



ASIC
Australian Securities &
Investments Commission

REGULATORY GUIDE 181

AFS licensing: Managing conflicts of interest

December 2025

About this guide

This guide is for Australian financial services (AFS) licensees, their representatives and AFS licence applicants.

It explains the legal obligations under the Corporations Act for having adequate arrangements to manage conflicts of interest. It includes guidance on identifying conflicts, what adequate arrangements involve, and effective conflicts management through a range of tools.

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 December 2025 and is based on legislation and regulations as at the date of issue. In January 2026 we corrected a typo in the appendix.

Previous versions:

- Superseded Regulatory Guide 181, issued August 2004.

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

This guide sets out how you should comply with the Australian financial services (AFS) licence obligation to have adequate arrangements in place to manage conflicts of interest.

- RG 181.1 If you are an AFS licensee or applicant, you must comply with your licensing obligation to have adequate arrangements in place to manage conflicts of interest.
- RG 181.2 This guide explains:
 - (a) how the law applies, including its scope and interaction with other related obligations (Section B);
 - (b) the types of conflicts you may need to consider (Section C);
 - (c) what constitutes ‘adequate arrangements’ to manage conflicts—supported by specific steps to *identify, assess, and respond* to conflicts, and *implement, maintain, monitor and review* your arrangements (Section D); and
 - (d) what effective conflicts management involves—that is, avoiding, controlling, and disclosing conflicts (Section E).
- RG 181.3 This guide also sets out that you should take a proportionate and risk-based approach to your conflicts management obligation, tailored to your facts and circumstances as they arise or change.
- RG 181.4 Further guidance is available in the appendix to this guide. It provides a catalogue of key legal obligations and information relevant to your compliance with the conflicts management obligation.

B Your conflicts management obligation

Key points

If you are an AFS licensee or applicant, you must have in place adequate arrangements to manage conflicts of interest.

This obligation is broad. Other relevant financial service laws inform how you should comply with your conflicts management obligation.

Your obligation

RG 181.5 If you are an AFS licensee, or an AFS licence applicant, you must comply with your general licensing obligations under s912A of the *Corporations Act 2001* (Corporations Act).

Note 1: For an overview of the general licensing obligations of AFS licensees, see Regulatory Guide 104 *AFS licensing: Meeting the general obligations* ([RG 104](#)).

Note 2: In this guide, references to sections (s), chapters (Ch), divisions (Div). and parts (Pt) are to the Corporations Act, unless otherwise specified.

RG 181.6 This includes your obligation to have in place adequate arrangements for managing conflicts of interest that may arise wholly, or partially, in relation to activities undertaken by you or your representatives in the provision of financial services as part of your financial services business or the financial services business of your representatives ('the conflicts management obligation'); see s912A(1)(aa).

RG 181.7 The conflicts management obligation does not require you to eliminate all conflicts of interest. Rather, it requires you to adequately and effectively manage all conflicts of interest. You can manage many conflicts of interest with a combination of control mechanisms and disclosures. However, if you cannot manage a conflict in this way, you should instead avoid it.

Note: For further guidance on what effective conflicts management involves, see Section E.

Purpose of the obligation

RG 181.8 Managing conflicts of interest is a central pillar of financial services regulation.

RG 181.9 The obligation is intended to ensure financial markets and services are fair, efficient, and honest. It promotes both consumer protection and market

integrity—preventing misconduct and reducing harm to consumers or investors. It can also improve economic efficiency.

Note: For the objectives of the financial services regime (including for the general licensing obligations), see s760A.

RG 181.10 It is also beneficial to you—it improves the quality and integrity of your financial services business.

Scope of the obligation

RG 181.11 The conflicts management obligation is broad and is intended to apply widely—it is not limited in its application. It applies to *all* conflicts of interest other than those wholly outside (i.e. completely separate to) the financial services business of you or your representative.

Note: While the conflicts management obligation is intended to apply broadly, you should take a proportionate and risk-based approach to managing conflicts, tailored to the facts and circumstances as they arise or change: see RG 181.52–RG 181.53.

RG 181.12 It applies to conflicts of interest that arise within the financial services business. It also applies to conflicts that arise between something within the financial services business and something outside it, particularly where the relationship, interest or activity may affect (or reasonably appear to affect) how financial services are provided by the business. For example, an employee prioritising their competing personal or financial interest outside the business may affect how they provide financial services within the business, as well as the quality of the services they provide.

Note: See Table 1 for illustrative examples of different types of conflicts across financial services.

RG 181.13 The conflicts management obligation does not include conflicts that are outside of and unrelated to the financial services business.

Note: See the Explanatory Memorandum to the *Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Bill 2003* ([Explanatory Memorandum](#)) at paragraphs 5.597 and 5.599.

Other legal obligations

General licensing obligations

RG 181.14 The conflicts management obligation works together with and supplements the general licensing obligation to act efficiently, honestly and fairly.

RG 181.15 The general licensing obligations—including your compliance with the financial services laws and establishing and maintaining adequate risk

management systems—inform how you must comply with the conflicts management obligation.

Other legal requirements

RG 181.16 Other laws may apply to you that relate to conflicts of interest or conduct potentially affected by conflicts. You must take these laws into account when complying with your conflicts management obligation.

RG 181.17 The appendix provides a catalogue of key legal obligations and information you may need to consider when complying with your conflicts management obligation. How you incorporate other relevant legal obligations informs the adequacy of your arrangements. Some obligations may also determine the way you manage certain conflicts. For example:

- (a) if you are a director of a financial services business, you must comply with your directors' duties—including your obligation to disclose material personal interests when a conflict arises;
- (b) if you are a market participant, you must comply with the market integrity rules—including those related to managing conflicts;
- (c) if you are the responsible entity of a registered managed investment scheme, you must comply with your responsible entity duties—including your obligation to act in the best interests of scheme members and to prioritise the interests of members over your own where they conflict; and
- (d) if you are an AFS licensee or their representative, an employer of an AFS licensee or their representative, or a financial product issuer or seller, you must comply with the ban on conflicted remuneration—including the prohibition against giving or accepting certain types of benefits relating to the provision of financial product advice.

Note: For further guidance on what constitutes 'adequate arrangements', see Section D.

RG 181.18 The catalogue is not an exhaustive list. You must consider other legal requirements, including in common law and equity, that may apply to you. This includes any relevant conduct prohibitions that may be affected by conflicts, such as misleading and deceptive conduct, unconscionable conduct, or insider trading and market misconduct.

RG 181.19 You may also need to consider legal requirements outside the financial services laws that may be relevant to you, such as privacy obligations.

Fiduciary duty

RG 181.20 You or your representatives may owe a fiduciary duty to your clients, members, or other parties.

RG 181.21 A fiduciary duty can arise under common law in certain recognised relationships of trust and confidence. If a fiduciary duty exists, subject to any terms governing the fiduciary relationship, you may need to act in the other party's best interests, prioritise their interests, not profit without consent, or address any conflicts.

RG 181.22 You must take this duty into account when complying with your conflicts management obligation. Whether an AFS licensee is in a fiduciary position will also inform the adequacy of their conflict management arrangements.

Note: See *Australian Securities and Investments Commission v Avestra Asset Management Limited (In Liquidation)* (2017) 348 ALR 525, 562 (ASIC v Avestra).

Industry standards or codes

RG 181.23 We may consider your compliance with industry standards or practices in assessing your compliance with the conflicts management obligation. Specifically, we will take industry standards or codes of conduct into account if the law or your AFS licence conditions require you to comply with a particular standard or code.

International obligations

RG 181.24 You may be subject to international obligations or standards on conflicts management. While we check compliance with the Australian conflicts management obligation and AFS licence conditions, we may also consider how your international obligations inform your compliance.

Complying with your obligation

RG 181.25 If we have reason to believe you are not complying with your conflicts management obligation, we may take enforcement action.

Note: Our general approach to enforcement is set out in Information Sheet 151 *ASIC's approach to enforcement* ([INFO 151](#)).

