insurance and alternative arrangements

RG 126.56 If a contract of insurance is not labelled 'PI insurance' specifically but has the same broad effect as PI insurance, we will consider whether the cover provided is adequate in substance to meet the policy objective.

RG 126.57 For example, you may consider that the following arrangements fall within the category of PI insurance:

- (a) some types of trustee liability insurance held by superannuation trustees;
- (b) group insurance, where a small number of associated AFS licensees are covered by one policy; and

Note: You will still need to consider whether the insurance is adequate for each individual AFS licensee. For example, the limit of indemnity will need to be appropriately higher. A minimum cover of \$2 million would be insufficient.

- (c) a PI insurance policy provided under a group master scheme.

RG 126.58 Because the Corporations Regulations require AFS licensees to obtain a contract of PI insurance, membership of a discretionary mutual fund would not satisfy the requirements. If you believe that membership of a discretionary mutual fund would provide no less protection than adequate PI insurance, you can submit an application for approval of this membership as an alternative arrangement: see Section D.

## D Alternative arrangements

### Key points

You can apply to ASIC for approval of alternative compensation arrangements under s912B(2)(b): see RG 126.59–RG 126.62.

We will assess applications for approval of alternative arrangements on a case-by-case basis: see RG 126.63–RG 126.67.

Existing compensation arrangements must remain in place while new alternative arrangements are assessed: see RG 126.68.

### How to apply for approval

- RG 126.59 You will need to submit an application to ASIC if you are an existing AFS licensee and you wish to apply for approval of alternative arrangements. If you are a new AFS licensee, you can apply for approval (if you choose to do so) as part of your licence application process.
- RG 126.60 Your application to ASIC for approval of alternative arrangements should address the following issues:
- which AFS licensees will be covered by the arrangements (e.g. Do the arrangements cover a group of related licensees or an industry sector?);
  - how the arrangements meet the criteria for assessing adequate PI insurance under the Corporations Regulations (see Section C);
  - any benefits, risks or costs to retail clients arising from the licensees using these arrangements as opposed to PI insurance; and
  - any circumstances particular to the licensee or the industry sector that make these arrangements more appropriate than PI insurance.
- RG 126.61 We will generally ask for an expert report (e.g. actuarial report) to be submitted with the application to assess whether the arrangements give no less protection than PI insurance.
- RG 126.62 You should make and submit your application for an approval of alternative arrangements through the [ASIC Regulatory Portal](#) using the transaction titled ‘Apply for an ASIC approval, consent, statement, nomination, or other’. You will need to pay fees for your application. We have provided details about payment options in the portal. For more information, see [how to apply for relief](#).

## How we will assess applications

- RG 126.63 We will assess each application on its merits. We will give priority to group applications (e.g. for an industry sector or sub-sector).
- RG 126.64 We will only approve arrangements that give no less protection than adequate PI insurance. We recognise that some alternative arrangements may in fact provide more protection than PI insurance.
- RG 126.65 Under s912B(3), we are required to consider:
- (a) the nature of the financial services covered; and
  - (b) whether the arrangements provide cover after the AFS licensee ceases the business and, if so, for how long.
- RG 126.66 In approving alternative arrangements, we must take into account the factors used to assess adequacy of PI insurance in reg 7.6.02AAA(1). This means that any alternative arrangements must also be adequate considering:
- (a) the AFS licensee's membership of AFCA, taking into account the maximum liability that has, realistically, some potential to arise;
  - (b) the volume of business;
  - (c) the number and kind of clients;
  - (d) the kind or kinds of business; and
  - (e) the number of representatives.
- RG 126.67 An important feature of PI insurance is that it is provided by a third party, which offers some security that the arrangements will be enforceable in the event of fraud by agents or officers of the AFS licensee. Therefore, one factor that we will consider in assessing alternative arrangements is the degree to which the arrangements are provided on arm's length terms.

### Example: Industry compensation fund

Alternative arrangements proposed by an industry body may be approved by ASIC. For example, an industry body's members might wish to set up a compensation fund supported by compulsory levies of members.

This could be in addition to PI insurance (i.e. to compensate clients where a member's insurance is inadequate or they cease trading or become insolvent) or instead of PI insurance. Approval of a fund would depend on the amount of compensation that would be available for clients and the circumstances in which the fund would compensate clients.

We encourage industry bodies to consider whether an alternative arrangement is appropriate for their members and we are keen to discuss any such arrangements further with them.

## Compensation arrangements during the assessment process

RG 126.68 Assessing and approving applications for alternative arrangements will take time. If you are applying for approval of alternative arrangements, you should:

- (a) continue to hold any PI insurance you have previously obtained; or
- (b) keep in place any other ASIC-approved alternative arrangements you have previously implemented.

