



ASIC
Australian Securities &
Investments Commission

REGULATORY GUIDE 179

Managed discretionary accounts

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About this guide

This is a guide for Australian financial services (AFS) licensees and their representatives who provide managed discretionary accounts (MDAs) or other MDA services to retail clients, and their professional advisers.

It sets out how we regulate MDAs provided to retail clients under the *Corporations Act 2001* (Corporations Act).

About ASIC regulatory documents

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

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

Regulatory guides: give guidance to regulated entities by:

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

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

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

Document history

This guide was issued in September 2026 and is based on legislation and regulations as at the date of issue.

Previous versions:

- Superseded Regulatory Guide 179, issued September 2016
- Superseded Policy Statement 179, issued March 2004, rebadged as a regulatory guide 5 July 2007

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 we regulate MDAs provided to retail clients under the *Corporations Act 2001* (Corporations Act). It explains:

- how we define an MDA and our approach to regulation;
- the relief we have given to MDA providers from some of the managed investment scheme, fundraising and financial product disclosure requirements in the Corporations Act;
- the additional requirements that apply to MDA providers under our relief; and
- how we regulate the different arrangements that may be involved in providing MDA services.

This section provides an overview (summary) of the information included in this guide.

Who this guide is for

RG 179.1 This guide is for:

- (a) Australian financial services (AFS) licensees and their representatives who provide managed discretionary accounts (MDAs) or other MDA services to retail clients, as well as their professional advisers;
- (b) custodians; and
- (c) financial product advisers.

RG 179.2 This guide is not for:

- (a) MDA services offered *only* to wholesale clients, as defined in s761G of the Corporations Act; and
- (b) providers of other types of managed investment schemes, such as investor-directed portfolio services (IDPSs) and IDPS-like schemes.

Purpose of this guide

RG 179.3 The guide explains what MDA providers must do to rely on our relief from some of the managed investment scheme, fundraising, and financial product disclosure requirements in the Corporations Act.

RG 179.4 This guide also explains requirements for:

- (a) financial product advisers in relation to MDAs; and
- (b) custodians that contract directly with retail MDA clients.

Key terms used in this guide

RG 179.5 In this guide:

- (a) ‘MDA service’ means some or all of the services and functions involved in providing an MDA;
- (b) ‘MDA client’ means a person who receives services, or who will receive services, from an MDA provider;
- (c) ‘our relief’ means the relief in [ASIC Corporations \(Managed Discretionary Account Services\) Instrument 2026/720](#) unless otherwise specified; and
- (d) references to sections (s), chapters (Ch), divisions (Div) and parts (Pt) are to the Corporations Act, unless otherwise specified.

Note: For definitions of more terms used in this guide, see the Key terms.

MDAs and our approach to regulation

RG 179.6 We consider that an MDA generally falls within the definition of both a ‘managed investment scheme’ in s9 of the Corporations Act and a ‘facility for making a financial investment’ in s763B of the Corporations Act. As a result, MDAs are subject to some of the managed investment scheme, fundraising and financial product disclosure requirements in the Corporations Act.

RG 179.7 However, we recognise that MDA providers have more limited functions than responsible entities of registered schemes. We therefore provide conditional relief from certain provisions: see [ASIC Instrument 2026/720](#).

Requirements for relief: MDA providers

RG 179.8 If you’re an MDA provider, to rely on our relief you must comply with the requirements outlined in Table 1 and explained in Section C. You must also comply with requirements related to Financial Services Guides (FSGs) and MDA contracts. These are outlined in Table 2 and explained in Section D.

Table 1: Overview of the requirements for an MDA provider under our relief in ASIC Instrument 2026/720

AFS licence	Location of guidance
You must hold an AFS licence and relevant authorisations.	RG 179.43–RG 179.53
Compliance issues	Location of guidance
You must comply with AFS licence obligations	RG 179.54–RG 179.55

Compliance issues	Location of guidance
You must act honestly and in the best interests of the client, exercise reasonable care and diligence, give priority to the client's interests, and not use information about the client to your advantage or to cause detriment to the client.	RG 179.56–RG 179.64
You must manage conflicts of interest.	RG 179.65–RG 179.83
You must comply with the requirements for holding client portfolio assets.	RG 179.84–RG 179.88
You must maintain adequate professional indemnity insurance.	RG 179.89–RG 179.90
You must have, and comply with, adequate documented compliance procedures and arrange for their audit.	RG 179.91–RG 179.93
You must notify ASIC of breaches of the conditions of our relief	RG 179.94–RG 179.98
You must not invest any of a client's portfolio assets in products or arrangements where recourse is not limited—except in certain circumstances.	RG 179.99–RG 179.107
You must obtain written consent from a client to enter into or renew an ongoing fee arrangement.	RG 179.108–RG 179.113
Client instructions, reporting and record keeping	Location of guidance
You must follow each client's instructions on corporate actions and communications about portfolio assets.	RG 179.114–RG 179.116
You must provide to each client: • up to the year ending 30 June 2027—either a quarterly report or electronic access to information on a substantially continuous basis; • after the year ending 30 June 2027—electronic access to information on a substantially continuous basis; and • an annual investor statement and audit report.	RG 179.117–RG 179.125
You must retain copies of the disclosure documents you provide to each client.	RG 179.126–RG 179.127
FSG and MDA contract	Location of guidance
Comply with the conditions of relief related to FSGs and MDA contracts.	Section D

Requirements for relief: FSGs and MDA contracts

RG 179.9 If you're an MDA provider, to rely on our relief you will need to comply with the requirements outlined below in Table 2 and explained in Section D.

Table 2: Overview of the requirements relating to FSGs and MDA contracts under ASIC Instrument 2026/720

FSG	Location of guidance
You must include certain additional information in the FSG you give to each client about the MDA. The key additional content requirements are: • a statement that the client must first enter into an MDA contract with you before the MDA can be provided; • a statement that the MDA contract will include an investment program that is prepared in accordance with the applicable requirements in the Corporations Act; • a statement that the investment program will contain particular information, including: – the nature and scope of the MDA provider's, or external MDA provider's, discretions; – the investment strategy to be applied; – significant risks associated with the MDA contract; – a statement that the investment program will set out the basis on which the contract is suitable for the client; and – a statement that the investment program will contain the required warnings; • information about any significant risks associated with investing through the MDA service; • if an external MDA custodian or their agent holds the legal title to any client portfolio assets—information about the services for which the external MDA custodian and the MDA provider are responsible; • if the client portfolio assets may include non-limited recourse products—prescribed information about those products, such as the types of non-limited recourse products that may be included in the MDA, their key features, and information about leverage that may apply; and • any other information that a person would reasonably require for the purpose of making a decision, as a retail client, about whether to invest through the MDA service.	RG 179.128–RG 179.130 and Table 7
MDA contract	Location of guidance
Enter into an MDA contract with the client before providing the MDA	RG 179.131–RG 179.132
The MDA contract must include an investment program that complies with certain requirements.	RG 179.133–RG 179.137
The MDA contract must state that you will act honestly and in the best interests of the client, exercise due care and diligence, give priority to the client's interests and not use information about the client to your advantage or to cause detriment to the client.	RG 179.138–RG 179.139
Provide clear disclosure in the contract about indirect holdings, including a prominent warning about the key differences between acquiring financial products through an MDA (i.e. indirectly) and acquiring them directly.	RG 179.140–RG 179.143

MDA contract	Location of guidance
The MDA contract must include a risk warning if you invest in non-limited recourse products.	RG 179.144–RG 179.145
The MDA contract must include steps for terminating the contract.	RG 179.146–RG 179.148
The MDA contract must disclose fees and costs.	RG 179.149–RG 179.150
Statements that you will be responsible to the client for compliance with: - the investment strategy set out in the MDA contract (except where the client has agreed in writing to a variation); and - any representations about how you will provide MDA services that are included in the FSG, unless otherwise agreed in writing by the client.	RG 179.151
Review the MDA contract and investment program at least once every 13 months.	RG 179.152–RG 179.157
FSG and MDA contract	Location of guidance
Retains copies of all disclosure documents.	RG 179.126–RG 179.127

MDA services with different arrangements

RG 179.10 We recognise that not all MDAs are the same. Our policy is flexible enough to accommodate different arrangements that may be involved in providing an MDA. Table 3 summarises these different arrangements.

