



Attachment to RG 274: Summary of changes—September 2024

This table summarises the changes to Regulatory Guide 274 *Product design and distribution obligations* ([RG 274](#)) issued in September 2024 (2024 version) compared to the previously published version issued in December 2020 (2020 version).

Note: This table should be read in conjunction with [RG 274](#). It is a summary of the guidance only, and not a replacement.

Table: Summary of changes (comparison between 2020 version and 2024 version)

Paragraph	RG 274 (2020 version)	RG 274 (2024 version)	Reason for change
RG 274.20	[No comparison text]	Note 2: 'Basic banking products' includes 31-day term deposits—see Class Order [CO 14/1262] , or any instrument that amends or replaces that class order. This is in line with the Government's intended operation of the legislation as set out in a public statement titled Updated amendments to the design and distribution obligations .	Interim measures —A note has been added to cover the inclusion of 31-day term deposits as a basic banking product for the purpose of the DDO regime.
RG 274.21	[No comparison text]	Note 5: ASIC Corporations (Design and Distribution Obligations Interim Measures) Instrument 2021/784 provides modifications, clarifications and exemptions to the regime for certain products and in certain circumstances. The measures in these instruments provide certainty on the application of the design and distribution obligations in line with the Government's intended operation of the legislation as set out in a public statement titled ' Updated amendments to the design and distribution obligations '.	Interim measures —A note has been added to refer to the modifications, clarifications and exemptions to the DDO regime provided under the interim measures instrument.

Paragraph	RG 274 (2020 version)	RG 274 (2024 version)	Reason for change
RG 274.31	[No comparison text]	Note: 'Excluded conduct' also includes the giving of a disclosure document or PDS in the course of providing personal advice about a financial product: see ASIC Corporations (Design and Distribution Obligations Interim Measures) Instrument 2021/784 . This is in line with the Government's intended operation of the legislation as set out in a public statement titled ' Updated amendments to the design and distribution obligations '.	Interim measures —A note has been added to clarify that giving a disclosure document or PDS in the course of providing personal advice is excluded conduct for the purpose of the DDO regime.
RG 274.66	<p>To satisfy the appropriateness requirements, the TMD must include sufficient information to reasonably conclude that:</p> <p>(a) the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market; and</p> <p>(b) the distribution conditions make it likely that the consumers who acquire the product will be in the target market.</p> <p>Note: The TMD does not need to include the complete underlying data and analysis supporting the TMD and the above conclusions. These will form part of the issuer's records.</p>	<p>To satisfy the appropriateness requirements, it must be reasonable to conclude that:</p> <p>(a) the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market; and</p> <p>(b) the distribution conditions make it likely that the consumers who acquire the product will be in the target market.</p> <p>Note: An issuer must keep records of its decisions and reasons for its decisions in relation to the appropriateness requirements—see s994F(1) and RG 274.164.</p>	Appropriateness requirements —This change has been made to make clear that the appropriateness requirement is an objective test, rather than one that is satisfied by the issuer including information in a TMD addressing the appropriateness requirements.

Paragraph	RG 274 (2020 version)	RG 274 (2024 version)	Reason for change
<p>RG 274.68– RG 274.69</p>	<p>To meet the appropriateness requirement in s994B(8)(b), explained above at RG 274.64–RG 274.66, an issuer generally will need to set out in the TMD:</p> <ul style="list-style-type: none"> (a) a description of the likely objectives, financial situation and needs of consumers in the target market (see RG 274.70–RG 274.75); (b) a description of the product, including its key attributes (see RG 274.76–RG 274.78); and (c) an explanation of why the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market. This will require the issuer to have critically assessed and tested its product (see RG 274.87–RG 274.94). <p>Note: See s994B(8)(b), which requires that a TMD must be such that it would be reasonable to conclude that, if the product were to be sold to a retail client in the target market, it would likely be consistent with the likely objectives, financial situation and needs of the retail client. The issuer demonstrates it would be reasonable to conclude this if the TMD sets out why the product (including its key attributes) is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market.</p>	<p>RG 274.68</p> <p>To meet the appropriateness requirement in s994B(8)(b), in setting the target market, an issuer will need to consider how the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market. This will require the issuer to have critically assessed and tested its product.</p> <p>RG 274.69</p> <p>Issuers are encouraged to explain in the TMD why the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market.</p> <p>RG 274.70</p> <p>An issuer will generally need to describe the class of retail clients that comprises the target market by referring to their likely objectives, financial situation and needs.</p>	<p>Appropriateness requirements—This change has been made to make clear that the appropriateness requirement is an objective test, rather than one that is satisfied by the issuer including information in a TMD addressing the appropriateness requirements.</p>