## Discharge of security bonds

RG 126.69 If you have alternative arrangements approved by ASIC, you can apply for release of any existing security bonds: see RG 126.79–RG 126.81.

## E Exemptions

### Key points

Certain AFS licensees that are APRA-regulated are exempt from the compensation requirements under the Corporations Regulations: see RG 126.70.

AFS licensees that are related to APRA-regulated entities are also exempt if they have a guarantee from the APRA-regulated entity and the guarantee has been approved by ASIC: see RG 126.71–RG 126.74.

ASIC has a discretion to discharge security bonds submitted to ASIC by AFS licensees that are exempt from the compensation requirements: see RG 126.75–RG 126.76.

### AFS licensees that are exempt under reg 7.6.02AAA(1)

- RG 126.70 The Corporations Regulations provide that certain AFS licensees are exempt from the compensation requirements: see reg 7.6.02AAA(1). This applies to general insurance companies, life insurance companies and authorised deposit-taking institutions regulated by APRA as defined in reg 7.6.02AAA(3).

### Related AFS licensees

- RG 126.71 AFS licensees that are related to the APRA-regulated entities in RG 126.70 are also exempt where they have a guarantee from the APRA-regulated entity that has been approved by ASIC: see reg 7.6.02AAA(3).
- RG 126.72 If you wish to apply for approval of a guarantee, you will need to submit an application to ASIC. In deciding whether to approve a guarantee, we will consider the same factors as outlined in Section C for adequate PI insurance.
- RG 126.73 We understand that APRA-regulated entities are permitted to give guarantees that are limited in time and amount and we have no in-principle objection to such limits in guarantees put to ASIC for approval (assuming, of course, that the limits are appropriate).
- RG 126.74 You should make and submit your application for an approval of a guarantee through the [ASIC Regulatory Portal](#) using the transaction titled ‘Apply for an ASIC approval, consent, statement, nomination, or other’. You will need to pay fees for your application. We have provided details about payment options in the portal. For more information, see [how to apply for relief](#).



## Discharge of security bonds

- RG 126.75 We have the discretion to discharge security bonds submitted to ASIC by AFS licensees that are exempt under reg 7.6.02AAA(1) (i.e. general insurance companies, life insurance companies and authorised deposit-taking institutions regulated by APRA). These licensees do not need to apply to ASIC for the release of any existing security bonds.
- RG 126.76 Related AFS licensees with a guarantee that has been approved by ASIC must apply for release of any existing security bonds: see RG 126.79–RG 126.81.

## F Discharge of security bonds

### Key points

Some AFS licensees were required to lodge and maintain a security bond with ASIC: see RG 126.77–RG 126.78.

If these AFS licensees have PI insurance or an ASIC-approved alternative arrangement in place, they may apply to have their security bonds released: see RG 126.79–RG 126.81.

### Security bonds

RG 126.77 Under previous transitional compensation arrangements, some AFS licensees were required to:

- (a) lodge and maintain a security bond with ASIC; or
- (b) have PI insurance under the repealed *Insurance (Agents and Brokers) Act 1984*.

Note: See reg 7.6.02AA and [PF 209](#).

RG 126.78 However, if you have PI insurance or ASIC-approved alternative arrangements in place, you may apply to ASIC to have your security bonds discharged and returned: reg 7.6.02AA(4).

### How to apply to have your security bond released

RG 126.79 To have a security bond released, you should:

- (a) publish a notice in a daily newspaper of general circulation in Australia, following the wording of [Form 702 Application for discharge of security](#) but replacing, in point 1, the words ‘dealers and investment advisers licence’ with the words ‘Australian financial services licence’; and
- (b) three months after publication, lodge with ASIC:
  - (i) a copy of [Form FS20 Change of details for an Australian financial services licence](#) (see the guide attached to the form for the current fee and lodgement address);
  - (ii) an original or photocopy of the newspaper advertisement, clearly showing the date of publication; and
  - (iii) a statement that, to the best of your knowledge, no person has, or is likely to have, a claim against you for pecuniary loss due to your failure, or the failure of your agents or employees, to carry on business under the AFS licence adequately or properly, and that

compensation arrangements are in place that are adequate to cover claims to which the security bond could otherwise apply.

RG 126.80 We will release the security bond three months after publication of the notice, if there have not been any claims made against it.

RG 126.81 In making the statement described in RG 126.79(b)(iii), you can take into account your own financial resources (e.g. if you cannot obtain retroactive insurance for potential claims against the security bond).

## G Disclosure to retail clients

### Key points

You and your representatives must disclose to retail clients about the kind of compensation arrangements you have in place and whether these arrangements comply with s912B: see RG 126.82–RG 126.87.

We may take action if we believe that disclosure about compensation arrangements is misleading: see RG 126.88.