Table 3: Summary of different arrangements for the operation of an MDA

Arrangement	Description	Location of guidance
MDA with an external MDA custodian	Another AFS licensee (an external MDA custodian) enters into a direct contract with the MDA clients to provide custody services relating to the MDA. In this case, the external MDA custodian is responsible to the client for the custody services. Note: If an MDA provider engages another AFS licensee to obtain custody services relating to the MDA services it operates, that licensee is not an external MDA custodian but is an agent of the MDA provider.	RG 179.159–RG 179.166
MDA with an external MDA adviser	Another AFS licensee (an external MDA adviser) deals directly with the client and is directly responsible to the client for providing personal advice relating to the MDA services by preparing or reviewing the investment program included in the MDA contract. Note: If an MDA provider uses its own in-house adviser to prepare or review the investment program included in the MDA contract, that adviser is not an external MDA adviser but is an agent of the MDA provider.	RG 179.167–RG 179.177
MDA with external administration support	The MDA provider outsources some or all of the administrative functions of an MDA.	RG 179.178–RG 179.180

Arrangement	Description	Location of guidance
MDA where the client holds the legal title to portfolio assets	Another AFS licensee provides dealing services to MDA clients by issuing its own financial products or by providing execution of trades. This would occur if the legal title to financial products in the client's portfolio is held by the client and not by the MDA provider (or external MDA custodian). Because the MDA provider, and not the client, makes the relevant investment decisions, we give some relief to the other licensee for certain dealing services.	RG 179.181–RG 179.185
MDA on a regulated platform	An MDA provider provides an MDA on a regulated platform.	RG 179.186–RG 179.193
AFS licensees who provide MDA services to family members only	An AFS licensee who is a market participant provides MDA services to a family member of the licensee or a family member of a representative of the licensee.	RG 179.194–RG 179.198

Note: An MDA may have one or a combination of any of the above variations.

Obligations of financial product advisers

- RG 179.11 We expect financial product advice about MDAs to comply with the financial product advice requirements in the Corporations Act. We do not provide relief from these provisions. See Section F for more information about complying with these requirements.

Transitional requirements related to client reporting obligations

- RG 179.12 As a transitional measure, if an MDA provider provided quarterly reports to clients under the previous relief, the provider can continue to provide those reports for quarters up to and including the quarter ending 30 June 2027: see RG 179.121.

Note: For more information, see Section C of this guide.

B MDAs and our approach to regulation

Key points

An MDA generally falls within the definition of a ‘managed investment scheme’ in s9 of the Corporations Act and a ‘facility for making a financial investment’ in s763B of the Corporations Act. We regulate an MDA as a financial product.

There are a wide variety of arrangements that can constitute an MDA. In this section, we provide guidance about what we consider to be the key features of an MDA.

What is an MDA?

- RG 179.13 An MDA means a facility, other than a registered managed investment scheme (registered scheme) or an interest in a registered scheme, with the following features:
- (a) a person (MDA client) makes contributions;
 - (b) the client portfolio assets are managed on an individual basis by another person (MDA provider) at the MDA provider’s discretion, subject to any agreed limitation; and
 - (c) the client and the MDA provider intend that the MDA provider will use the client portfolio assets to generate a financial return or other benefit for the client.

Table 4: Key features of an MDA

Feature	Description
MDA provider	An MDA provider is a person who enters into a contract with a client to provide an MDA: see RG 179.14.
Client contributions	Clients give the MDA provider (or grant the MDA provider access to) contributions of money or money’s worth: see RG 179.16–RG 179.17.
Trading discretion	The MDA provider has the discretion to invest in financial products using client contributions without prior reference to the client for each transaction, subject to any limitation that may be agreed between the client and the MDA provider: see RG 179.18–RG 179.22.
Client portfolio management	The client’s portfolio assets are managed as a discrete portfolio belonging to that client: see RG 179.23–RG 179.26.
Benefits for clients	The client and the MDA provider intend that the MDA provider will use the client contributions to generate a financial return or other benefit for the client (even if this does not ultimately occur): see RG 179.27.

Feature	Description
Retail clients	Clients of the MDA include retail clients, as defined in s761G and s761GA of the Corporations Act and Div 2 of Pt 7.1 of the <i>Corporations Regulations 2001</i> (Corporations Regulations).

Note: Any person engaged by an MDA provider to carry out any of the functions of the MDA provider is an agent of the provider (e.g. a custodian appointed by the provider). However, external MDA custodians and external MDA advisers enter into a direct contract with the clients to provide these financial services and are directly responsible to the client—they are not agents of the MDA provider: see Section E for details of how our policy applies to these persons.

MDA provider

- RG 179.14 An MDA provider is a person who enters into a contract with a client to provide an MDA. The MDA provider must hold an AFS licence authorisation to:
- (a) deal in a financial product to issue:
 - (i) interests in managed investment schemes limited to MDA services; or
 - (ii) miscellaneous financial investment products limited to MDA services;

Note 1: In this guide, we refer to this as the ‘AFS licence authorisation to issue a financial product limited to MDA services’.

Note 2: You must have this authorisation to benefit from the relief for MDA providers in [ASIC Instrument 2026/720](#).

- (b) deal in all the financial products that are acquired with client portfolio assets under the MDA contract;
 - (c) provide personal advice to clients in relation to the MDA—except where an external MDA adviser enters into a direct contract with each MDA client to provide financial product advice about the investment program; and
 - (d) provide custodial or depository services in relation to the client portfolio assets—except where an external MDA custodian enters into a direct contract with each MDA client to provide the custodial or depository services.
- RG 179.15 The MDA provider may also provide administrative services relating to the MDA or outsource these services.

Client contributions

- RG 179.16 A client can make contributions in two ways:
- (a) by giving the MDA provider money or other assets that can be converted to funds for investment purposes (e.g. the client transfers to the provider the legal title to the assets); or
 - (b) by giving the MDA provider access to, and control of, these funds and assets (i.e. the client retains the legal title to the assets and the provider is given access to or control of the assets for trading purposes through a power of attorney or other authorisation such as a signatory arrangement).

Note 1: Cash management accounts and trust accounts that are operated for providing non-discretionary trading services (e.g. those operated by brokers) are not MDA services because they are not used for services involving discretionary trading by the MDA provider.

Note 2: For MDAs provided by persons dealing in derivatives, we permit clients' funds and assets to be held in brokers' segregated accounts.

- RG 179.17 When a client gives access to, and control of, client contributions to an MDA provider, the provider can use these funds or assets to produce benefits for the client in the same way as if the provider held the legal title. We consider that these arrangements meet s9(a)(i) of the definition of a managed investment scheme in the Corporations Act, which deals with how people make contributions to the scheme: see RG 179.20 and RG 179.26 for how the other elements of this definition are met.

Trading discretion

- RG 179.18 For an arrangement to be treated as an MDA, the MDA provider must have the discretion to make investments without prior reference to the client for each transaction. For this to occur, the client authorises the MDA provider to exercise trading discretion in relation to the client's portfolio assets. Under the requirements for our relief, the nature and scope of the trading discretion must be clearly set out in the MDA contract that is given to each MDA client.

Note: For more details about the MDA contract and investment program, see Section D.

- RG 179.19 The trading authority may allow the MDA provider to exercise its discretion under either:
- (a) a detailed investment program that identifies particular financial products or classes of financial product in which the client contributions and assets, derived directly or indirectly from the client contributions, will be invested; or
 - (b) an investment program that contains only a broad investment strategy or an objective.
- RG 179.20 Trading discretions of this nature give the MDA provider the power to convert or dispose of the funds and assets representing that client's contributions when operating the MDA. We consider that these arrangements meet the requirement in s9(a)(iii) of the definition of a managed investment scheme in the Corporations Act because the client has no day-to-day control over their portfolio assets (even if the client has the legal title to those assets and the discretionary trading is carried out under a power of attorney or other authorisation).
- RG 179.21 Although the client effectively delegates discretion to the MDA provider to select investments for their portfolio, the client may retain the right to direct the provider on matters such as the timing of the transfer or realisation of assets in their portfolio, and how the proceeds from the realisation of assets

should be used. The provider may also specifically reserve the right to recover amounts due from the client out of the assets in their portfolio (e.g. under margin lending arrangements, or for brokerage or other fees payable by the client). These arrangements do not necessarily mean that the arrangement is not an MDA.