RG 181.26 This could include administrative action, such as suspending or cancelling your AFS licence or imposing additional licence conditions: see s915C(1) and s914A(1).

Note: If you have reasonable grounds to believe that you have failed to comply with your conflicts management obligation, you may be required to report this breach to ASIC—see Regulatory Guide 78 *Breach reporting by AFS licensees and credit licensees* ([RG 78](#)).

RG 181.27 Depending on the severity, a breach of your conflicts management obligation may result in civil penalties:

- for individuals, the greater of:

- (i) 5,000 penalty units; or
- (ii) if the court can determine—three times the benefit derived from (or detriment avoided) by the contravention; and

(b) for corporations, the greater of:

- (i) 50,000 penalty units;
- (ii) if the court can determine—three times the benefit derived from (or detriment avoided) by the contravention; or
- (iii) 10% of annual turnover, up to a maximum value of 2.5 million penalty units (see s912A(5A) and 1317G).

Note: For more information about penalties, including the value of a penalty unit, see [Fines and penalties](#) on the ASIC website.

RG 181.28 When assessing your compliance with the conflicts management obligation, we may consider the materiality or seriousness of any conflict of interest that occurs or may occur or systemic failures.

C Identifying conflicts of interest

Key points

You should identify all relevant conflicts, including those arising from confidential information or business structures.

Conflicts of interest include actual and potential conflicts.

To help you identify conflicts, we have set out different types and illustrative examples of conflicts to consider.

What is a conflict of interest?

RG 181.29 A conflict of interest can arise where there are competing financial interests, personal interests, business or related party interests—whether direct or indirect—or competing loyalties and obligations. In some circumstances, a combination of these may give rise to a conflict.

RG 181.30 This guide deals with the conflicts management obligation. It is generally concerned with conflicts that have a real and sensible possibility of swaying your judgement or actions—or those of your representatives (including employees, directors or agents)—in an adverse way.

RG 181.31 You should take a ‘common-sense’ and objective approach to determining if there is a conflict of interest. Whether there is a conflict of interest will ultimately turn on the facts and circumstances of a situation.

RG 181.32 Conflicts of interest can be:

- (a) actual—where a conflict currently exists that could sway your judgement or actions (or those of your representatives); and
- (b) potential—where circumstances do not currently give rise to an actual conflict but could reasonably be expected to do so in the future.

Note: In determining whether an actual or potential conflict exists that could sway your judgement or actions, you should take into account whether a reasonable person might consider such a conflict exists.

RG 181.33 A conflict of interest can include:

- (a) conflicts of, or within, the financial services business (including conflicts arising from its corporate structure and relationships);
- (b) the conflicts of any individual—for example, clients (retail or wholesale), members, shareholders, employees, directors, third parties—that arise in relation to the financial services business; and

- (c) the conflicts of any entity—for example, wholesale clients, counterparties, related entities in intra-group structures, commercial third parties—that arise in relation to the financial services business.

RG 181.34 In addition, the following factors may be relevant to the materiality or seriousness of a conflict of interest:

- (a) the nature of relationship between parties in a conflict—conflicts can occur across a range of business and interpersonal relationships, including fiduciary relationships;
- (b) the scale of a conflict—conflicts cover situations ranging from those that result in minor breaches to those that result in significant harm to affected parties, misconduct, or corruption;
- (c) the outcome of a conflict—conflicts can compromise the independence, objectivity or impartiality required in your circumstances or lead to negative consequences for your business or to consumers (such as customers, clients, members or investors); and
- (d) the other legal duties, obligations or prohibitions applicable to the conflict—conflict situations may be governed by a range of laws, including those that require you to treat certain conflicts in specific ways (e.g. prioritising the best financial interests of members).

Note: For further guidance on other legal requirements, see RG 181.16–RG 181.24 and the appendix.

Types of conflicts

RG 181.35 When applying the conflicts management obligation, you should consider all conflicts that may be relevant to your financial services business.

RG 181.36 Table 1 provides illustrative examples of different types of actual and potential conflicts across financial services, with a focus on the factors that give rise to a conflict (such as the competing interests of individuals and their relationships). It is not intended to be an exhaustive list or used as a checklist. Instead, it provides examples that you should consider, tailor and apply to your circumstances.

Note 1: You should take an objective approach to identifying conflicts of interest, including when assessing whether they are actual or potential—RG 181.31–RG 181.32.

Note 2: You may operate in various roles across the different transactions illustrated in Table 1—such as principal, agent, market maker or regulated entity—each involving different types of conflicts and legal obligations.

RG 181.37 For guidance on managing these types of conflicts, see Section E.

Note: Certain examples in Table 1 may also illustrate conduct prohibited by other laws (e.g. insider trading). Your arrangements should ensure that a conflict of interest does

not result in prohibited conduct. Avoiding these conflicts may be the most effective conflicts management tool for your circumstances: see RG 181.54–RG 181.55 and RG 181.68.

Table 1: Illustrative examples of conflicts

Type of conflict	Illustrative example
Conflicts with clients or members	<ul style="list-style-type: none"> An insurance broker—influenced by their financial interest—recommending to a client a product that generates higher commission over a product with similar coverage but that would result in lower commission. An adviser in a position where they can recommend that clients invest in financial products from a related entity—creating a potential conflict as they could prioritise their own financial and related-party interests over the interests of clients. A stockbroker—incentivised by their remuneration arrangements to maximise trading volume (i.e. to generate brokerage from which they will personally benefit) on clients' accounts—trading in a manner that is inconsistent with their clients' interests. A private credit fund operator—which may be motivated by its financial interest in retaining fees and interest margins on loans under management—prioritising its own revenue over the interests of fund members, even though the fund members provide the capital and carry the credit risk.
Conflicts between clients, members, or classes of persons	<ul style="list-style-type: none"> A multi-disciplinary firm—prioritising its business and financial interests over its clients' interests—leveraging confidential information obtained from one client of its financial services business to obtain new clients in its other businesses. A corporate advisory—steered by its own business interests—deciding to provide confidential information about a takeover transaction to the directors and management of the target company or to other firms it is seeking to do business with when advising on a takeover transaction, to the detriment of other shareholders or potential bidders.
Structural conflicts	<ul style="list-style-type: none"> A related-party service provider to a responsible entity—motivated by the interests of the corporate group—performing the outsourced functions in a manner that prioritises the commercial interests of the responsible entities and/or entities in the corporate group over outcomes for investors. A financial services group—incentivised by its dual financial interest in the success of an entity's capital raising (through underwriting or another distribution role) and loan repayment (as a creditor)—distributing the entity's capital raising in order to ensure repayment of the loan. A financial institution—influenced by its financial and related-party interests—provides financial product advice recommending a related entity's high-cost home insurance product at a premium price to new home loan customers. A superannuation trustee, responsible entity or product issuer that owns a financial advice business and permits the business to recommend the owner entity's products to clients—creating a potential conflict as these entities could prioritise their own financial interests over the interests of clients. A multi-disciplinary firm—incentivised by its business and financial interests—offering auditing services to a client while also providing the same client with financial services (except where auditor independence requirements are complied with).

