



CRIS: ASIC INDUSTRY FUNDING MODEL (2024–25)

This document is part of [ASIC's 2024–25 CRIS](#). It should be read in conjunction with the other documents that make up the CRIS, including the key terms.

F Financial advice sector

Key points

This document outlines:

- our work during 2024–25 to regulate the financial advice sector—for our ongoing regulatory activities, see paragraphs 2–5, and for our strategic work, see Table 1;
- the estimated levies to recover our costs—for a summary of the estimated levies for each subsector, see Table 2; and
- more detailed breakdowns of estimated costs for each subsector—see paragraphs 10–13.

The estimated levies are a guide only. The final levies will be based on our actual cost of regulating each subsector in 2024–25.

Overview of the financial advice sector

- 1 The financial advice sector consists of Australian financial services (AFS) licensees with an authorisation to provide financial product advice to retail or wholesale clients—that is, licensees that provide:
 - (a) personal advice to retail clients on relevant financial products;
 - (b) personal advice to retail clients on products that are not relevant financial products;
 - (c) general advice only to retail or wholesale clients; and
 - (d) personal advice to wholesale clients only.

Our ongoing regulatory work

- 2 Our regulation of the financial advice sector is focused on promoting a fair, strong and efficient financial system for all Australians. Our work includes monitoring the conduct of AFS licensees and financial advisers and their

compliance with conduct obligations under the *Corporations Act 2001* (Corporations Act). We carry out this work through supervision, surveillances and other actions, and identifying and addressing causes of harms or breaches of the Corporations Act and *Australian Securities and Investments Commission Act 2001* (ASIC Act).

- 3 We use the full suite of our regulatory tools ([ASIC Annual Report 2023–24, Chapter 2](#)) to promote integrity in this sector to bring about sound consumer and investor outcomes. This includes, where appropriate, taking enforcement action to address misconduct—for example, unscrupulous behaviour that results in providing poor advice to consumers and scams. Our regulatory tools include bannings, licence cancellations, referral of misconduct to the Financial Services and Credit Panel (FSCP), and civil or criminal action. Some enforcement action may span several years. Our enforcement action is generally informed by our [enduring enforcement priorities](#), including our priority relating to misconduct involving a high risk of significant consumer harm.
- 4 We provide guidance and education to financial advisers and AFS licensees about their legal obligations, and we administer the financial adviser exam.
- 5 We communicate and consult with ASIC’s stakeholders, including professional bodies and associations, agencies, and other regulators. We engage with stakeholders to ensure harms that threaten good investor and consumer outcomes are identified and addressed. Through our stakeholder engagement, we influence our regulated population to improve compliance and minimise consumer harm, while improving our understanding of issues and industry developments.

Strategic work for this sector

- 6 ASIC’s [Corporate Plan 2024–25](#) outlines our strategic priorities for the next four years and our planned actions for 2024–25.
- 7 Our strategic priorities inform our [2025 enforcement priorities](#), which communicate our intent to industry and indicate where we will direct our enforcement resources and expertise.
- 8 Table 1 sets out our strategic work in the financial advice sector in 2024–25.

Note: In Table 1, the strategic work may apply to the listed relevant subsectors, depending on prevailing circumstances. Our key actions for some strategic work can apply to multiple sectors and subsectors, particularly for our strategic priorities. This means that there may be other relevant sectors and subsectors for this work outside the financial advice sector.

Table 1: Strategic work in the financial advice sector (2024–25)