- RG 179.22 If the trading discretion given to an MDA provider is confined merely to the time or price at which transactions may be effected, we do not consider that this arrangement constitutes an MDA that would be covered by our MDA relief. In some circumstances, however, it may be an IDPS.

Note: For our policy on IDPSs, see Regulatory Guide 148 *Platforms that are managed investment schemes and nominee and custody services* ([RG 148](#)).

Client portfolio management

- RG 179.23 As part of an MDA—subject to any contrary arrangements that the provider may have previously put in place to ensure the repayment of money owed by the client—the MDA provider typically undertakes to:

- (a) manage the assets in each client's portfolio as a discrete portfolio;
- (b) provide reports to the client on their portfolio; and
- (c) follow the client's instructions on:
 - (i) the transfer and liquidation of assets in their portfolio; and
 - (ii) the payment of proceeds from the realisation of assets.

- RG 179.24 Assets in the client's portfolio under an MDA can be held in two ways: see RG 179.16. The management of each client's assets as a discrete portfolio involves:

- (a) where the legal title to the assets is held by the MDA provider or the agent of the MDA provider (e.g. where the client has a beneficial interest in the assets)—the identification of those assets as belonging to that particular client; or
- (b) where the legal title to the assets is held by the client—an authorisation arrangement, such as a power of attorney or signatory arrangement.

- RG 179.25 In either case, under the requirements of our relief, the MDA provider must not pool one client's portfolio assets with any other client's portfolio assets for investment purposes (e.g. to access wholesale investments). This is because pooling would be inconsistent with the policy basis for our relief, which is that the client's assets are managed as a discrete portfolio belonging to that client.

Note: For guidance on the application of this requirement to an AFS licensee providing MDAs on a regulated platform, see RG 179.187.

- RG 179.26 However, an MDA provider will typically carry out some transactional and other functions relating to client portfolios on a collective basis (e.g. placing bulk orders or conducting research into financial products in which portfolio

assets are to be invested). [ASIC Instrument 2026/720](#) does not prohibit this. Where this occurs, there may be pooling for administrative cost savings that are to be passed on to clients, which would satisfy s9(a)(ii) of the definition of a managed investment scheme.

Note: ASIC Instrument 2026/720 does not prohibit carrying out transactions between client portfolios. However, if an MDA provider is a participant of a licensed market, it may be subject to restrictions relating to such transactions under the market's operating rules.

Benefits for clients

- RG 179.27 Generally, a client participates in an MDA with the intention that they will derive benefits, including from:
- (a) the MDA provider's expertise in investment selection;
 - (b) the MDA provider's ability to respond quickly to market developments by trading in the client's portfolio assets without referring to the client; and
 - (c) possible cost reductions in the services offered as part of the MDA, which may include consolidated reporting and bulk ordering (although there is no pooling of different clients' portfolio assets for investment purposes, such as accessing wholesale investments: see RG 179.25).
- RG 179.28 When coupled with the other features of an MDA (e.g. the client not having day-to-day control over their portfolio: see RG 179.20), we consider that MDAs generally fall within the definition of both a managed investment scheme (s9 of the Corporations Act) and a facility for making a financial investment (s763B of the Corporations Act).

Arrangements that can constitute an MDA

- RG 179.29 There are a wide variety of arrangements that can constitute an MDA. Industry uses different terminology to refer to services that may have the relevant features of an MDA. For example, products commonly known by industry and investors as a separately managed account, individually managed account, investment advisory program or a managed discretionary portfolio service may fall within the definition of an MDA.

Note 1: We do not consider that you could provide an MDA as an IDPS because an MDA involves the MDA provider making investment decisions about financial products acquired for the client's portfolio. In an IDPS, the client (rather than the provider) makes the investment decisions. There are also other differences between IDPS services and MDA services. In particular, under our relief, an MDA provider is not permitted to pool different MDA clients' funds and assets for investment purposes (e.g. to access wholesale investments): see RG 179.25.

Note 2: For our policy on IDPS and IDPS-like schemes, see [RG 148](#).

Our approach to regulation of MDA providers

- RG 179.30 As noted at RG 179.28, an MDA is generally both a managed investment scheme and a facility for making a financial investment under the definitions in the Corporations Act. We regulate an interest in an MDA as a financial product. If you enter into a contract with a client to provide an MDA, we treat you as the issuer of a financial product.
- RG 179.31 Our regulation also recognises that an MDA involves a range of functions and services, such as offering and trading in financial products, operating a custodial or depository service, and giving personal advice.
- RG 179.32 We understand that MDA providers have more limited functions than responsible entities of registered schemes. If you enter into a contract with a client to provide an MDA, we will therefore give you conditional relief under [ASIC Instrument 2026/720](#) from:
- (a) the requirement in s601ED(5) that the MDA must be registered;
 - (b) the requirement to prepare a PDS under Pt 7.9; and
 - (c) the securities disclosure and related provisions in Pts 6D.2 and 6D.3 for securities held on behalf of the client under the MDA.
- RG 179.33 To have the benefit of our relief, you must comply with the requirements set out in Section C and Section D.
- RG 179.34 Our overriding objectives when regulating MDAs are to help promote investor and financial consumer trust and confidence in MDA services, and to apply the minimum appropriate regulation to MDA providers. This is consistent with the framework for the regulation of financial products and services under the Corporations Act.
- RG 179.35 Our regulatory approach seeks to allow for flexibility in the structuring of MDAs by ensuring that our requirements for MDA providers are appropriate and therefore tailored to take into account the nature of the financial products and services involved in providing the MDA. Our approach to MDAs is similar to our approach to registered schemes to the extent that the transactional and custodial functions undertaken by MDA providers are similar to those of responsible entities.

MDA services provided only to wholesale clients

- RG 179.36 If you offer or issue an MDA only to wholesale clients, you do not need to rely on our relief to provide these services because the managed investment scheme provisions in Ch 5C and the disclosure requirements in Pt 7.9 only apply when financial products and services are offered or issued to retail clients.

Note: Reg 7.1.27 of the Corporations Regulations provides that, when a client is a wholesale client in relation to a financial product, the client remains a wholesale client in relation to that product. The effect of reg 7.1.27 is that the MDA provider can continue to treat a client as a wholesale client in relation to the MDA. For example,

when a client contributes at least \$500,000 to an MDA, the client is a wholesale client for any dealing provided on behalf of that client by the MDA provider, such as any custodial or depository service, or any financial product advice.

MDA services provided to both retail and wholesale clients

- RG 179.37 If you issue an MDA to both retail and wholesale clients, you will need to rely on our relief because the exemptions in the Corporations Act from the requirement to register a managed investment scheme may not apply—that is:
- (a) the exemption under s601ED(2)—because this requires that all clients are persons to whom a Product Disclosure Statement (PDS) is not required to be issued; and
 - (b) the exemption under s601ED(1)—because you may have, or be taken to have, more than 20 members; or you may qualify as a person who is in the business of promoting managed investment schemes.
- RG 179.38 If this is the case, and you issue an MDA to both retail and wholesale clients under our main relief (as set out in RG 179.32), you do not need to comply with certain requirements for the MDAs that you provide to wholesale clients.
- RG 179.39 Some of the Corporations Act requirements, which are modified by our relief or on which the conditions of our relief are based (e.g. the requirements relating to the Financial Services Guide (FSG)), do not apply to financial services provided to wholesale clients. Therefore, these conditions do not apply to MDAs issued to wholesale clients.
- RG 179.40 The conditions and modified provisions under our relief that have a general application will apply to MDA services provided to wholesale clients because they cannot be separated from the conditions that otherwise apply to MDA services provided to retail clients. For example, you must have a specific AFS licence authorisation to issue an interest in a managed investment scheme limited to MDA services, or miscellaneous financial investment products limited to MDA services. You must also maintain adequate documented compliance measures for all MDA services.