Type of conflict	Illustrative example
Proprietary conflicts	<ul style="list-style-type: none"> • A financial institution as an agent—prioritising its own financial and business interests—using confidential client order instructions that have yet to be traded when hedging risks or obtaining beneficial prices in proprietary trading. • A market maker—prioritising its financial interests—using confidential information from client orders to benefit its proprietary trading by front running orders and taking advantage of the anticipated price impact of the order. • The responsible entity of a registered managed investment scheme—influenced by its related party interest—lending to a related company when there are inadequate arrangements to manage the risks and insufficient evidence that the transaction is managed at arm's length.
Conflicts relating to duties	<ul style="list-style-type: none"> • An insurance broker—influenced by its financial interest arising from cross-ownership or shareholdings between the broker (or its corporate group) and an insurer or underwriter it places business with—recommending or placing policies that benefit the related insurer (including non-monetary benefits and/or other incentives), rather than those that are most suitable for the client. • The director of both a general insurer and an advertising agency involved in deciding which advertising agency the general insurer engages to promote its car insurance products—creating a potential conflict as the director could be influenced by their personal interest arising from their advertising agency affiliation.
Third-party conflicts	<ul style="list-style-type: none"> • An investment manager, which has been outsourced by a responsible entity making investment decisions that prioritise its own business interests or those of its related entities over the best interests of investors. • A comparison website—influenced by their financial interests in relation to certain financial products—prioritising and recommending those products to consumers. • An investment manager of a fund, who is solely responsible for valuing the assets of the fund and derives asset-based management fees (i.e. the valuation is not determined or reviewed by an independent third-party)—influenced by their own financial interests—artificially inflating the value of those assets.
Individual conflicts	<ul style="list-style-type: none"> • An adviser—prioritising their own and related party interests—recommending that a client set up a self-managed superannuation fund to borrow money and invest in residential property, where the adviser receives a commission from a related party property developer for referring the client. • The personal interest of an employee of a corporate advisory influencing the sharing of their sell-side client's material, non-public information with an employee from the buy-side, to the detriment of the rest of their buy-side clients. • An employee of a superannuation trustee in a position where they can approve investment strategies that result in financial benefit to the employee—creating a potential conflict as they could be influenced by their own financial interest. • A research analyst—influenced by their personal interests in holdings and proprietary business interests—compromising their independence in selecting a company for research, promoting the company or overstating the company's prospects to clients, for the analyst's own benefit. • A director or executive of a superannuation fund who is privy to price-sensitive information about fund transaction activities (such as the revaluation of an unlisted asset)—influenced by their personal and financial interests—using that information for personal gain by switching investment options based on their knowledge of the timing of that revaluation.

Specific considerations when identifying conflicts

RG 181.38 You should consider the following factors when identifying the types of conflicts that may arise.

Confidentiality

RG 181.39 Receiving confidential information may give rise to a conflict of interest. This may be confidential information received in the ordinary course of business, information that is price-sensitive, or material non-public information ('inside information').

Note: For the definition of 'inside information', see s1042A(1) of the Corporations Act.

RG 181.40 You or your staff should not misuse confidential information in a way that may benefit yourself, another part of your business, another client or counterparty, or generally affect market integrity.

Conflict of duties

RG 181.41 A conflict of duties will generally give rise to a conflict of interest. This may include directors' duties, fiduciary or common law duties, or duties of a particular role (such as a responsible manager or auditor).

RG 181.42 You should also consider conflicts between duties, or a conflict between a duty and an interest. For example, there may be a conflict:

- (a) between a fiduciary duty to one client and a fiduciary duty to another client;
- (b) if one part of a financial services business owes a fiduciary duty to a client, while another part of the financial services business is acting against that client's interests;
- (c) between a director's duties in a financial services business and their duties to another company; or
- (d) between a director's duties in a financial services business and their personal interests.

RG 181.43 A conflict of duties may also relate to:

- (a) an individual's professional, legal, or other duties and interests; or
- (b) the statutory obligations and duties of an entity.

Structural conflicts

RG 181.44 Misaligned incentives resulting from business structures may give rise to conflicts of interest. This may be the result of:

- (a) vertical integration of product issuers, product manufacturers, product sales or advisory roles, and service providers;

- (b) the influence of related entities; or
- (c) misaligned incentives between business units or intra-group structures in a conglomerate firm or financial institution.

Third-party commercial relationships

RG 181.45 Third-party commercial relationships of your financial services business may also raise conflict issues. This includes any conflicts you may have in relation to a third party or conflicts a third party may have that impacts your financial services business.

RG 181.46 Third-party commercial relationships may include outsourced functions of your financial services business, relationships with product issuers or advisers, or those engaged to undertake specific activities—such as auditors, lawyers, valuers, consultants, accountants or experts.

Remuneration

RG 181.47 Remuneration practices, including non-monetary benefits, may cause misaligned incentives and result in conflicts of interest. These practices may include commissions, volume-based remuneration, staff rewards and bonuses, or expenses. They may result in poor consumer outcomes and lead to harms, such as consumers:

- (a) being sold financial products or services that are not in their interests, due to the commissions or financial benefits you can earn; or
- (b) being charged unnecessary fees or excessive expenses.

D Having adequate arrangements

Key points
Arrangements for managing conflicts of interest should be robust, effective, and tailored to your circumstances. You should take a proportionate and risk-based approach.
In practice, you should clearly <i>identify, assess, and respond</i> to conflicts. You should also <i>implement, monitor, maintain, and review</i> your arrangements.
Table 2 outlines arrangements you should generally have in place to manage conflicts.

What are adequate arrangements?

RG 181.48 You must have adequate arrangements to manage conflicts of interest. Your arrangements should be robust and effective.

Note: See the [Explanatory Memorandum](#) at paragraph 5.597.

RG 181.49 Your arrangements should be tailored with your own circumstances in mind and designed to meet your obligations. Whether your arrangements are adequate will depend on several factors, including the nature, scale and complexity of your business.

Note: See *ASIC v Avestra*.

RG 181.50 You should take a proportionate and risk-based approach to your conflicts management obligation: see RG 181.52–RG 181.59.

RG 181.51 Your arrangements may include:

- (a) policies, processes and procedures;
- (b) people and resources;
- (c) systems and controls over the business and staff; and
- (d) governance and supervisory arrangements.

Taking a proportionate and risk-based approach

RG 181.52 You should take a proportionate and risk-based approach to your conflicts management obligation based on:

- (a) your legal and compliance requirements—including other related laws and obligations (see the appendix);

- (b) the risks posed by a conflict of interest or class of conflicts—including:
 - (i) the likelihood of a conflict occurring;
 - (ii) the materiality or seriousness of a conflict;
 - (iii) any resulting misconduct or harm (such as consumer, investor, or economic harm, including to your financial services business) or impact to market integrity;
 - (iv) whether similar conflicts have arisen in the past; and
 - (v) how conflict management activities may change the risk posed by a conflict; and
- (c) the nature, scale and complexity of your business.

RG 181.53 How you address these factors informs the adequacy of your arrangements. Whether your arrangements are adequate to effectively manage conflicts is a question of fact in each case and may change over time.

Other legal requirements

RG 181.54 Depending on other legal obligations that apply—such as your fiduciary duties, best interest obligations, or prudential requirements—you may need to prioritise the interests of members or clients (retail or wholesale) in a conflict or have different or more robust arrangements in place. Some conflicts may also be prohibited, such as conflicted remuneration.

Note: See Regulatory Guide 246 *Conflicted and other banned remuneration* ([RG 246](#)).

RG 181.55 Your arrangements should also ensure that a conflict does not result in prohibited conduct.

Risks posed by a conflict

RG 181.56 Conflicts of interest can be a significant driver of consumer, investor, and economic harm and can also impact market integrity. The risks posed by a conflict may not be realised unless acted on or may change over time.

RG 181.57 You should tailor your arrangements—including how you effectively manage conflicts—to the risks posed by a conflict or a class of conflicts, including the risks to you, other affected parties, or market integrity.

Nature, scale and complexity of the business

RG 181.58 Your arrangements will differ based on the nature, scale and complexity of your business. You should design and tailor these arrangements to your circumstances. For example:

- (a) a listed company will have substantially different arrangements to a small business or sole trader; or

(b) a firm that is part of a multi-national group may need to consider international obligations or standards when developing their arrangements—see RG 181.24.

RG 181.59 The type and number of financial services you offer, as well as the level of sophistication of your clients (i.e. whether they meet the criteria of the wholesale client or investor tests), will also influence the nature and scale of your arrangements.

Note: For the wholesale investor test, see s708. For the wholesale client tests, see s761G and 761GA.

What should your arrangements include?