### What to disclose

#### AFS licensees with PI insurance

- RG 126.82 If you have PI insurance, you and your representatives must:
- (a) disclose that you have PI insurance in place; and
  - (b) explain whether the insurance will cover claims in relation to the conduct of representatives and/or employees who no longer work for you (but who did at the time of the relevant conduct)—see regs 7.7.03A and 7.7.06B.

#### AFS licensees with alternative arrangements

- RG 126.83 If you are an AFS licensee with alternative arrangements, you and your representatives must:
- (a) disclose that you have alternative arrangements to PI insurance that are approved by ASIC; and
  - (b) explain whether the alternative arrangements will cover claims made in relation to the conduct of representatives/employees who no longer work for you (but who did at the time of the relevant conduct)—see regs 7.7.03A and 7.7.06B.

#### Licensees that are exempt

- RG 126.84 The [Explanatory Statement to the Corporations Amendment Regulations 2007 \(No. 6\)](#) suggests that, to provide clarity, exempt and related AFS licensees might also wish to provide appropriate disclosure about their compensation arrangements in their FSGs (p 5).
- RG 126.85 You should disclose that you are exempt from the requirement if you are regulated by APRA or have an ASIC-approved guarantee from the APRA-regulated entity.

## How to disclose

- RG 126.86 You must make your disclosure in your FSG. You should include in your FSG and the FSG of your representatives a statement about the kind of compensation arrangements you have in place and whether these arrangements comply with s912B.
- RG 126.87 When providing financial product advice to a retail client, or dealing in a financial product for the purpose of implementing that advice, you or your representative may choose to fulfil the FSG obligation by providing website disclosure information: see Div 2A of Pt 7.7 and section 6 of [ASIC Corporations \(Financial Services Guides\) Instrument 2015/541](#).

Note: Further information about FSG disclosure to retail clients is set out in Information Sheet 291 *FAQs: FSGs and website disclosure information* ([INFO 291](#)).

## Action against misleading disclosure

- RG 126.88 We may take action if we believe that disclosure about compensation arrangements is misleading. Disclosing that PI insurance is in place (or alternative arrangements to PI insurance that are approved by ASIC) is unlikely to be misleading if true. However, references made to ‘compensation’ or ‘adequate insurance’ may be misleading to consumers unless there is a full explanation of what those terms mean and any limitations that relate to them (e.g. the limitations are set out at RG 126.34–RG 126.36). You should be careful if you choose to refer to these terms.

## Key terms

Term	Meaning in this document
AASB 15 (for example)	An accounting standard issued by the Australian Accounting Standards Board (in this example numbered 15)
AFCA	Australian Financial Complaints Authority—the external dispute resolution scheme for which an authorisation under Pt 7.10A of the Corporations Act is in force
AFS licence	An Australian financial services licence under s913B of the Corporations Act that authorises a person who carries on a financial services business to provide financial services  Note: This is a definition in s9.
AFS licensee	A person who holds an AFS licence under s913B of the Corporations Act
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
automatic reinstatement	If the limit of the policy is exhausted before the end of the policy period, on payment of a new premium by the insured, the limit of indemnity is reinstated for the balance of the period to cover any new claims that may arise. The number of automatic reinstatements refers to the number of times the limit of indemnity may be reinstated
CCIV	A corporate collective investment vehicle—a company that is registered as a corporate collective investment vehicle under the Corporations Act  Note: This is a definition in s9.
Ch 7 (for example)	A chapter of the Corporations Act (in this example numbered 7), unless otherwise specified
compensation requirements	The requirements in s912B of the Corporations Act and reg 7.6.02AAA of the Corporations Regulations
corporate director	The company named in ASIC's record of a CCIV's registration as the corporate director or temporary corporate director of the CCIV  Note: This is a definition in s1224(3) of the Corporations Act.
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
Corporations Regulations	<i>Corporations Regulations 2001</i>

Term	Meaning in this document
deductible or excess	The first part of a loss, which is borne by the insured. The insured is responsible for the loss up to the deductible amount and the insurer pays the remainder of the loss, up to the policy limit
exclusion	A provision of an insurance policy that precludes coverage in particular circumstances
financial product	Generally, a facility through which, or through the acquisition of which, a person does one or more of the following: <ul style="list-style-type: none"> <li>• makes a financial investment (see s763B);</li> <li>• manages financial risk (see s763C);</li> <li>• makes non-cash payments (see s763D)</li> </ul> <p>Note: See Div 3 of Pt 7.1 of the Corporations Act for the exact definition. In addition to the general categories above, this specifies certain things as being included or excluded from the definition.</p>
financial service	Has the meaning given in Div 4 of Pt 7.1 of the Corporations Act
FSG	A Financial Services Guide—a document required by s941A or 941B to be given in accordance with Div 2 of Pt 7.7 of the Corporations Act <p>Note: This is a definition in s9.</p>
market integrity rules	Rules made by ASIC, under s798G of the Corporations Act, for trading on domestic licensed markets
market participant	A participant of a financial market <p>Note: Participant has the meaning given by s767A(4) and (5) of the Corporations Act</p>
PI insurance	Professional indemnity insurance—liability insurance that covers loss arising from an error, omission or negligent act occurring in conduct of the holder’s professional business
policy objective	As defined in RG 126.6
product list	A list of products, agreed between the insurer and the insured and covered by the policy, for which the licensee and its representatives provide financial services
reg 7.6.02AA (for example)	A regulation of the Corporations Regulations (in this example numbered 7.6.02AA), unless otherwise specified
registered scheme	A managed investment scheme that is registered under s601EB of the Corporations Act