Note 1: For information on the conditions that apply to you when you provide an MDA under our relief, see Sections C and D.

Note 2: Our relief does not prevent you from voluntarily entering into a contract with your wholesale clients to provide MDA services on conditions that are similar to those required for the MDAs you provide to retail clients. However, by not doing so, you will not breach the conditions of our relief, which only apply in relation to retail clients.

Our approach to regulation of financial product advisers

- RG 179.41 If you are making recommendations or statements of opinion about investing in an MDA or investing through an MDA (including providing an investment program and/or annual review of the investment program), you will be providing financial product advice under s766B of the Corporations Act.

RG 179.42 This means that you must:

- (a) comply with the licensing requirements for providing financial product advice (see RG 179.199–RG 179.201);
- (b) act in the best interests of the client and comply with related obligations (see RG 179.202–RG 179.206);
- (c) provide a Statement of Advice (SOA) that clearly sets out the personal advice and the reasons for your advice, as well as disclosures about any relevant benefits or remuneration (see RG 179.207–RG 179.210); and
- (d) manage conflicts of interest (see RG 179.211–RG 179.215).

C Requirements for relief: MDA providers

Key points

If you enter into a contract with a retail client to provide an MDA, we will give you conditional relief from the managed investment scheme provisions in Ch 5C, and certain disclosure requirements in Ch 6D and Pt 7.9.

To rely on our relief, you must:

- hold an AFS licence authorisation to issue a financial product limited to MDA services, and hold other authorisations relevant to the MDA services you provide (see RG 179.43–RG 179.53); and
- comply with certain requirements (see RG 179.54–RG 179.125).

You must also meet the requirements in Section D.

For an overview of the requirements, see Table 1 and Table 2 in the Overview.

Hold an AFS licence and relevant authorisations

RG 179.43 Before you may enter into a contract with a client to provide an MDA service under our relief, you must hold a specific AFS licence authorisation to issue a financial product limited to MDA services: see RG 179.14. You will also need to obtain licence authorisations relevant to any other MDA services you provide.

RG 179.44 If we grant you an AFS licence with the relevant authorisations, you will need to comply with the requirements in [ASIC Instrument 2026/720](#).

Note: If the only MDAs you provide are MDAs for your family members or the family members of your representatives, see RG 179.194.

RG 179.45 The types of authorisation you require will depend on the functions and services you will undertake in relation to the MDA.

RG 179.46 In addition to the AFS licence authorisation to issue a financial product limited to MDA services, you must hold an AFS licence authorising you to:

- deal in all the financial products in which a client's portfolio may be invested under the terms of the MDA contract;
- provide financial product advice on an MDA if you provide that financial product advice;
- provide financial product advice on all the financial products in which a client's portfolio may be invested, unless you have an external MDA adviser (see RG 179.47); and
- provide a custodial or depository service, unless you have an external MDA custodian (see RG 179.49).

Note: You do not need an authorisation to operate a custodial or depository service if the client holds the legal title to the financial products in their portfolio.

External MDA adviser

- RG 179.47 If you provide an MDA to a client, and an external MDA adviser enters into a direct contract with that client to provide financial product advice about the investment program, you may not be required to hold an AFS licence authorising you to give financial product advice to clients. This is because the relevant licence authorisation will be held by the external MDA adviser.
- RG 179.48 If you provide an MDA with an external MDA adviser, you will need to consider whether you require an AFS licence authorisation to give financial product advice. You should consider whether you make recommendations or statements of opinion about investing in an MDA, or about acquiring or disposing of financial products that are client portfolio assets independent of the investment program and annual review of the investment program.

Note: For details of how our policy applies to MDAs with an external MDA adviser, see Section E.

External MDA custodian

- RG 179.49 If an external MDA custodian enters into a direct contract with each client to whom the MDA provider provides MDA services to provide custodial or depository services in relation to the client portfolio assets, the MDA provider is not required to hold an AFS licence authorising it to provide custodial or depository services. In this case, the relevant licence authorisation will be held by the external MDA custodian.

Note: For details of how our policy applies to MDAs with an external MDA custodian, see Section E.

How we will assess your application for authorisation

- RG 179.50 When deciding whether to grant the relevant AFS licence authorisations, we will assess whether you have the necessary resources and expertise to provide financial services involved in providing an MDA in accordance with your obligations as an AFS licensee, and in compliance with the requirements in [ASIC Instrument 2026/720](#).
- RG 179.51 We will also consider whether you have the capacity to provide the relevant MDA services efficiently, honestly and fairly.
- RG 179.52 We will base our assessment on our regulatory guidance, including:
- (a) the general requirements in:
 - (i) Regulatory Guide 1 *Applying for and varying an AFS licence* ([RG 1](#));
 - (ii) Regulatory Guide 104 *AFS licensing: Meeting the general obligations* ([RG 104](#));

- (iii) Regulatory Guide 105 *AFS licensing: Organisational competence* ([RG 105](#)) (to the extent that these requirements apply to dealing in financial products, custody services and giving financial product advice);
 - (iv) Regulatory Guide 126 *Compensation and insurance arrangements for AFS licensees* ([RG 126](#));
 - (v) Regulatory Guide 271 *Internal dispute resolution* ([RG 271](#)); and
 - (vi) Regulatory Guide 166 *AFS licensing: Financial requirements* ([RG 166](#)); and
- (b) the more specific requirements in:
- (i) Regulatory Guide 132 *Funds management: Compliance and oversight* ([RG 132](#)); and
 - (ii) Regulatory Guide 133 *Funds management and custodial services: Holding assets* ([RG 133](#)) (except for the compliance committee requirements)—where the client (or client’s agent) does not hold the legal title to portfolio assets.

Note: We will apply these requirements as if references to managed investment schemes were to MDA services.

How we will assess previous experience

- RG 179.53 You must have the knowledge and skills that demonstrate that you:
- (a) can provide all of the financial products and services covered by your AFS licence, including providing the MDA, and understand the legal and compliance obligations relating to those products and services; and
 - (b) understand the investment and operational issues of all the types of client portfolio assets under management (see [RG 105](#)).

Comply with AFS licence obligations

- RG 179.54 This guide focuses on the obligations that apply to an MDA provider or persons who provide services and functions relating to an MDA under [ASIC Instrument 2026/720](#). In addition, you must comply with the general obligations that apply to an AFS licensee under the Corporations Act and your AFS licence conditions.
- RG 179.55 An MDA provider that breaches an AFS licence obligation—including the obligations that apply because of [ASIC Instrument 2026/720](#)—will be in breach of its obligations as an AFS licensee to comply with the relevant financial services laws.

Note: If you become aware that you can no longer meet or have breached any condition of our relief or the financial services laws, including your AFS licence conditions, you must notify ASIC: see RG 179.94.

Act honestly, in the best interests of the client, with reasonable care

- RG 179.56 Under our relief, we impose obligations that are based on the duties of a responsible entity of a registered scheme under Ch 5C.
- RG 179.57 You must also assume these obligations contractually with each MDA client. This means you must state in the contract that you will comply with these obligations—see RG 179.138–RG 179.139 for details.
- RG 179.58 We impose these additional obligations on MDA providers because they have discretionary authority to make and implement investment decisions on behalf of their clients. The obligations ensure that MDA clients have a level of protection that is comparable to the protection given to members of a registered scheme in relation to those duties.
- RG 179.59 The obligation in our relief to act in the best interests of the client in performing your duties in relation to the MDA is a separate and additional obligation to the obligation for advisers providing personal advice to retail clients to act in the client’s best interests when providing personal advice.

Note: For guidance for financial product advisers, see Section F.

- RG 179.60 Providing an MDA includes a broader range of financial services than the provision of personal advice. The duty to act in the best interests of the client under our relief applies across all activities undertaken in providing the MDA.
- RG 179.61 We expect that, as part of your obligation to maintain adequate documented measures to ensure compliance with your obligations under our relief (see RG 179.91), you will implement processes and procedures to ensure that your representatives comply with the duty to act in the best interests of the client in relation to all the services provided under the MDA.
- RG 179.62 We consider that you would breach your duty to act honestly and in the best interests of the client if, for example, you are aware that the size or frequency of your transactions under an MDA are excessive, taking into account the investment objectives, financial situation and needs of the client.
- RG 179.63 Even if you are not aware that the transactions are excessive, if you make such transactions, you may be in breach of the duty to exercise reasonable care and diligence.