RG 181.60 You should have in place arrangements to *identify* and *assess* a conflict or class of conflicts, and to *respond* to a conflict—that is, effectively manage the conflict: see Section E.

RG 181.61 You should also *implement, monitor, maintain and review* your arrangements for them to be adequate.

RG 181.62 Your arrangements may include, but are not limited to, the steps set out in Table 2.

Note: See *ASIC v Avestra*, as affirmed by the Federal Court in *Australian Securities and Investments Commission v Westpac Banking Corporation (No 2)* (2018) 357 ALR 240.

Table 2: Adequate arrangements to manage conflicts

Steps	Arrangements
1. Identify	<p>Your arrangements should help you identify when a conflict of interest or class of conflicts may or does occur (including conflicts that a reasonable person might consider to exist).</p> <p>This does not mean you need to identify every conflict of interest that may or does occur. However, you should have in place arrangements to:</p> <ul style="list-style-type: none"> • identify relevant conflicts based on the general risk and materiality or seriousness posed by a conflict or class of conflicts; and • obtain further or specific information on a conflict, if appropriate. <p>The information you need to identify a conflict may depend on:</p> <ul style="list-style-type: none"> • the role, type, or class of employee, client, or another party; or • the risks and potential harm posed by a conflict of interest or class of conflicts.
2. Assess	<p>Your arrangements should enable you to assess and evaluate a conflict of interest or class of conflicts to effectively manage it. This includes considering the materiality or seriousness of a conflict.</p> <p>This may include undertaking a risk assessment of a conflict of interest or class of conflicts and evaluating what an appropriate response would be.</p>

Steps	Arrangements
3. Respond	<p>You should decide on and apply an appropriate response to <i>effectively manage a conflict of interest</i>. For guidance on effective conflicts management, see Section E.</p> <p>Responding to a conflict also includes having arrangements to evaluate and monitor the effectiveness of your specific response and rectifying or providing remedial action if the response is not effective. For example:</p> <ul style="list-style-type: none"> regular checks to ensure your response remains effective and that you are managing the conflict properly over time; adjusting controls if the conflict changes in scope or impact; or verifying disclosure continues to meet the needs of affected parties.
4. Implement	<p>You should implement, monitor, maintain and review your arrangements to ensure they remain robust and effective. This includes ensuring:</p> <ul style="list-style-type: none"> your senior management and, if appropriate, your board approves and endorses your arrangements; you appropriately train your staff and relevant parties to thoroughly understand the arrangements and apply them to a range of conflicts; you have systems in place and people with the authority to apply the arrangements to a conflict of interest (i.e. compliance monitoring) and take appropriate action when required; you have a person or persons accountable for complying with your arrangements; arrangements include disciplinary measures for non-compliance, if appropriate; you appropriately document and store your arrangements; and you or a third-party expert reviews your arrangements and updates them as necessary. <p>Merely having or possessing conflicts management arrangements is insufficient. To meet your conflicts management obligation, you should be able to demonstrate that you have integrated your arrangements into your business operations.</p>

Documents and record keeping

RG 181.63 You should document and keep records of your arrangements for them to be adequate and to demonstrate your compliance, including by:

- documenting identified conflicts and the actions taken (e.g. a conflicts register or multiple registers);
- keeping records of reports made to your senior management or third parties about conflict matters; and
- storing copies or records of any written disclosures given to affected parties—whether individually, as a representative sample, or as a record of oral disclosures—including any scripts used.

Note: For related legal information and obligations you may need to consider, see the appendix.

E Effective conflicts management

Key points	
	To effectively manage conflicts, you should use a combination of avoiding, controlling, and disclosing conflicts of interest.
	You should tailor these measures to your specific circumstances; in many cases, disclosure alone may be insufficient to manage conflicts of interest effectively.
RG 181.64	Effective conflicts management will generally involve a combination of avoiding, controlling, and disclosing conflicts of interest. This informs the adequacy of your arrangements.
	<p>Note: See <i>ASIC v Avestra</i>.</p>
RG 181.65	Conflicts management requires a proactive and strategic approach that goes beyond mere disclosure. How you use controls to avoid or mitigate the risk of conflicts, and disclosure to manage conflicts, should be tailored to the specific facts and circumstances. This includes addressing risks associated with a conflict of interest.
RG 181.66	A failure to effectively manage a conflict may result in a breach of your conflicts management obligation.
	<p>Note: For example, see <i>Australian Securities and Investments Commission v Westpac Banking Corporation (Penalty Hearing) [2024] FCA 52</i>.</p>

Avoiding conflicts of interest

RG 181.67 Avoiding conflicts of interest may be the most effective conflicts management tool for your circumstances.

RG 181.68 Avoiding a conflict may involve identifying conflicts, or classes of conflict, that *could* arise and proactively preventing these from occurring (e.g. prohibiting certain activities) or eliminating an identified conflict (e.g. refusing to enter a particular transaction). This can be contrasted with control measures, which mitigate the risks associated with an existing conflict but do not eliminate it.

RG 181.69 Examples where you should avoid a conflict of interest include:

- where the interests of one client are in direct conflict with the interests of another in the provision of your financial services; or

- (b) where remuneration practices place your interests in direct conflict with the interests of clients or members.

RG 181.70 Measures you can consider as part of your arrangements to avoid certain conflicts or classes of conflicts include:

- (a) having information barriers (both physical or virtual) in place—such as between different business units—to prevent the flow of confidential information, ensure structural separation and avoid conflicts between areas with differing interests;
- (b) prohibiting certain activities, such as certain types of remuneration; or
- (c) not providing specific services to certain types of clients.

RG 181.71 You can also eliminate the risks arising from a conflict. For example, by:

- (a) removing a conflicted person from a transaction;
- (b) declining to service a client, or only servicing them under limited circumstances; or
- (c) refusing to enter a particular transaction.

Controlling conflicts of interest

RG 181.72 Effective conflicts management does not require you to eliminate every conflict, although that approach is open to you. You can put in place controls to mitigate the risks associated with a conflict of interest. What is appropriate will depend on the facts and circumstances.

RG 181.73 When controlling conflicts of interest, you should aim to limit situations where there is a real and sensible possibility that a conflict will adversely sway or influence the judgement or actions of decision makers: see RG 181.30.

RG 181.74 Examples of controls that you may use to manage the risks associated with a conflict of interest are listed in Table 3. It is not an exhaustive list.

Table 3: Examples of conflict control mechanisms

Type of control	Summary
Information barriers	Robust information barriers (both physical or virtual) to prevent or restrict staff from transferring or accessing information (including data) and to mitigate the effect of a conflict of interest.
Functional separation	Separation of relevant business units or teams (including physical segregation) to minimise the risks of a conflict of interest.
Communication controls	Controls around how certain staff or business units can communicate, including what they should not communicate, and how and when communication occurs.

Type of control	Summary
Approval requirements	Additional or separate approvals as a precondition for certain transactions or the provision of financial services where there is a conflict, to provide additional oversight and objectivity.
Trading restrictions	Trading restrictions (including 'blackout' periods) to limit the risks of a conflict—for example, if a person is working on an initial public offering or market transaction, or holds certain financial products.
Removal of staff	Removal of conflicted staff from a particular transaction or the provision of certain financial services, to ensure objectivity or impartiality in activities.
Arm's length engagement	Engaging third-party service providers to deliver services—such as administration, asset valuation, marketing and distribution—at arm's length to ensure impartiality and objectivity.
Decision-making restrictions	Restrictions on conflicted parties or relevant staff, limiting their decision making on a particular transaction or the provision of certain financial services.
Compliance monitoring	Mechanisms for compliance monitoring. For example, control rooms, compliance officers or committees who are responsible for monitoring compliance with documented conflict policies or leveraging design and distribution review mechanisms.
Governance and transparency	Appropriate governance structures to monitor a conflict and ensure transparency, with clear escalation channels and whistleblowing policies.
Disciplinary measures	Disciplinary measures to minimise the likelihood of a conflict being acted on or mitigate any risks associated with a conflict.