Key activity	Key actions	Relevant subsector
Cold-calling superannuation switching business models	<ul style="list-style-type: none"> Take action, including enforcement action, to protect consumers from cold-calling practices that induce inappropriate superannuation switching and result in the erosion of superannuation balances 	All financial advice subsectors
Self-managed superannuation fund (SMSF) establishment advice compliance	<ul style="list-style-type: none"> Continue a review of SMSF establishment advice to determine if it complies with the law. The review also includes an assessment of related AFS licensee policies and procedures 	Licensees that provide personal advice to retail clients on relevant financial products
Supporting delivery of financial advice related law reform	<ul style="list-style-type: none"> Continue to support law reform and contribute to policy development. This includes the Australian Government's final response to the Quality of Advice Review, such as its Delivering better financial outcomes package 	All financial advice subsectors
Monitoring the use of offshore outsourcing arrangements	<ul style="list-style-type: none"> Review how AFS licensees and financial advisers manage the risks of using offshore service providers. In particular, we will look at how they manage risks related to technology, data sharing and privacy. We will also publish resources that will help licensees improve the security of client data when sending it offshore 	Licensees that provide personal advice to retail clients on relevant financial products
FSCP	<ul style="list-style-type: none"> Ensure the efficient and effective operation of the FSCP as the single disciplinary body for financial advisers. This work includes: <ul style="list-style-type: none"> preparing FSCP briefs for consideration by the FSCP; providing the Secretariat and FSCP delegates; recording sanctions made by the FSCP on the financial advisers register; actioning FSCP sanctions and communicating outcomes to the market; and reviewing the operation of the FSCP after 12 months 	Licensees that provide personal advice to retail clients on relevant financial products
Financial adviser exam	<ul style="list-style-type: none"> Administer the financial adviser exam, including: <ul style="list-style-type: none"> working with the exam provider to develop and deliver the exam; preparing and updating guidance for exam candidates; and responding to queries from advisers and AFS licensees 	Licensees that provide personal advice to retail clients on relevant financial products
Unlicensed advice	<ul style="list-style-type: none"> Continue to identify unlicensed advice and consider action, including enforcement action, against misconduct by being selective about the matters we pursue to ensure we use our resources to target misconduct effectively 	All financial advice subsectors
Acting against non-lodgement of financial reports	<ul style="list-style-type: none"> Take action against public companies, large proprietary companies, registrable superannuation entities and AFS licensees who do not comply with obligations to lodge financial reports 	All financial advice subsectors

Key activity	Key actions	Relevant subsector
Publishing internal dispute resolution (IDR) data	<ul style="list-style-type: none"> Publish observations from the first year of IDR data reported by all firms and prepare to publish firm-level IDR data in 2025 	All financial advice subsectors
Breach reporting	<ul style="list-style-type: none"> Continue to monitor the operation of the reportable situations regime to further support industry with the practical implementation of the new obligations Work with stakeholders to identify and implement solutions that will improve the consistency and quality of reporting practices Develop a framework for ongoing publication of information about the reports received Conduct a targeted surveillance of AFS licensees with low numbers of reportable situations and, where appropriate, take enforcement action Develop enhanced data analytics capabilities to harness the value of the information we receive under the regime to achieve better regulatory outcomes 	All financial advice subsectors
Cyber and operational resilience	<ul style="list-style-type: none"> Conduct targeted surveillances to monitor cyber and operational resilience among our regulated entities Engage with industry to promote good practices and support initiatives that enhance cyber resilience Develop supervisory approaches for emerging operational risks, including artificial intelligence Partner with other regulators to harmonise regulatory approaches and action 	All financial advice subsectors
Implementing a supervisory cyber and operational resilience program	<ul style="list-style-type: none"> Support regulated entities in enhancing cyber resilience, including their use of third-party providers, by reviewing cyber resilience in various industries and sending letters based on findings Implement a self-deployed exercise for entities to improve cyber resilience. We will also work on information-sharing initiatives, design a single reporting portal and partner with the Australian Prudential Regulation Authority (APRA) for supervisory efforts. The expected timeframe for this activity is 3 years+ 	All financial advice subsectors
Monitoring the use of AI by licensees	<ul style="list-style-type: none"> Review how retail financial services and credit entities use AI and advanced data analytics, and assess their risk management and governance processes. Publish Report 798 <i>Beware the gap: Governance arrangements in the face of AI innovation</i> (REP 798) which calls on licensees to act to ensure risk management and governance arrangements enable them to deploy AI safely, responsibly and in compliance with existing obligations Contribute to the Australian Government's development of AI-specific regulation 	All financial advice subsectors
The Regulatory Initiatives Grid (RIG)	<ul style="list-style-type: none"> Work with the Australian Government to support the introduction of the RIG. The RIG will provide industry with information, in a single location and from across multiple agencies, about upcoming reforms and regulatory actions that will materially affect the financial sector 	All financial advice subsectors