Paragraph	RG 274 (2020 version)	RG 274 (2024 version)	Reason for change
RG 274.87	<p>An issuer will need to critically assess that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the identified target market, in order to satisfy the appropriateness requirements when preparing a TMD.</p> <p>Note: See s994B(8)(b) and the information on the appropriateness requirements at RG 274.64–RG 274.66 and RG 274.68(c), in particular that to meet the appropriateness requirements the issuer will generally need to explain why the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market.</p>	<p>RG 274.88</p> <p>An issuer will need to critically assess that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the identified target market, to ensure it meets the appropriateness requirements.</p> <p>Note: See s994B(8)(b) and the information on the appropriateness requirements at RG 274.64–RG 274.66 and RG 274.68(c).</p>	<p>Appropriateness requirements—This change has been made to make clear that the appropriateness requirement is an objective test, rather than one that is satisfied by the issuer including information in a TMD addressing the appropriateness requirements.</p>
RG 274.96	<p>To ensure that distribution of the product is directed towards consumers in the target market, the issuer must specify the following in its TMD:</p> <ul style="list-style-type: none"> (a) appropriate conditions and restrictions on distribution of the financial product (distribution conditions); and (b) why these distribution conditions and restrictions will make it more likely that the consumers who acquire the product are in the target market. <p>Note: See s994B(8)(a) and discussion on appropriateness requirements at RG 274.64.</p>	<p>RG 274.97</p> <p>To ensure that distribution of the product is directed towards consumers in the target market, the issuer must specify in its TMD appropriate conditions and restrictions on distribution of the financial product (distribution conditions). Issuers need to consider why these distribution conditions and restrictions will make it more likely that the consumers who acquire the product are in the target market. Issuers are encouraged to explain in the TMD why these distribution conditions and restrictions will make it more likely that the consumers who acquire the product are in the target market.</p> <p>Note: See s994B(8)(a) and discussion on appropriateness requirements at RG 274.64.</p>	<p>Appropriateness requirements—This change has been made to make clear that the appropriateness requirement is an objective test, rather than one that is satisfied by the issuer including information in a TMD addressing the appropriateness requirements.</p>

Paragraph	RG 274 (2020 version)	RG 274 (2024 version)	Reason for change
RG 274.100	<p>As part of meeting the appropriateness requirements in s994B(8)(a), the TMD must explain why the distribution conditions will make it likely that the consumers who acquire the product are in the target market.</p> <p>Note: The TMD does not need to include the complete underlying data and analysis supporting the TMD and the above conclusion. These will form part of the issuer's records: see RG 274.162–RG 274.163.</p>	<p>RG 274.101</p> <p>As part of meeting the appropriateness requirements in s994B(8)(a), the distribution conditions in a TMD must make it likely that the consumers who acquire the product are in the target market.</p>	<p>Appropriateness requirements—This change has been made to make clear that the appropriateness requirement is an objective test, rather than one that is satisfied by the issuer including information in a TMD addressing the appropriateness requirements.</p>
RG 274.101	<p>An issuer is unlikely to be able to reasonably conclude that its distribution conditions will make this outcome likely without meaningful consideration of how its distribution conditions affect which consumers the product will reach.</p>	<p>RG 274.102</p> <p>Therefore, an issuer will need to meaningfully consider how its distribution conditions affect which consumers the product will reach.</p>	<p>Appropriateness requirements—This change has been made to make clear that the appropriateness requirement is an objective test.</p>
RG 274.118	<p>Note: For complaints received prior to 5 October 2021, Regulatory Guide 165 <i>Internal and external dispute resolution</i> (RG 165) will apply. See RG 165, Table 2 for data that must be recorded for every complaint.</p>	<p>RG 274.119</p> <p>[Deleted text]</p>	<p>Outdated reference—This change has been made to remove an outdated reference to the now withdrawn RG 165.</p>
RG 274.147	<p>[At Example 11]</p> <p>Note: Employers are not subject to the reasonable steps obligation in s994E(3) when complying with certain superannuation guarantee obligations: see reg 7.8A.25.</p>	<p>RG 274.148</p> <p>Note: Employers are not subject to the reasonable steps obligation in s994E(3) when complying with certain superannuation guarantee obligations: see reg 7.8A.25 and ASIC Corporations (Design and Distribution Obligations Interim Measures) Instrument 2021/784.</p>	<p>Interim measures—This change has been made to refer to an interim measure which exempts employers as distributors when providing a PDS for their default fund product to employees.</p>