Disclosing conflicts of interest

RG 181.75 Disclosure to customers (including clients, members and investors) or other affected parties (such as prospective customers) is a mechanism that you can use to manage conflicts of interest.

RG 181.76 It should allow affected parties to understand and consider the impact of a disclosed conflict before making an informed decision. For example, effective disclosure should allow an investor to consider the risks and impact of the conflict before making an investment decision.

RG 181.77 Whether or not disclosure is an effective method to manage conflicts will depend on the facts and circumstances, including the level of materiality or seriousness of the conflict, the nature of the financial service and the needs of the affected party. It may also depend on other relevant legal obligations.

RG 181.78 In many cases, disclosure alone may be insufficient to effectively manage conflicts. It may be more appropriate to control or avoid the conflict altogether or to consider a combination of these mechanisms.

RG 181.79 How you disclose a conflict of interest will also depend on the facts and circumstances of your situation, including the risks posed by the conflict, the financial service you provide and who you are disclosing to (e.g. retail or wholesale clients). You should only disclose material conflicts, considering the cumulative effect of conflicts that arise in the financial services business or within the financial services business structure. You should not use excessive or unnecessary disclosure that could obscure or distract from an issue.

Note: The factors that may be relevant to the materiality or seriousness of a conflict are set out at RG 181.33.

RG 181.80 You should ensure your disclosure is consistent with any other legal requirements, including Pt 7.7 of the Corporations Act. You may incorporate your conflicts disclosure into, or in addition to, your other disclosure requirements.

RG 181.81 Table 4 provides principles you should generally apply when using disclosure to effectively manage conflicts.

Table 4: Disclosing a conflict of interest

Principles	Summary
General disclosure principles	<p>Disclosure should be timely, prominent, specific, and meaningful.</p> <p>Giving generic or 'boilerplate' disclosure (i.e. disclosure that does not address the nature and potential impact of a specific conflict) is unlikely to effectively manage a conflict. Instead, disclosures should:</p> <ul style="list-style-type: none"> occur before or during the provision of the financial service, allowing time for the affected party to assess its impact before making a decision; be clear, targeted and useful to the affected party; enable affected parties to make decisions based on the information received or give consent to proceed, if appropriate; and refer specifically to the financial service related to the conflict.
Disclosure content	<p>Disclosures should generally include:</p> <ul style="list-style-type: none"> the nature and relevant details of the conflict; the likelihood of the conflict occurring; the scale of the potential consequences if the conflict does occur, including any advantages or disadvantages to you, other participants or beneficiaries, or the affected party; and realistic and actionable steps (if any) the person receiving the disclosure can take to mitigate the risks of the conflict. <p>Note 1: See <i>ASIC v Avestra</i>.</p> <p>Note 2: This is not intended to be a prescriptive list of content requirements for all disclosures of conflicts of interest, including those required in a Financial Services Guide or Statement of Advice. Disclosure content should be proportionate, and risk based, tailored to the specific circumstances of the conflict.</p>

Principles	Summary
Methods of disclosure	<p>Disclosure should be:</p> <ul style="list-style-type: none"> • written or oral; and • presented in a way that is easily noticeable by affected parties.
Inappropriate disclosure	<p>In some cases, disclosing a conflict may be inappropriate, such as when:</p> <ul style="list-style-type: none"> • the information is commercially sensitive or protected by a confidentiality agreement; • it is in breach of privacy obligations; or • the disclosure amounts to 'inside information' under the insider trading provisions (see Pt 7.10, Div 3).
Disclosure for financial product advice	<p>When providing financial product advice to wholesale or retail clients, you should disclose any:</p> <ul style="list-style-type: none"> • legal or beneficial interest in the financial products; • relationships with the issuer or provider of the products; and • financial or other benefits linked to the client following your advice. <p>Note: You must consider how any disclosure interacts with your other relevant legal obligations, including specific disclosure requirements for retail clients—see the appendix.</p>
Disclosure for retail and wholesale clients	<p>You should ensure that retail and wholesale clients can understand the nature, potential risk and impact of the conflict. However, disclosures for wholesale clients may be less detailed than for retail clients.</p> <p>When disclosing to a client, you should consider:</p> <ul style="list-style-type: none"> • their level of financial sophistication; • if a third party will or is likely to rely on this information, including if they will pass on this information to retail clients or if the information will affect retail clients; • how much a client already knows; and • the complexity of the financial service.

Specific considerations for managing conflicts

Internal structures

RG 181.82 Your internal structures and reporting lines should support effective conflicts management.

RG 181.83 You should consider how your organisation's structure, layout, and reporting processes can contribute to the incidences of certain conflicts occurring if not managed. For example, you can assess whether it is appropriate for:

- advisory staff to report to marketing staff;
- standalone advice units to be in the same physical location as sales or investment staff; or
- compliance or internal audit staff to report to a business unit.

Remuneration

RG 181.84 You should ensure your remuneration practices, including any non-monetary benefits, comply with your conflicts management obligation. For example, you should:

- (a) disclose commissions that are based on sales; and
- (b) avoid remuneration structures where advisers only earn commission (i.e. where you pay no salary or other remuneration).

RG 181.85 Some types of conflicted remuneration and benefits are banned. However, some benefits that are not banned may still create conflicts of interest.

Note: The Corporations Act bans certain conflicted remuneration and other benefits from being given to persons who provide financial product advice and other financial services to clients—see Divs 4 and 5 of Pt 7.7A.

RG 181.86 Disclosure can help to manage conflicts, but you should avoid (and not merely disclose or control) remuneration practices that create significant conflicts—particularly if they place your interests in direct conflict with clients or members.

RG 181.87 Volume-based remuneration is typically conflicted as it creates incentives to maximise sales at the expense of a client's interests, but exceptions exist. You should ensure that any benefits align with the conflicts management obligation and any other relevant legal obligation (e.g. best interest duties).

Fair treatment of clients and members

RG 181.88 For effective conflicts management, you should ensure that you treat clients and members fairly. This does not prevent you from making a profit or expecting a return (e.g. fees) in exchange for providing products and services. However, you should be fair in your dealings.

RG 181.89 You should generally avoid placing yourself in a position where there is a material conflict between your own interests and the interests of your clients or members. This is to minimise the risk that you may unfairly prefer your own interests.

RG 181.90 Where required by your legal obligations, you must prioritise the interests of your clients or members.

Market integrity principles

RG 181.91 To effectively manage a conflict, you should ensure the impact of a conflict on market integrity is minimised—that is, it promotes fair, orderly and transparent markets for financial products: see s760A.

Appendix: Catalogue—Key legal obligations and information relevant to conflicts management

RG 181.92 This appendix outlines some key legal obligations and information relevant to conflicts management that may apply to you as an AFS licensee, representative, or AFS licence applicant.

What is the purpose of this catalogue?

RG 181.93 This catalogue is intended to signpost key obligations and information to help you comply with the conflicts management obligation under the Corporations Act. It emphasises that conflicts can arise across a wide range of activities. This catalogue does not introduce new obligations or guidance.

How to use this catalogue

RG 181.94 Whether the obligations apply to you depends on the facts and circumstances of your situation. Where relevant, you must take these obligations into account when complying with your conflicts management obligation. This informs the adequacy of your arrangements.

RG 181.95 The catalogue is not an exhaustive list of legal obligations and information that may relate to the conflicts management obligation, other legal obligations, and separate information relevant to your circumstances. This catalogue avoids legal language where possible and may include some generalisations about the application of the law. Some provisions have exceptions or important qualifications that we have not included.

RG 181.96 We have included the following summary information in this catalogue:

- (a) *Key obligation*: A description of required disclosures and other conflicts related obligations by AFS industry category.
- (b) *Source*: Where to find the obligation in legislation.
- (c) *Guidance and further information*: Links to relevant guidance published by regulators or other relevant documents.