Note: Excessive transactions may be an indicator of ‘churning’. Churning is trading of a size or frequency that has the effect of generating excess commissions.

Example 1

Scenario

Anouke, a retail client, has invested in an MDA. Her investment objectives have a long-term focus. She has expressed to the MDA provider that she wants to invest in blue-chip, ‘steady Australian shares’ and wants to receive regular fully franked dividends.

Commentary

In this scenario, the criteria that may be applied to determine whether or not trading is excessive or inappropriate, and whether the MDA provider breaches its obligation to exercise care and diligence, may include, but are not limited to, whether:

- the shares are in the ASX 100 or producing a significant net profit after tax at the time of the trade;
- significant amounts of the shares are sold within 30 days of purchase and a fully franked dividend is not received;
- the trade results in a fully franked dividend being received;
- the brokerage, commission or management fees earned by the MDA provider or its agents during the period are high when expressed as a percentage of the change in value of the MDA portfolio for the period; and
- the trade is contrary to the client's relevant circumstances.

Note 1: In this guide, we use the term 'client's relevant circumstances' to refer to the objectives, financial situation and needs of a client that would reasonably be considered relevant to the subject matter of advice sought by the client.

Note 2: Under Rule 3.3.2 of the *ASIC Market Integrity Rules (ASX Market) 2010*, a market participant must not enter into a market transaction on an MDA for a retail client if the size or frequency of the market transaction may be considered excessive, taking into account the client's relevant circumstances.

RG 179.64 Similarly, we consider that you would breach your obligation to act honestly, as well as your AFS licence obligations, if you conduct discretionary trading outside the terms of the MDA agreement and investment program.

Note: Under Rule 3.3.1 of the *ASIC Market Integrity Rules (ASX Market) 2010*, a market participant must not enter into a market transaction for a client, or allocate a market transaction to a client's account, except under an exercise of discretion in relation to that particular client's MDA (i.e. within the terms of the MDA contract).

Manage conflicts of interest

RG 179.65 You must comply with the requirement under s912A(1)(aa) to have in place adequate arrangements for managing conflicts of interest that may arise in relation to the provision of financial services by you or your representatives (the 'conflict management obligation'). We expect you to take into account our guidance in Regulatory Guide 181 *AFS Licensing: Managing conflicts of interest* ([RG 181](#)) to comply with this obligation.

RG 179.66 If you provide an MDA in reliance on our relief, you must comply with additional obligations to the conflict management obligation that applies to all AFS licensees. You must ensure that each MDA contract obliges you to:

- ... act in the best interests of the retail client in performing your duties in relation to the MDA and, if there is a conflict between the interests of the client and your own interests in performing those duties, give priority to the client's interests ([ASIC Instrument 2026/720](#)).

RG 179.67 [ASIC Instrument 2026/720](#) imposes this additional, more specific obligation on MDA providers because they have discretionary authority to make and implement investment decisions on behalf of their clients. The obligation ensures consistency between the obligations imposed on MDA providers and those imposed on responsible entities of registered schemes under s601FC.

Common conflicts of interest

RG 179.68 The provision of an MDA will often give rise to conflicts of interest that you need to manage. Some common conflicts of interest that may arise in providing an MDA include the following:

- (a) An MDA provider that derives revenue from transaction fees (e.g. brokerage) may have a conflict between their interest in generating revenue by increasing the number and/or size of transactions for a client and the client's interest in avoiding unnecessary transaction fees: see RG 179.62.
- (b) An MDA provider that issues other financial products may have a conflict between its interest in generating additional revenue from those other financial products and its client's interest in being invested in the most appropriate investments, given their relevant circumstances.
- (c) An MDA provider that has interests in other investments or companies (e.g. as an investor or officer) may have a conflict between its interest as an investor or officer and its client's interests in being invested in the most appropriate investments, given their relevant circumstances.
- (d) An MDA provider that underwrites or acts as lead manager for capital raisings may have a conflict between its interest in the success of those capital raisings and its client's interest in being invested in the most appropriate investments, given their relevant circumstances.

Note 1: These are examples only and not an exhaustive list of all conflicts of interest that may arise in the course of providing an MDA. You should review your individual circumstances to identify divergent interests, and assess those interests and potential conflicts.

Note 2: AFS licensees, including MDA providers, must comply with the provisions in the Corporations Act relating to conflicted remuneration and other prohibited remuneration. You need to consider your obligations under these provisions and ensure that you comply with all relevant obligations, including prohibitions on giving and accepting conflicted remuneration relating to financial product advice. For further guidance on these obligations, see Regulatory Guide 246 *Conflicted and other banned remuneration* ([RG 246](#)).

Managing conflicts of interest as an MDA provider

RG 179.69 To comply with your conflicts management obligation, and the specific requirements in relation to conflicts under our relief, you must, on an ongoing basis, have adequate documented conflicts management arrangements in place that ensure that you and your representatives:

- (a) identify actual or potential conflicts of interest;

- (b) evaluate and assess those conflicts; and
- (c) act in the best interests of each client and, where there is a conflict, prioritise each client's interests over your own interests.

RG 179.70 [RG 181](#) identifies three measures that AFS licensees would generally use to manage conflicts of interest. These measures are:

- (a) avoiding conflicts of interest;
- (b) controlling conflicts of interest; and
- (c) disclosing conflicts of interest.

Note: Effective conflicts management will generally involve a combination of avoiding, controlling, and disclosing conflicts of interest. We expect you to take into account the guidance in [RG 181](#) to comply with the obligation to manage conflicts of interest.

Avoiding conflicts of interest

RG 179.71 Some conflicts of interest are likely to have such a serious or significant potential impact on an MDA client, or an MDA provider, that the only way to adequately manage that conflict is to avoid it.

RG 179.72 You are responsible for identifying and avoiding such conflicts. You need to ensure that you have adequate arrangements in place to enable you to identify and assess such conflicts.

RG 179.73 Measures you can consider using to avoid certain conflicts of interest include:

- (a) declining to enter into an MDA contract in certain circumstances;
- (b) declining to enter into other arrangements or business activities that give rise to a serious conflict of interest in relation to your responsibilities as an MDA provider; or
- (c) using remuneration and fee-charging models that negate certain conflicts of interest.

Example 2

Scenario

XY Invest is a small, boutique financial planning business that offers MDAs to retail clients. The principals of XY Invest also undertake trading in shares and derivatives on their own behalf.

Bryce seeks personal advice from one of the principals of XY Invest about setting up an MDA account with them. He has some existing shareholdings that he would like to be incorporated into an MDA account, and he would like XY Invest to also exercise discretionary authority over those holdings as part of the MDA.

One of Bryce's holdings is a stock that the principal of XY Invest short sells from time to time.

Commentary

The interests of the principal of XY Invest who is short selling the relevant stock are not aligned with the interests of Bryce as an existing stockholder.

This conflict of interest means that if XY Invest were to manage an MDA on Bryce's behalf, a significant and serious conflict of interest would arise.

To comply with its obligations under s912A(1)(aa) and [ASIC Instrument 2026/720](#), we consider that XY Invest would need to avoid this conflict of interest.

For example, XY Invest might offer the MDA to Bryce but decline to hold discretionary authority over those shares. Alternatively, they might undertake not to engage in short selling of those shares on its own behalf while it holds that discretionary authority over Bryce's holding.