Summary table of estimated industry funding levies for the financial advice sector

Table 2: Estimated industry funding levies for the financial advice sector

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Estimated levy
Licensees that provide personal advice to retail clients on relevant financial products	<p>Entities that are AFS licensees authorised to provide financial product advice on relevant financial products to retail clients</p> <p>Note: 'Relevant financial products' are financial products other than basic banking products, general insurance products, consumer credit insurance, or a combination of any of those products</p>	\$39.271m	2,680 AFS licensees with 15,233 advisers	<p>Adjusted number of advisers on the financial advisers register</p> <p>The levy metric is based on the number of relevant providers (within the meaning of s910A of the Corporations Act) that are:</p> <ul style="list-style-type: none"> registered on the financial advisers register at the end of the financial year; and authorised to provide personal advice to retail clients on behalf of the entity <p>A licensee will only pay the levy in proportion to the number of days in the financial year that they held the relevant AFS licence authorisation</p>	\$1,500	No threshold	Minimum levy of \$1,500 plus \$2,314 per adviser
Licensees that provide personal advice to retail clients on products that are not relevant financial products	<p>Entities that are AFS licensees authorised to provide financial product advice to retail clients only on basic banking products, general insurance products and consumer credit insurance</p>	\$0.044m	565	<p>Number of days authorised</p> <p>The number of days in the financial year on which the entity holds the relevant AFS licence authorisation</p> <p>Note: The subsector regulatory costs will be shared equally between entities that are part of the subsector for the full financial year because regulatory effort for each entity is not dependent on the size of the entity</p>	Not applicable	Not applicable	\$80

Subsector	Definition	Estimated cost recovery amount	Number of entities	Levy metric and description	Minimum levy	Graduated levy threshold	Estimated levy
Licensees that provide general advice only	Entities that are AFS licensees authorised to provide financial product advice that is general advice only	\$5.234m	1,122	Flat levy Note: The subsector regulatory costs will be shared equally between all entities in the subsector because our regulatory costs for each entity are not dependent on each entity's share of total business activity within the subsector	Not applicable	Not applicable	\$4,665
Licensees that provide personal advice to wholesale clients only	Entities that are AFS licensees authorised to provide financial product advice to wholesale clients only	\$1.642m	1,991	Flat levy Note: The subsector regulatory costs will be shared equally between all entities in the subsector because our regulatory costs for each entity are not dependent on each entity's share of total business activity within the subsector. There is no proportional allocation of the levy for the number of days the entity held the relevant AFS licence authorisation because the low annual levy rate means that pro rating the levy would be administratively burdensome and disproportionately increase costs to be passed on to the subsector	Not applicable	Not applicable	\$825

Detailed breakdown of estimated costs of regulating each subsector in the financial advice sector

- 9 We have provided a breakdown of the costs for each subsector in the financial advice sector. It also includes the cost of regulating the subsector in the previous year. For more information about the actual costs for 2023–24, see [our annual dashboard and summary of variances documents](#) on our website.

Licensees that provide personal advice to retail clients on relevant financial products

- 10 ASIC's cost of regulating the subsector in 2023–24 was \$45.0 million. The estimated cost of regulating the subsector for 2024–25 is \$39.3 million: see Table 3.