Important information about the catalogue

RG 181.97 This catalogue does not generally cover obligations in legislation not administered by ASIC—that is, you may have obligations relating to conflicts in other legislation that ASIC does not administer.

RG 181.98 This catalogue does not constitute legal advice. We encourage you to seek your own professional advice to find out how the relevant laws apply to you, as it is your responsibility to determine your obligations.

Catalogue: Key obligations for AFS licensees

General AFS licensee requirements



General licensing obligations

You must comply with your general licence obligations under s912A, which informs how you approach your conflicts management obligation.

When applying for an Australian financial services (AFS) licence, you must provide information on your arrangements to comply with your general licensing obligations, including the conflicts management obligation.

Source

Section 912A of the Corporations Act, including:

- › s912A(1)(a) (efficiently, honestly and fairly);
- › s912A(1)(aa) (conflicts management obligation);
- › s912A(1)(c) and (ca) (compliance with financial services laws);
- › s912A(1)(h) (adequate risk management systems); and
- › reg 7.6.03(g) (obligation to have adequate compliance arrangements).

Relevant guidance and further information

[RG 1 Applying for and varying an AFS licence](#)

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

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

Financial products and services



Retail client disclosure

There are specific content requirements for a Financial Services Guide (FSG) and a Product Disclosure Statement (PDS) that relate to conflicts, including disclosing remuneration and possible conflicts of interest.

Source

Corporations Act:

- › s942B and 942C (obligation to disclose benefits and relationships in an FSG before providing financial services);
- › s1013D(1)(c) (obligation to disclose information about significant risks of holding the product in a PDS);
- › s1013D(1)(f) (obligation to disclose information about other significant characteristics or features of the product in a PDS); and
- › s1013E (general obligation to include other information that might influence a decision to acquire in a PDS).

[ASIC Corporations \(Financial Services Guide, General Advice Warning and Advertising Related Relief\) Instrument 2025/234](#)

Relevant guidance and further information

[RG 168 Product Disclosure Statements: Disclosure and other obligations](#)

[RG 175 AFS licensing: Financial product advisers—Conduct and disclosure](#)

[RG 221 Facilitating digital financial services disclosures](#)

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

Personal advice



Client interests

If you provide personal advice to a retail client, you must prioritise the client's interests over your interests or the interests of your associates, unless the advice relates to a basic banking product, a general insurance product or a combination of these.

Source

Section 961J of the Corporations Act (obligation to prioritise the client's interests over your own or your associates' interests).

Relevant guidance and further information

[RG 175 AFS licensing: Financial product advisers—Conduct and disclosure](#)



Conflicted remuneration

Conflicted remuneration is any benefit given to an AFS licensee or its representatives that:

- › could reasonably be expected to influence the financial product recommended or the advice given; or
- › relates to information on, or dealing in, a life risk insurance product.

As an AFS licensee or representative, you must not accept conflicted remuneration. Product issuers and sellers, as well as those employing AFS licensees and their representatives, are also banned from providing it to you.

Other forms of remuneration that may influence the advice provided (e.g. volume-based shelf-space fees) are also banned.

Certain insurance commissions are exempt from the ban on conflicted remuneration. If you provide personal advice to a retail client and gain the client's informed consent, the exemption applies to monetary benefits given to you in connection with the sale or issue of general insurance products, certain life insurance products or consumer credit insurance.

Source

Corporations Act:

- › Div 4 of Pt 7.7A (prohibition against conflicted remuneration); and
- › Div 5 of Pt 7.7A (other banned remuneration).

Relevant guidance and further information

[RG 246 Conflicted and other banned remuneration](#)

[INFO 292 FAQs: Informed consents for insurance commissions](#)



Code of Ethics

If you are authorised to provide personal advice to a retail client, you must comply with the Financial Planners and Advisers Code of Ethics 2019, which requires you to avoid advising, referring, or acting where there is a conflict of interest or duty.

Source

Section 921E of the Corporations Act (obligation to comply with Code of Ethics).

[Financial Planners and Advisers Code of Ethics 2019](#) (see Standard 3 relating to conflicts).



Statement of Advice

When required, you must give a Statement of Advice (SOA) when providing personal advice to a client. The SOA must include information about any conflicts of interest, such as remuneration and interests held by the adviser or their associates, that could influence the advice provided.

Source

Sections 947B and 947C of the Corporations Act (obligations to disclose benefits and relationships in SOA).

Division 3 of Pt 7.7 of the *Corporations Regulations 2001* (SOA).

Relevant guidance and further information

[RG 175](#) AFS licensing: Financial product advisers—Conduct and disclosure

[RG 221](#) Facilitating digital financial services disclosures

[INFO 266](#) FAQs: Records of Advice (ROAs)

General advice



Research reports

If you provide retail and wholesale clients with relevant investment research ('research report providers'), you must comply with the conflicts management obligation.

Source

Section 912A(1)(aa) of the Corporations Act (conflicts management obligation).

Relevant guidance and further information

[RG 79](#) Research report providers: Improving the quality of investment research

[RG 264](#) Sell-side research

Claims handling



Claims handling and settlement services

If you undertake claims handling and settlement services, you must comply with your conflicts management obligation. This includes managing conflicts relating to:

- › incentives and performance metrics for claims staff and management;
- › remuneration agreements; and
- › profit-sharing contracts.

Source

Section 912A(1)(aa) of the Corporations Act (conflicts management obligation).

Relevant guidance and further information

[INFO 253 Claims handling and settling: How to comply with your AFS licence obligations](#)

Superannuation



Superannuation trustees

If you are a superannuation trustee, you must act in the members' best financial interests if there is a conflict and ensure that:

- › you prioritise your duties to members, and in the best interests of members;
- › you meet your duties to members despite the conflict;
- › the conflict does not adversely affect the interests of members; and
- › you comply with the prudential standards in relation to conflicts.

Source

Superannuation Industry (Supervision) Act 1993:

- › s52(2)(a) (duty of trustees of registrable superannuation entities (RSEs) to act honestly);
- › s52(2)(c) (duty of trustees of RSEs to act in members' best financial interests);
- › s52A(2)(c) (duty of corporate trustee directors to perform their duties and exercise their powers in members' best financial interests);
- › s52(2)(d)(i)–(iv) (e.g. duties of trustees of RSEs to prioritise the members' interests); and
- › s52A(2)(d)(i)–(iv) (e.g. duties of corporate trustee directors to prioritise the members' interests).

Retail funds management



Registered managed investment schemes

As a responsible entity (or its officer) of a registered scheme, you must act honestly and (in a conflict) prefer the interests of your members over your own.

If you appoint an agent (e.g. an investment manager), you remain responsible for all acts and omissions of that agent—including those matters that may give rise to a conflict or potential conflict of interest.

We have also provided specific guidance on a range of matters, including:

- › holding assets, which includes addressing certain conflicts of interest, such as conflicts of custodial staff; and
- › for certain scheme types—the use of disclosure for relevant conflicts issues such as related-party transactions and conflicts in valuations.

Operators of unregistered schemes may wish to consider the relevant guidance and further information for registered schemes when establishing and reviewing their conflict management arrangements.

Source

Chapter 5C of the Corporations Act, including:

- › s601FC and 601FD (duty to act in members' best interests and to give priority to members' interests);
- › s601FC and 601FD (duty to not misuse information);
- › s601FE (employees to not misuse information or make improper use of their position); and
- › s601FB(2) (responsibility for agents).

[ASIC Corporations \(Asset Holding Standards for Responsible Entities\) Instrument 2024/16](#)

Relevant guidance and further information

[RG 132 Funds management: Compliance and oversight](#)

[RG 133 Funds management and custodial services: Holding assets](#)

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

[RG 259 Risk management systems of fund operators](#)



Corporate collective investment vehicles (CCIVs)

If you are a corporate director of a CCIV, you must prioritise members' interests in a conflict and minimise conflicts of custodial staff when holding assets.

Source

Chapter 8B of the Corporations Act, including s1224D (duty to give priority to members' interests).