Paragraph	RG 274 (2020 version)	RG 274 (2024 version)	Reason for change
RG 274.164	Note: See s994F(1) and 1101C. Keeping good records will assist issuers to meet the design and distribution obligations, particularly in relation to conducting reviews. Issuers are also required to keep records of complaints: see Section E of RG 271. Note that for complaints received prior to 5 October 2021, RG 165 will apply instead: see equivalent at Section B of RG 165.	RG 274.165 Note: See s994F(1) and 1101C. Keeping good records will assist issuers to meet the design and distribution obligations, particularly in relation to conducting reviews. Issuers are also required to keep records of complaints: see Section E of RG 271 .	Outdated reference —This change has been made to remove an outdated reference to the now withdrawn RG 165.
RG 274.200	[No comparison text]	RG 274.201 Note 3: 'Excluded conduct' also includes the giving of a disclosure document or PDS in the course of providing personal advice about a financial product: see ASIC Corporations (Design and Distribution Obligations Interim Measures) Instrument 2021/784 . This is in line with the Government's intended operation of the legislation as set out in a public statement titled 'Updated amendments to the design and distribution obligations'.	Interim measures —The note reflects changes made as part of interim measures in line with the Government's intended operation of the legislation.

Paragraph	RG 274 (2020 version)	RG 274 (2024 version)	Reason for change
RG 274.216	[No comparison text]	<p>RG 274.217</p> <p>Note 1: ASIC Corporations (Design and Distribution Obligations Interim Measures) Instrument 2021/784 modifies s994F(4) of the Act to relieve distributors of the requirement to report to issuers whether a complaint has been received, including where nil complaints are received. However, distributors are still required to report the number of complaints they receive during the reporting period, if any. This is in line with the Government's intended operation of the legislation as set out in a public statement titled 'Updated amendments to the design and distribution obligations'.</p> <p>Note 2: ASIC Corporations (Design and Distribution Obligations Interim Measures) Instrument 2021/784 also modifies s994F(5) of the Act to relieve distributors of the requirement to report that information specified by the issuer in its TMD has not been acquired during the reporting period (i.e. where nil information is acquired). However, distributors are still required to report such information where it is acquired by distributors during the reporting period. This is in line with the Government's intended operation of the legislation as set out in a public statement titled 'Updated amendments to the design and distribution obligations'.</p>	<p>Interim measures—The note reflects changes made as part of interim measures in line with the Government's intended operation of the legislation.</p>

Paragraph	RG 274 (2020 version)	RG 274 (2024 version)	Reason for change
RG 274.221	Note: Licensees are also required to keep records of complaints under RG 271 (see Section E under 'Data collection, analysis and internal reporting'). For complaints received prior to 5 October 2021, see RG 165 at Table 2.	RG 274.222 Note: Licensees are also required to keep records of complaints under RG 271 (see Section E under 'Data collection, analysis and internal reporting').	Outdated reference —This change has been made to remove an outdated reference to the now withdrawn RG 165.
RG 274.232	Regulatory Guide 8 <i>Hearings practice manual</i> (RG 8) sets out in detail the guiding principles and procedures we adopt in the conduct of administrative hearings. Issuers and distributors can also refer to Information Sheet 1 <i>Administrative hearings</i> (INFO 1) for a concise summary.	RG 274.233 Regulatory Guide 8 <i>Administrative hearings: Principles and conduct</i> (RG 8) sets out in detail the guiding principles and procedures we adopt in the conduct of administrative hearings. Issuers and distributors can also refer to Information Sheet 1 <i>Administrative hearings</i> (INFO 1) for a concise summary.	Document name change —This change has been made to update the name of Regulatory Guide 8 <i>Administrative hearings: Principles and conduct</i> (RG 8).
RG 274.244	Issuers, AFS licensees, Australian credit licensees and credit representatives are required by law to have a dispute resolution system that covers complaints made by consumers in relation to the financial services provided: see RG 271 and RG 165. Consumers may raise concerns directly with an issuer or distributor in relation to the product or service provided by way of such a system.	RG 274.245 Issuers, AFS licensees, Australian credit licensees and credit representatives are required by law to have a dispute resolution system that covers complaints made by consumers in relation to the financial services provided: see RG 271 . Consumers may raise concerns directly with an issuer or distributor in relation to the product or service provided by way of such a system.	Outdated reference —This change has been made to remove an outdated reference to the now withdrawn RG 165.
RG 274.248	Note: See also Regulatory Guide 256 <i>Client review and remediation conducted by advice licensees</i> (RG 256), which sets out our guidance on client review and remediation.	RG 274.249 Note: See also Regulatory Guide 277 <i>Consumer remediation</i> (RG 277), which sets out our guidance on consumer remediation.	Outdated reference —This change has been made to replace an outdated reference to the now withdrawn RG 256 with RG 277, which succeeded RG 256.