Table 3: Estimated costs to regulate licensees that provide personal advice to retail clients on relevant financial products

Expense	Estimated cost
Supervision and surveillance	\$5.619m
Enforcement	\$17.181m
Other regulatory activities	
<i>Industry engagement</i>	\$0.541m
<i>Education</i>	\$0.501m
<i>Guidance</i>	\$0.630m
<i>Policy advice</i>	\$0.821m
Indirect costs	
<i>Commission, legal services and risk management</i>	\$1.722m
<i>Digital, data and technology</i>	\$5.251m
<i>Corporate support</i>	\$2.241m
<i>Property and accommodation services</i>	\$3.198m
Total operating expenditure	\$37.706m
Allowance for capital expenditure	\$1.041m
Less costs funded by own-source revenue	(\$0.013m)
Adjustment for prior year under/(over) recovery	\$0.537m
Total levy to recover costs	\$39.271m

Licensees that provide personal advice to retail clients on products that are not relevant financial products

- 11 ASIC's cost of regulating the subsector in 2023–24 was \$90,901. The estimated cost of regulating the subsector for 2024–25 is \$43,940: see Table 4.

Table 4: Estimated levies to recover costs to regulate licensees that provide personal advice to retail clients on products that are not relevant financial products

Expense	Estimated cost
Supervision and surveillance	\$0.010m
Enforcement	\$0.001m
Other regulatory activities	
<i>Industry engagement</i>	\$0.001m
<i>Education</i>	\$0.001m
<i>Guidance</i>	\$0.005m
<i>Policy advice</i>	\$0.008m
Indirect costs	
<i>Commission, legal services and risk management</i>	\$0.002m
<i>Digital, data and technology</i>	\$0.007m
<i>Corporate support</i>	\$0.002m
<i>Property and accommodation services</i>	\$0.004m
Total operating expenditure	\$0.041m
Allowance for capital expenditure	\$0.001m
Less costs funded by own-source revenue	(\$0.000m)
Adjustment for prior year under/(over) recovery	\$0.002m
Total levy to recover costs	\$0.044m

Licensees that provide general advice only

- 12 ASIC's cost of regulating the subsector in 2023–24 was \$2.8 million. The estimated cost of regulating the subsector for 2024–25 is \$5.2 million: see Table 5.

Table 5: Estimated levies to recover costs to regulate licensees that provide general advice only

Expense	Estimated cost
Supervision and surveillance	\$0.631m
Enforcement	\$2.764m
Other regulatory activities	
<i>Industry engagement</i>	\$0.051m
<i>Education</i>	\$0.063m
<i>Guidance</i>	\$0.017m
<i>Policy advice</i>	\$0.049m
Indirect costs	
<i>Commission, legal services and risk management</i>	\$0.240m
<i>Digital, data and technology</i>	\$0.650m
<i>Corporate support</i>	\$0.220m
<i>Property and accommodation services</i>	\$0.384m
Total operating expenditure	\$5.069m
Allowance for capital expenditure	\$0.123m
Less costs funded by own-source revenue	(\$0.046m)
Adjustment for prior year under/(over) recovery	\$0.087m
Total levy to recover costs	\$5.234m

Licensees that provide personal advice to wholesale clients only

13 ASIC's cost of regulating the subsector in 2023–24 was \$1.6 million. The estimated cost of regulating the subsector for 2024–25 is \$1.6 million: see Table 6.

Table 6: Estimated levies to recover costs to regulate licensees that provide personal advice to wholesale clients only

Expense	Estimated cost
Supervision and surveillance	\$0.157m
Enforcement	\$0.847m

Expense	Estimated cost
Other regulatory activities	
<i>Industry engagement</i>	\$0.010m
<i>Education</i>	\$0.021m
<i>Guidance</i>	(\$0.000m)
<i>Policy advice</i>	\$0.013m
Indirect costs	
<i>Commission, legal services and risk management</i>	\$0.064m
<i>Digital, data and technology</i>	\$0.225m
<i>Corporate support</i>	\$0.087m
<i>Property and accommodation services</i>	\$0.132m
Total operating expenditure	\$1.555m
Allowance for capital expenditure	\$0.039m
Less costs funded by own-source revenue	(\$0.000m)
Adjustment for prior year under/(over) recovery	\$0.049m
Total levy to recover costs	\$1.642m