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Australian Securities and Investments Commission

**Submission on ASIC Corporations (Managed Discretionary Account Services)
Instrument 2016/968**

Dear Sir or Madam,

Stockspot Pty Ltd welcomes the opportunity to provide a submission in response to ASIC's consultation on the ASIC Corporations (Managed Discretionary Account Services) Instrument 2016/968.

We are Australia's first digital investment adviser and have operated under the MDA relief for over a decade, providing personal advice and portfolio management to more than 20,000 clients. Our experience under the current framework informs the views set out below.

As the MDA relief approaches review ahead of its 2026 expiry, we believe the current framework has been highly effective for clients and providers like Stockspot.

The relief has enabled us to deliver low cost, transparent investing with strong consumer protections. Unlike many platforms, we don't charge brokerage, we don't receive payments from fund issuers, and all investments are held directly on HINs in the client's name. This removes custody risks, vertical integration conflicts, and the "churn" incentives that can harm investors.

Importantly, there have been very few AFCA complaints from our clients, which reflects both the robustness of the framework and our compliance culture.

A key strength of the current regime is its principles based design. It requires providers to deliver personal advice, act in the client's best interests and maintain appropriate review processes, but does not prescribe how these outcomes must be operationally delivered. This flexibility has allowed providers like Stockspot to combine automation with human oversight, improving consistency, reducing costs and enhancing the client experience, while still ensuring that all personal advice is ultimately reviewed by a qualified adviser.

We would caution against the introduction of more prescriptive requirements that mandate how these processes must be carried out, for example requiring that all reviews be conducted manually by a qualified adviser. While well intentioned, this risks creating unnecessary barriers for digital advice models without delivering a clear improvement in consumer outcomes. It would also increase costs, which would ultimately be borne by clients.

We are also concerned that imposing blanket Net Tangible Asset requirements, similar to those applied to Responsible Entities or custodians, would be disproportionate for Stockspot's low risk model. The additional capital burden would likely be passed through to consumers in the form of higher fees, eroding the cost advantages that MDAs provide, while doing little to improve investor protections. Any financial requirements should instead be risk based and recognise the differences between HIN based MDA providers and other structures.

Our position is that the current MDA relief should be retained. If changes are made, we support exemptions or tailored requirements for low risk providers like Stockspot, so regulation continues to balance investor protection with affordability and innovation.

In summary, we believe the current MDA relief has delivered strong consumer outcomes and should be retained, with any changes carefully calibrated to avoid unintended impacts on low cost digital advice models.

Thank you for considering our submission. We would welcome the opportunity to discuss any aspect of this submission further or provide additional information if helpful.

Yours sincerely,