Controlling conflicts of interest

- RG 179.74 Some conflicts of interest that may arise with MDAs can be effectively managed by implementing internal controls to ensure that you and your representatives act in the client's best interests and, where there is a conflict, that the client's interests are prioritised over your own.
- RG 179.75 You could use some or all of the following measures to control conflicts of interest that may arise when providing an MDA:
- (a) using an independent investment committee to make or review investment decisions;
 - (b) requiring all investment decisions to be approved by a compliance officer before being implemented;
 - (c) requiring conflicted transactions to be flagged and subject to an additional level of approval or oversight;
 - (d) using and monitoring systems that create alerts if certain parameters are breached (e.g. relating to trading frequency), and implementing processes for a review of those alerts;
 - (e) using robust information barriers that insulate representatives who provide advice or make discretionary investment decisions from the information or circumstances that give rise to a particular conflict; and
 - (f) suspending your discretionary authority and, instead, seeking explicit and informed consent or instruction from the client before undertaking certain transactions, if such an approach would result in an outcome that is in the client's best interests.

Note: This is not an exhaustive list.

- RG 179.76 If you seek the explicit consent or instruction from the client before undertaking certain transactions, we expect you to notify the client of this modification to their MDA contract and of the nature of the material conflict of interest. Acting under instruction from the client does not remove your obligations to act in the client's best interest and to prioritise the client's interests over your own.

Disclosing conflicts of interest

RG 179.77 If you have a material conflict of interest, you should disclose this to your affected MDA clients in a meaningful and timely way.

RG 179.78 Material conflicts of interest that are known (or should reasonably be expected to be known) before the MDA is entered into should be clearly identified in your FSG, and in the MDA contract and/or SOA provided to the client.

Note: For further guidance on the information we expect AFS licensees to provide to clients when disclosing conflicts of interest, see Table 4 in [RG 181](#).

RG 179.79 You may not envisage some material conflicts of interest when you initially provide advice to the client and enter into the MDA contract. You need to consider how you will disclose these conflicts to your clients. Potential options for disclosure include:

- (a) writing to clients before undertaking specific transactions to advise them of a conflict related to a specific transaction;
- (b) writing to clients if changes in business activities or operations result in material conflicts that may affect many transactions; or
- (c) suspending your discretionary authority in certain circumstances and instead making appropriate disclosure and seeking explicit and informed consent or instruction from clients before undertaking certain transactions.

RG 179.80 It would be difficult to provide meaningful and timely disclosure of material conflicts of interest if the disclosure is only made after a transaction has occurred (e.g. by highlighting conflicted transactions in a quarterly or annual report). Disclosure after the transaction has already taken place means that the client has not had the opportunity to make an informed decision before the service is provided.

RG 179.81 In [RG 181](#), we note that, in many cases, disclosure by itself will often not be sufficient to manage a conflict of interest: see Section E of RG 181. It may be more appropriate to control or avoid the conflict altogether, or to consider a combination of these mechanisms.

Documentation and compliance audit requirements

RG 179.82 We expect you to document the measures you have adopted to avoid, control or disclose conflicts of interest. We also expect you to document compliance with those measures.

Note: For more general guidance on documentation and record keeping in relation to conflicts of interest, see Section E of [RG 181](#).

RG 179.83 To rely on our relief, you must have and maintain adequate documented measures to ensure compliance with your obligations, including the conflicts of interest obligations: see RG 179.91.

Comply with the requirements for holding client portfolio assets

RG 179.84 We impose minimum standards on MDA providers for holding client portfolio assets. This ensures that efficient operational arrangements exist and client portfolio assets are not exposed to unnecessary risks because of the way they are held.

RG 179.85 If you have delegated the holding of a client's portfolio assets to a custodian, you must do all things necessary to ensure compliance by the custodian with those minimum standards. You must also do all things necessary to ensure that any sub-custodians engaged directly or indirectly by the custodian also satisfy the minimum standards applying to custodians.

Note 1: For guidance on the obligations that apply to MDA providers in relation to holding assets, see [RG 133](#).

Note 2: For an MDA provided by persons dealing in derivatives, we permit clients' funds and assets to be held in brokers' segregated accounts.

Minimum asset-holding requirements

RG 179.86 Table 5 provides an overview of the minimum requirements we require an MDA provider to satisfy.

Table 5: Minimum requirements for MDA providers holding client portfolio assets

Minimum requirement	Explanation
Client portfolio assets are held on trust for the client	You must do all things necessary to ensure that, if you hold a client's portfolio assets, you hold these assets on trust for the client. If you engage a custodian to hold client portfolio assets, you must ensure that all assets held by a custodian or sub-custodian are held so that the client has a beneficial interest in the assets (other than in certain circumstances where the assets are located outside of Australia and assets are held under the client money or client asset provisions of Div 2 and 4 of Pt 7.8). Note: Except for certain amounts held as margin, money and assets held under Divs 2 and 4 of Pt 7.8 must be held on trust for the client under regs 7.8.01(5) and 7.8.07(2). Money held in the account of an entity carrying on a banking business must be held in an account that complies with s981B.
Client portfolio assets are held separately	You must do all things necessary to ensure that client portfolio assets are, as far as practicable, clearly identified and held separately from the property of the MDA provider, the holder of the assets and any other person other than the client, except in relation to: • Australian or foreign currency; • a deposit-taking facility of a body carrying on a business of accepting money on deposit, including rights under that facility; • securities (as defined in s92(1)); or • derivatives. In those cases, it is permissible to use omnibus accounts subject to certain conditions.

Minimum requirement	Explanation
Organisational structure that supports compliance	You must do all things necessary to ensure that you have, and any custodian or sub-custodian has, an organisational structure that supports compliance with the requirement to hold client portfolio assets separately. You must segregate custodial staff in a way that minimises any potential conflicts of interest and have a documented policy to support this.
Necessary capacity and resources	You must do all things necessary to ensure that custodial staff have the necessary capacity and resources to perform core administrative activities.
Record keeping—compliance measures	You must keep records demonstrating how you comply with your obligations to ensure any custodian or sub-custodian complies with the minimum standards.
Record keeping—client portfolio assets	You must do all things necessary to ensure that: • you and any custodian keep records of client portfolio assets in a way that enables the holding of these assets to be conveniently and properly audited by an auditor of the MDA service; and • any custodian or sub-custodian keeps such records in relation to any asset that they hold.
Monitor the custodian	You must have an established process to monitor and assess the custodian's performance of its obligations.
Custodians and discretionary decisions about a deposit account	You must not permit a custodian or sub-custodian to be involved in discretionary decisions about a deposit account, unless you are satisfied that the custodian or sub-custodian: • has set out in writing and implements reasonable processes for determining which account to use; • monitors performance by the account issuer of the issuer's obligations in relation to the account; and • takes action if the issuer fails to meet its obligations.

Agreement with the custodian

RG 179.87 If you engage a custodian to hold the client portfolio assets of an MDA you issued to a client, you must ensure that you satisfy the minimum content requirements for agreements between MDA providers and custodians, and between custodians and sub-custodians.

RG 179.88 Table 6 sets out a summary of these minimum requirements.

Table 6: Minimum content requirements for an MDA provider's agreement with a custodian

Minimum requirement	Explanation
Written agreement with the custodian	If you hold a beneficial interest in the client's portfolio assets on behalf of the client, you must have a written agreement with the custodian that meets the minimum content requirements, subject to limited exceptions for overseas property and for a custodian that you control.

Minimum requirement	Explanation
Written agreement with each sub-custodian	If you do not hold a beneficial interest in the client's portfolio assets on behalf of the client (i.e. you arrange for the assets to be held by a custodian on behalf of the relevant client or clients), you must: • have a written agreement with the custodian that meets the relevant requirements; and • do all things necessary to ensure that the custodian has a written agreement with each sub-custodian that the custodian engages to hold the client's portfolio assets, and the written agreement meets the relevant requirements as if the sub-custodian were the custodian and the custodian were the MDA provider, subject to limited exceptions for overseas property and for a sub-custodian that the custodian controls.
Specific terms in the custody agreement	Among other things, the custody agreement must have provisions specifying: • the rights that you have for the ongoing review and monitoring of the custodian and any sub-custodian; • how instructions will be given; • that the custodian must not take a security interest over the client's portfolio assets unless this is permitted under the agreement and does not cover the custodian's unpaid fees; and • the terms on which the custodian is authorised to engage a sub-custodian.
Terms dealing with liability and indemnifying you against loss	You must ensure that the custody agreement has reasonable liability provisions and, if appropriate, contains reasonable indemnity provisions in relation to losses caused to you or the relevant client by the custodian's acts or omissions that relate to that agreement.
Statement of compliance and the right to terminate	The custody agreement must require the custodian to certify to you in writing at least once every 13 months that the custodian believes, on reasonable grounds, that the custodian and each sub-custodian has met the terms of the agreement and certain minimum custodial standards that apply in relation to the custodian and sub-custodian, other than as disclosed in writing to you or as the custodian reasonably believes to be trivial. The custody agreement must also provide you with a right to terminate the agreement, in certain specified circumstances—including in circumstances that involve you having reasonable grounds for believing that the custodian or a sub-custodian has not complied with, or is unlikely to comply with, these minimum standards.