[ASIC Corporations \(Asset Holding Standards for Responsible Entities\) Instrument 2024/16](#)

Relevant guidance and further information

[RG 132 Funds management: Compliance and oversight](#)

[RG 133 Funds management and custodial services: Holding assets](#)

[RG 259 Risk management systems of fund operators](#)

Crowd-sourced funding (CSF) intermediaries

If you are a CSF intermediary, you must comply with the conflicts management obligation and specific obligations on related party transactions.

Source

Corporations Act:

- › s912A(1)(aa) (conflicts management obligation);
- › s738G and reg 6D.3A.01 (eligibility of related party offers); and
- › s738ZK (related party transactions).

Relevant guidance and further information

[RG 261](#) Crowd-sourced funding: Guide for companies

[RG 262](#) Crowd-sourced funding: Guide for intermediaries

Custodial or depository services

If you provide a custodial or depository service, you must:

- › segregate custodial staff (and direct and indirect managers) from persons performing other functions in a way that minimises the potential for conflicts of interest between their duties and other functions; and
- › use business structures that support minimising these conflicts.

Source

[ASIC Corporations \(Custody Standards for Providers of Custodial and Depository Services\) Instrument 2024/17](#)

Relevant guidance and further information

[RG 133](#) Funds management and custodial services: Holding assets

Managed discretionary accounts (MDAs) and investor directed portfolio services (IDPS)

If you are an MDA provider or an operator of an IDPS that holds custodial property, you must:

- › segregate custodial staff (and direct and indirect managers) from persons performing other functions in a way that minimises the potential for conflicts of interest between their duties and other functions; and
- › use business structures that support minimising this conflict.

Source

[ASIC Corporations \(Managed Discretionary Account Services\) Instrument 2016/968](#)

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

Relevant guidance and further information

[RG 179](#) Managed discretionary accounts

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

Market supervision

Market conduct

You are prohibited from certain conduct that results in insider trading and market manipulation of financial products and services. These provisions are intended to promote investor protection and market integrity.

Conflicts of interest are a significant driver of, and can result in, market misconduct.

Source

Part 7.10 of the Corporations Act, including:

- › Div 3 (insider trading provisions); and
- › s1041A (market manipulation).

Relevant guidance and further information

[REP 331 Dark liquidity and high-frequency trading](#)

[REP 486 Sell-side research and corporate advisory: Confidential information and conflicts](#)

[REP 605 Allocations in equity raising transactions](#)

[REP 652 Wholesale FX practices in Australia](#)

[REP 668 Allocations in debt capital market transactions](#)

[REP 741 Conduct risk in wholesale fixed income markets](#)

[REP 742 Managing conflicts of interest in wholesale financial markets](#)



Market Integrity Rules (Securities and Futures)

If you are a securities or futures market participant, you must comply with the ASIC market integrity rules, which include those that address conflicts of interest. These rules are designed to promote fair, orderly and transparent markets.

Source

[ASIC Market Integrity Rules \(Securities Markets\) 2017](#)

[ASIC Market Integrity Rules \(Futures Markets\) 2017](#)

[ASIC Market Integrity Rules \(Securities Markets and Futures Markets\) Amendment Instrument 2022/74](#)

Relevant guidance and further information

[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](#)

Listed entity

If you are a listed disclosing entity, you must immediately disclose market-sensitive information to the market operator once you are aware of it. This may include disclosing relevant conflicts of interest.

Source

Sections 674 and 677 of the Corporations Act (continuous disclosure obligations).

[ASX Listing Rules](#), Rules 3.1 and 3.1A.

Relevant guidance and further information

[RG 193 Notification of directors' interests in securities: Listed companies](#)

ASX Listing and Operating Rules and CBOE Operating Rules

If you are a listed entity, or their associate, you must comply with your ASX Listing and Operating Rules (including AQUA rules) or Cboe Operating Rules, which include conflicts of interest obligations.

You must take these rules into account when complying with your conflicts management obligation if you are:

- › a listed entity that operates a financial services business; or
- › hold an AFS licence and advise or deal in relation to a listed entity.

Source

Sections 793C and 1101B of the Corporations Act.

[ASX Listing Rules](#), including Chapter 10 and 12, which include obligations relating to transactions with persons in positions of influence, key management personnel and investors. See also [Guidance Note 27 Trading policies](#).

[AQUA Rules](#) (Schedule 10A to the ASX Operating Rules) are designed for 'open-ended' investment schemes such as exchange traded funds (ETFs) and structured products. It includes obligations to manage conflicts.

[Cboe Operating Rules](#), which includes obligations to manage conflicts.

Corporate governance



Directors' duties

If you are a director or other relevant employee in relation to a financial services business, you must consider your:

- › duties to disclose material personal interests or standing interests when conflicts arise; and
- › general duties, such as acting in good faith and not misusing your position.

Source

Part 2D.1 of the Corporations Act, including:

- › s180-181 (general duties to act in good faith and with care and diligence);
- › s182-183 (obligation to not use position or information improperly); and
- › s191-192 (conflicts of interest and disclosure).



Annual disclosure

If you are a company, registered managed investment scheme, registrable superannuation entity, or disclosing entity, you should consider whether you need to disclose any conflicts of interest in your annual financial report and directors' report.

Source

Division 1 of Pt 2M.3, including:

- › s292 (financial and directors' reports); and
- › s299 (annual directors' report, general information).

Relevant guidance and further information

[RG 170](#) *Prospective financial information*

[RG 247](#) *Effective disclosure in an operating and financial review*



Related party transactions

A related party transaction occurs when a public company or registered managed investment scheme provides a financial benefit to a related party, such as a director, their spouse, or certain relatives, creating an actual conflict of interest.

If you are a public company or responsible entity that is a financial services business, you must obtain member approval before providing such benefits, unless an exception applies.

Directors who have a material personal interest may be restricted from voting on the matter.

Source

Corporations Act:

- › Div 2 of Pt 2D.1 (material personal interests); and
- › Ch 2E and Pt 5C.7 (related party transactions).

Relevant guidance and further information

[RG 76](#) *Related party transactions*

Fundraising



Securities transactions

Securities transactions may raise a range of conflicts of interest issues, including when providing corporate advice or undertaking allocations in equity raising.

If you advise or deal in securities, you should consider how relevant conflicts may need to be effectively managed.

Source

Chapters 2E, 5, 6, 6A, 6B, 6C, 6D of the Corporations Act.

Relevant guidance and further information

[REP 605 Allocations in equity raising transactions](#)

[REP 486 Sell-side research and corporate advisory: Confidential information and conflicts](#)



Offering securities—Disclosure

If you advise or deal in the offer of securities, you must consider:

- › how you can effectively manage any relevant conflicts; and
- › if and how you should disclose relevant conflicts in the relevant disclosure document.

Source

Chapter 6D (fundraising provisions) of the Corporations Act, including:

- › s710 (content of a prospectus); and
- › s715 (content of offer information statement).

Relevant guidance and further information

[RG 228 Prospectuses: Effective disclosure for retail investors](#)

[RG 254 Offering securities under a disclosure document](#)



Independent experts and expert reports

If you are engaged to provide an expert report for a securities transaction, both you and the report must remain independent.

As an AFS licensee, you must comply with the conflicts management obligation when:

- › providing an expert report (advising on or dealing in a financial product); or
- › advising or dealing in a securities transaction requiring an expert report.

Source

Chapters 2E, 5, 6 and 6A of the Corporations Act (requirements to obtain expert reports for certain securities transactions such as takeover bids, schemes of arrangement, buy-backs, related party transactions, and compulsory acquisition of shares).

[ASX Listing Rules](#), Chapters 5, 6, 7, 8, 9, 10, 11 and 13 (expert reports required, including for transactions with persons in a position of influence).

Related guidance and further information

[RG 111 Content of expert reports](#)

[RG 112 Independence of experts](#)

Audit services



Audit services

If you are a financial services business, you should ensure you procure and engage with auditors so that you comply with your conflicts management obligation and other relevant legal obligations.