Term	Meaning in this document
representative	<p>Means:</p> <ul style="list-style-type: none"> <li>• an authorised representative of the AFS licensee;</li> <li>• an employee or director of the AFS licensee;</li> <li>• an employee or director of a related body corporate of the AFS licensee; or</li> <li>• any other person acting on behalf of the AFS licensee</li> </ul> <p>Note: This is a definition in s9 of the Corporations Act.</p>
responsible entity	A responsible entity of a registered scheme as defined in s9 of the Corporations Act
retail client	A client as defined under s761G and 761GA of the Corporations Act and Div 2 of Pt 7.1 of the Corporations Regulations
retroactive cover	Where a 'claims made' policy extends cover into the past to cover a period of time before the policy was obtained (up to the retroactive date)
retroactive date	A date in a 'claims made' policy on or after which acts or omissions are covered
revenue	As defined in AASB 15 or, for a not-for-profit entity, AASB 1058
RG 166 (for example)	An ASIC regulatory guide (in this example numbered 166)
run-off cover	Cover for claims made after the insurance policy has ended that have arisen from the acts or omissions of the insured during the period of insurance. The cover is negotiated upfront at the commencement of the PI insurance policy, rather than separately
s912B (for example)	A section of the Corporations Act (in this example numbered 912B), unless otherwise specified
website disclosure information	<p>The statements and information on the website of an AFS licensee or authorised representative that would be required to be in an FSG given by that licensee or representative</p> <p>Note: This is a definition in s943J of the Corporations Act.</p>



## Related information

### Headnotes

adequate professional indemnity insurance, AFCA, AFS licence, AFS licensee, alternative arrangements, authorised insurer, compensation arrangements, direct offshore foreign insurer, duty to act efficiently, honestly and fairly, financial services, Financial Services Guide (FSG), PI insurance, retail clients, representatives, risk management, security bond

### Regulatory guides

[RG 148](#) *Platforms that are managed investment schemes and nominee and custody services*

[RG 166](#) *AFS licensing: Financial requirements*

[RG 179](#) *Managed discretionary accounts*

[RG 210](#) *Compensation and insurance arrangements for credit licensees*

[RG 265](#) *Guidance on ASIC market integrity rules for participants of securities markets*

[RG 266](#) *Guidance on ASIC market integrity rules for participants of futures markets*

### Information sheets

[INFO 291](#) *FAQs: FSGs and website disclosure information*

### Legislative instruments and pro formas

[ASIC Corporations \(Financial Services Guides\) Instrument 2015/541](#)

[ASIC Corporations \(Investor Directed Portfolio Services\) Instrument 2023/669](#)

[PF 209](#) *Australian financial services licence conditions*

### Legislation

[Compensation arrangements for financial services licensees: Regulation impact statement to the Corporations Amendment Regulations 2007 \(No. 6\)](#)

*Corporations Act 2001*, Ch 7; Pt 7.7 Div 2A; s601RAB, 912A, 912B, 912DAA, 953B, 953C, 991A, 1022B, 1022C, 1041I

*Corporations Regulations 2001*, regs 5D.1.04, 7.6.02AA, 7.6.02AAA(3), 7.6.02AAA(1), 7.7.03A, 7.7.06B

[Explanatory Statement to the Corporations Amendment Regulations 2007 \(No. 6\)](#)

*Financial Sector Legislation Amendment (Discretionary Mutual Funds and Direct Offshore Foreign Insurers) Act 2007*

*Insurance Act 1973*

*Insurance (Agents and Brokers) Act 1984* (repealed)

## **ASIC forms**

[Form 702](#) *Application for discharge of security*

[Form FS20](#) *Change of details for an Australian financial services licence*

## **Other documents**

AASB 15 *Revenue from contracts with customers*

AASB 1058 *Income of not-for-profit entities*

Note: You can download copies of these standards from the [Accounting standards page](#) on the AASB website.