Maintain adequate professional indemnity insurance

- RG 179.89 We impose minimum insurance requirements for MDA providers that reflect the requirements applying to responsible entities of registered schemes. You must maintain an insurance policy covering professional indemnity and fraud by your officers and employees that:
- (a) is adequate, taking into account the nature of the activities carried out by you under your AFS licence; and
 - (b) covers claims amounting in aggregate, at the same time, to the lesser of:
 - (i) \$5 million; or

- (ii) the aggregated average value of the client portfolio assets of all your MDA clients during the last 12 months or, if you have not been providing MDA services for at least 13 months, the amount reasonably estimated to be the aggregated average value of the client portfolio assets during your first 12 months of operation.

Note: This requirement is in addition to our general requirement for AFS licensees to have adequate compensation arrangements, as set out in [RG 126](#). The same insurance may be relied on to meet both requirements.

- RG 179.90 When an entity, such as an MDA provider, is managing another person's money or assets, there is a risk of funds or assets being misappropriated or misused by officers of the business. The insurance requirements ensure that an MDA provider affords some protection against the risk from claims by investors for loss suffered because of negligent administration or fraud.

Maintain adequate internal control procedures and arrange for their audit

- RG 179.91 You must maintain, document and comply with adequate internal control procedures to ensure compliance with your obligations under our relief and the provisions in the Corporations Act relating to MDA services.
- RG 179.92 The internal control procedures must be audited annually after the end of your financial year. You must arrange for a registered company auditor to audit and lodge with ASIC—together with your annual financial statements and auditors report under s989B—a statement from the auditor about:
- (a) whether you have met the requirement to document internal control procedures during the financial year to which the financial statements relate; and
 - (b) whether the documented internal control procedures have ensured, as far as is reasonably practicable, compliance with [ASIC Instrument 2026/720](#) and the Corporations Act at all times during the financial year.
- RG 179.93 These requirements, which are based on the requirements applying to compliance plans for registered schemes, provide assurance that you are complying with your regulatory obligations.

Notify ASIC of breaches

- RG 179.94 If you have reasonable grounds to believe that you have failed, other than in an immaterial respect, to comply with a condition of our relief, you must report this to ASIC in writing. You must provide material details of the breach and do this within 30 days of becoming aware of the breach.
- RG 179.95 You should report the breach through the [ASIC Regulatory Portal](#).

RG 179.96 If you fail to notify ASIC within the 30-day period, our relief will no longer apply to you. The 30-day period applies from when you first know, or are reckless with respect to whether, there are reasonable grounds to believe the breach has occurred.

Note: For further information about your obligation to report to ASIC certain breaches (or likely breaches) of your obligations, see Regulatory Guide 78 *Breach reporting by AFS licensees and credit licensees* ([RG 78](#)).

RG 179.97 To determine any regulatory response, we will consider the nature, scope and effect of any breach of the requirements of our relief, or the failure to report any such breach. This may include, where appropriate, the revocation or suspension of your AFS licence.

RG 179.98 When exercising our administrative powers, we will apply the considerations set out in Regulatory Guide 98 *ASIC's powers to suspend, cancel and vary AFS licences and make banning orders* ([RG 98](#)).

Obtain consent for investments in non-limited recourse products

RG 179.99 Under our relief, you must seek prior written consent from the client if you are going to invest their client portfolio assets in a non-limited recourse product.

RG 179.100 In this guide, we define a non-limited recourse product as:
... a facility that includes an obligation imposed on a person under an agreement to pay an amount to another person in the event of the occurrence or non-occurrence of something, where the rights of the other person in relation to the obligation are not limited to any property that the first person has paid or set aside as security for the payment, or property to be transferred by the other person to the first person on completion of the obligation under the agreement.

RG 179.101 Our regulatory approach seeks to balance the need to ensure that you have the flexibility to structure your MDA offering to best suit the needs of your particular client with the need to ensure that investors are adequately informed about the specific risks involved when you have the discretion to invest in products with non-limited recourse.

RG 179.102 Depending on the size of the investment and the degree of leverage involved, a client can suffer significant losses in a short period of time and may end up with losses that exceed the value of the investment in their portfolio, requiring an additional contribution of funds. Because you can make discretionary decisions on behalf of a client, the client may not be immediately aware of the positions held or any losses, margin calls or other adverse events.

RG 179.103 Clients are not given a PDS for the underlying products and so may not appreciate the risks involved when you invest in highly leveraged products.

You, or the MDA adviser, are required to outline the key risks of the MDA in the FSG and the investment program.

Written consent

- RG 179.104 Clients must sign a written consent before you can invest their portfolio assets in a non-limited recourse product.
- RG 179.105 The written consent must contain clear, concise and effective disclosure about the non-limited recourse product, including:
- (a) an explanation of the key features of the non-limited recourse product (including any significant risks associated with acquiring the product) that may be material to a reasonable person's decision to invest in the non-limited recourse product;
 - (b) information about the degree of leverage that may apply in relation to the product, including:
 - (i) if the maximum potential liability of an investor in relation to the product is unlimited—a statement to that effect; and
 - (ii) otherwise—the maximum value of the ratio between the maximum potential liability of a client in relation to the product and the amount payable by the client to acquire the product;
 - (c) information about your policy for communicating and satisfying margin calls or requirements to provide collateral or make payments in relation to the product;
 - (d) information about your policy for closing positions at a loss in relation to the product; and
 - (e) at least one prominent example that illustrates in dollar terms the matters referred to in RG 179.105(a).
- RG 179.106 You do not need written consent on a transaction-by-transaction basis if the client is willing to accept the risk of a non-limited recourse product of the same kind. This applies until there is a change in the investment program contained in the client's MDA contract, or until the time of the annual review (see RG 179.152), at which stage you will need a new written consent.
- RG 179.107 For example, if the client has previously consented to you investing in a margin lending facility, you can invest in a margin lending facility provided by another issuer; or if you have made disclosure adequately covering the full range of derivatives, the client may consent to all derivatives that may have non-limited recourse.

Note: If you intend to invest client portfolio assets in a non-limited recourse product, you must include a specific risk warning in the FSG and in each client's investment program: see Section D.

Obtain consent to ongoing fee arrangements

RG 179.108 We consider that most fee arrangements for MDAs would include ‘ongoing fee arrangements’ for the purposes of the obligations in Div 3 of Pt 7.7A. Fee recipients, as defined in s962C of the Corporations Act, must obtain written consent from a client to enter into or renew an ongoing fee arrangement. Certain information must be disclosed to the client when seeking written consent, including the ongoing fees to be paid under the arrangement in the upcoming 12 months. The fee recipient must also obtain the client’s written consent before they can deduct, arrange to deduct, or accept payment of, ongoing fees from a client’s account, unless the account is linked to a credit card or is a basic deposit product.

Note: For detailed guidance on the ongoing fee arrangement obligations, see Information Sheet 286 *FAQs: Ongoing fee arrangements and consents* ([INFO 286](#)).

RG 179.109 The legislation prescribes that product fees charged by the issuer of financial products (see s962A(5) of the Corporations Act and reg 7.7A.10 of the Corporations Regulations) do not form part of the ongoing fee arrangement and, therefore, do not need to be disclosed to the client when seeking written consent to enter into or renew the ongoing fee arrangement. As an MDA is a financial product, product fees for an MDA do not need to be disclosed in the written consent.