If you are an auditor, you must comply with the requirements associated with auditor independence and conflicts of interest:

- › auditor rotation; and
- › evaluating whether the provision of certain non-audit services, a long association between auditor and audit client and/or relationships between auditor and audit client, could undermine independence and create potential conflicts of interest.

Auditors must consider the potential for real and perceived conflicts of interest.

Source

Corporations Act:

- › Div 3 of Pt 2M.4 (auditor independence);
- › Div 5 of Pt 2M.4 (auditor rotation for listed companies, listed registered schemes and registrable superannuation entities); and
- › s307C on auditors' independence declarations in Div 3 of Pt 2M.3.

Related guidance and further information

[RG 26](#) *Resignation, removal and replacement of auditors*

[RG 34](#) *Auditor obligations: Reporting to ASIC*

[RG 187](#) *Auditor rotation*

[ASA 102](#) *Compliance with ethical requirements when performing audits, reviews and other assurance engagements*

[APES 110](#) *Code of ethics for professional accountants (including independence standards)*

[REP 817](#) *Building trust: Auditors' compliance with independence and conflict of interest obligations*

Catalogue: Key obligations for other licensees

Australian market licensees



Market licensing obligations

If you are also a market licensee, you must comply with your general licensing obligations, including having adequate arrangements to prevent conflicts from undermining market integrity.

Source

Parts 7.2 and 7.2A of the Corporations Act, including:

- › s792A(c) (manage conflicts of interest); and
- › s798E (other potential conflict situations).

Relevant guidance and further information

[RG 172](#) *Financial markets: Domestic and overseas operators*

Clearing and settlement (CS) facility licensees



CS facility licensing obligations

If you are also a CS facility licensee, you must do all things necessary to reduce systemic risk and, to the extent reasonably practicable, have adequate arrangements to handle conflicts as required by the law.

Source

Section 821A of the Corporations Act (general licensing obligations), including s821A(1)(c)(i) (adequate arrangements to handle conflicts).

Relevant guidance and further information

[RG 211](#) *Clearing and settlement facilities: Australian and overseas operators*

Australian credit licensees



Credit licensing obligations

If you are also a credit licensee, you must comply with your general credit licensing obligations, including to have in place adequate arrangements to ensure conflicts of interest do not disadvantage clients.

If you are a mortgage broker, you must also ensure that you comply with:

- › the duty to prioritise the consumers' interests when providing credit assistance; and
- › prohibitions on conflicted remuneration.

Source

National Consumer Credit Protection Act 2009:

- › s47 (general credit licensing obligations);
- › Ch 3 (responsible lending and disclosure obligations); and
- › Pt 3.5A (applicable to mortgage brokers and mortgage intermediaries), including Div 2 (including obligations to prioritise the consumers' interests) and Div 4 (conflicted remuneration obligations).

Relevant guidance and further information

[RG 205](#) *Credit licensing: General conduct obligations*

[RG 209](#) *Credit licensing: Responsible lending conduct*

[RG 273](#) *Mortgage brokers: Best interests duty*

[INFO 134](#) *Complying with your obligations if both credit licensee and AFS licensee*

[INFO 146](#) *Responsible lending disclosure obligations: Overview for credit licensees and representatives*

Entities regulated by the Australian Prudential Regulation Authority (APRA)



APRA Prudential Standards

If you are also an APRA-regulated entity, you must comply with your licensing and prudential obligations, including those that are relevant to managing conflicts of interest.

Source

[CPS 510 Governance](#) (obligations related to independence) and [SPS 510 Governance](#) (conflicts of interest and governance of an RSE licensee);

[CPS 511 Remuneration](#) (obligations related to mitigating conflicts in remuneration arrangements);

[CPS 220 Risk management](#);

[CPS 520 Fit and proper](#); and

[SPS 521 Conflicts of interest](#) (conflicts of interest and requirements relating to the management of conflicts by an RSE licensee).

Key terms

Term	Meaning in this document
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 (or licensee)	A person who holds an AFS licence
	Note: This is a definition in s9.
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
<i>ASIC v Avestra</i>	<i>Australian Securities and Investments Commission v Avestra Asset Management Limited (In Liquidation)</i> (2017) 348 ALR 525
conflicts of interest	See RG 181.29–RG 181.34
conflicts management obligation	The obligation in s912A(1)(aa) to have in place adequate arrangements for managing conflicts of interest
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
credit licensee	A person who holds an Australian credit licence under s35 of the <i>National Consumer Credit Protection Act 2009</i>
CS facility	A clearing and settlement facility as defined in s768A of the Corporations Act
CS facility licensee	A person who holds an Australian CS facility licence Note: This is a definition in s768A of the Corporations Act.
CSF intermediary	An AFS licensee whose licence expressly authorises the licensee to provide a crowd-funding service
	Note: See s738C of the Corporations Act.
Explanatory Memorandum	<i>Explanatory Memorandum to the Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Bill 2003</i>

Term	Meaning in this document
financial product	<p>Generally, a facility through which, or through the acquisition of which, a person does one or more of the following:</p> <ul style="list-style-type: none"> • makes a financial investment (see s763B); • manages financial risk (see s763C); and/or • makes non-cash payments (see s763D) <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 product advice	<p>A recommendation or a statement of opinion, or a report of any of those things, that:</p> <ul style="list-style-type: none"> • is intended to influence a person or persons in making a decision about a particular financial product or class of financial products, or an interest in a particular financial product or class of financial products; or • could reasonably be regarded as being intended to have such an influence <p>This does not include anything in an exempt document or statement.</p>
financial service	<p>Note: This is a definition in s766B of the Corporations Act.</p>
financial services laws	<p>Has the meaning given in Div 4 of Pt 7.1 of the Corporations Act</p>
INFO 151 (for example)	<p>Has the meaning set out in s761A of the Corporations Act</p>
market licensee	<p>An ASIC information sheet (in this example numbered 151)</p>
representative	<p>The holder of an Australian market licence</p> <p>Note: This is a definition in s9 of the Corporations Act.</p>
retail client	<p>Means:</p> <ul style="list-style-type: none"> • an authorised representative of the licensee; • an employee or director of the licensee; • an employee or director of a related body corporate of the licensee; or • any other person acting on behalf of the licensee
RG 78 (for example)	<p>Note: This is a definition contained in s9 of the Corporations Act.</p>
target market	<p>A client as defined in s761G and 761GA of the Corporations Act and Div 2 of Pt 7.1 of the <i>Corporations Regulations 2001</i></p>
An ASIC regulatory guide (in this example numbered 78)	
The class of consumers described in the target market determination for the product under s994B(5)(b) of the Corporations Act	

Related information

Headnotes

conflicts of interest; conflicts; internal controls; information barriers; conflicts management; disclosure; avoiding; managing conflicts; adequate arrangements

Regulatory guides

[RG 36 Licensing: Financial product advice and dealing](#)

[RG 78 Breach reporting by AFS licensees and credit licensees](#)

[RG 79 Research report providers: Improving the quality of investment research](#)

[RG 104 AFS licensing: Meeting the general obligations](#)

[RG 105 AFS licensing: Organisational competence](#)

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

[RG 175 AFS licensing: Financial product advisers—Conduct and disclosure](#)

[RG 246 Conflicted and other banned remuneration](#)

Legislation

Corporations Act 2001, s9, 601FC, 760A, 912A(1)(aa), 912A(1), 912A(1)(a), 912A(1)(c), 912A(1)(ca), 941A, 941B, 946A

Superannuation Industry (Supervision) Act 1993, s52(2)(d)

Cases

Australian Securities and Investments Commission v Avestra Asset Management Limited (In Liquidation) (2017) 348 ALR 525

Australian Securities and Investments Commission v Westpac Banking Corporation (No 2) (2018) 357 ALR 240

Australian Securities and Investments Commission v Westpac Banking Corporation (Penalty Hearing) [2024] FCA 52