RG 179.110 Where the product fees charged by product issuers, in relation to products acquired through an MDA, and the fees for running the MDA itself (e.g. investment management, administration, account-keeping fees and transaction fees) are bundled together with other fees (e.g. as advice fees), you need to determine to what extent the fees are product fees and disclose all other fees.

RG 179.111 To the extent that you cannot identify the breakdown of fees, good practice would be to disclose the whole amount of the fees.

RG 179.112 If you wish, you may seek written consent for the renewal of the ongoing fee arrangement at the same time as the SOA for the annual review of the investment program (see RG 179.152), or the record of advice. You must ensure that you meet both the SOA or record of advice requirements, as well as the ongoing fee arrangement obligations. In doing so, you should be careful to adhere to the general obligations in the Corporations Act and the *Australian Securities and Investments Commission Act 2001*—in particular, the provisions that deal with misleading or deceptive conduct and false or misleading representations.

RG 179.113 Therefore, the prescribed information for the written consent (see s962G(2) of the Corporations Act) should not be integrated into another document, such as an SOA, and the prescribed information should remain separate and clear to ensure that retail clients can ascertain whether the service they are receiving is commensurate with the ongoing fees they are paying.

Follow client instructions on client portfolio assets

- RG 179.114 If the MDA contract specifically imposes a duty on you to consider exercising any rights that relate to the client portfolio assets (e.g. rights in relation to sale, consenting to corporate actions or making dividend reinvestments), you must fulfil these duties as set out in the MDA contract.
- RG 179.115 If the MDA contract does not impose such a duty in relation to a right of the holder, you must:
- (a) give to each client, as soon as practicable, a copy of all the communications that are relevant to the exercise of the right; and
 - (b) take reasonable steps to implement any instructions given by the client about how the right is to be exercised.
- RG 179.116 Depending on the contractual arrangement with the client, you may receive communications about financial products held in the client's portfolio (e.g. annual reports, takeover documents, or documents about proxy voting in corporate actions). Our requirements are designed to help ensure that you consider the client's rights relating to any matters affecting their portfolio or help ensure that the client can access the available information to consider themselves and the capacity to have the right exercised.

Note: For guidance on the requirement to disclose in the MDA contract the key differences between acquiring a financial product directly and acquiring a financial product through an MDA, see RG 179.140.

Comply with client reporting obligations

- RG 179.117 You must provide each client with electronic access on a substantially continuous basis to the following information:
- (a) particulars of all transactions effected as part of the MDA services provided to the client for a period of at least 2 years, or such shorter period as they have been a client;
 - (b) the particulars of, and a reasonable valuation of, each of the client portfolio assets of the client, together with the change in the particulars and valuation since the end of the most recent quarter;
 - (c) the total value of the client portfolio assets of the client and the total value of liabilities of the client that were incurred in the operation of the MDA services, together with the change in those values since the end of the most recent quarter;
 - (d) all revenue and expenses including fees and charges relating to the MDA services, for a period of at least 2 years (or such shorter period as they have been a client), together with the change in the total revenue and expenses compared to the total revenue and expenses for the period of equivalent length (or such shorter period commencing when they became a client) that ends at the end of the most recent quarter; and

- (e) the time at which the information is current.
- RG 179.118 The information referred to in RG 179.117 must, at the time of access, be as current as is reasonably practicable.
- RG 179.119 For the purposes of the requirements described at RG 179.117(b), RG 179.117(c) and RG 179.117(d), a quarter means a period of three months ending on 31 March, 30 June, 30 September or 31 December.
- RG 179.120 Giving clients continuous electronic access to information provides a mechanism to:
 - (a) enable the client to monitor the performance of, and trading in, their portfolio and thereby address the possible risk of excessive trading of client portfolio assets; and
 - (b) promote accountability by ensuring that transactions are carried out in accordance with the investment program, including any changes to the program following its review.
- RG 179.121 Under transitional arrangements in [ASIC Instrument 2026/720](#), you can continue to provide clients with quarterly reports for the financial year ending 30 June 2027 in accordance with the terms of the previous relief. You are only allowed to provide quarterly reports under these transitional arrangements if you were not providing clients with electronic information on a substantially continuous basis under our previous relief.

Provide an annual investor statement and audit report

- RG 179.122 You must ensure that each client is given an annual investor statement within three months of the end of each financial year. The annual investor statement is important because it will help clients assess their investment and comply with their tax obligations.

Note: See RG 179.189 for your reporting obligations if all of the transactions under the MDA are carried out by you giving instructions to the operator of a regulated platform and all the client portfolio assets are held through one or more regulated platforms.
- RG 179.123 The annual investor statement must contain:
 - (a) a summary of all the transactions carried out as part of the MDA during the year, including the nature and purpose of the transactions;
 - (b) a copy of the annual review of the investment program (see RG 179.152); and
 - (c) an annual audit report (see RG 179.124).
- RG 179.124 You must ensure that each client is given an annual audit report within three months of the end of each financial year.
- RG 179.125 The audit report must contain the following opinions:
 - (a) whether the internal controls and other procedures of the MDA provider, and any other person acting on behalf of the MDA provider, were suitably

designed and operated effectively in all material respects to ensure that the information provided electronically on an ongoing basis (as relevant) for the financial year was not materially misstated;

- (b) whether the aggregate of assets (other than assets held by a client), liabilities, revenue and expenses shown in the client's annual investor statements for the financial year were properly reconciled to the corresponding amounts shown in the audited reports prepared by the holder of any client portfolio assets; and
- (c) whether the auditor has any reason to believe that the information provided to the client electronically on an ongoing basis, and in the annual investor statement, was materially misstated.

Note 1: To form the required view about the adequacy of your systems to produce the reports referred to above, without material misstatements, it is not necessary for the auditor to review each client's file. Where the normal audit procedures permit an audit based on random or risk-based samples of client files, such procedures would be sufficient to form this view. If there is an external MDA custodian providing custody services, your auditors may be able to rely on the audited reports provided by the external MDA custodian for their audit if they consider this to be appropriate. For details of how our policy applies when there is an external MDA custodian, see Section E.

Note 2: You can use the same registered company auditor you employ to conduct the compliance audit under RG 179.92 to carry out the audit of the adequacy of your systems to produce quarterly reports or ongoing electronic information.

Retain copies of disclosure documents

RG 179.126 Under our relief in [ASIC Instrument 2026/720](#), you must keep (or cause to be kept) a copy of any of the following documents you have given to a client, for at least seven years from the date the document is provided to the client:

- (a) an FSG;
- (b) an MDA contract; and
- (c) any other document required to be given under our relief (e.g. SOA, quarterly report and annual investor statement).

Note: These documents may be kept electronically.

RG 179.127 These requirements are designed to ensure that the key documents relating to an MDA service—such as the FSG, the MDA contract, the SOA (which we anticipate is likely to be included in the investment program), and annual reports provided to the client—are maintained for at least seven years after they have last been used. Given the personalised nature of MDA services, documents given to the client under our relief need to be maintained for compliance purposes.

Note: It is not necessary to keep a separate copy of any non-personalised document given under our relief on each client file (e.g. a generic FSG given to all MDA clients) if you maintain a copy of that generic document and records showing the date on which

it was provided to the client: see Information Sheet 291 *FAQs: FSGs and website disclosure information* ([INFO 291](#)); see also Regulatory Guide 175 *AFS licensing: Financial product advisers—Conduct and disclosure* ([RG 175](#)) at RG 175.3.

D Requirements for relief: FSGs and MDA contracts

Key points

As an MDA provider, if you enter into a contract with a client to provide an MDA, we will give you relief from the managed investment scheme provisions in Ch 5C and certain disclosure requirements in the Corporations Act if you comply with certain conditions..

These conditions require you to, among other things:

- include additional disclosure in the FSG you give to each client about the MDA you will provide (see RG 179.128–RG 179.130);
- include certain terms in the MDA contract (see RG 179.132);
- provide an investment program (see RG 179.133–RG 179.137);
- ensure that the investment program and MDA contract are reviewed at least once every 13 months (see RG 179.152–RG 179.157); and
- retain copies of disclosure documents for at least seven years (see RG 179.126–RG 179.127).

For an overview of the requirements, see Table 2 in the Overview.

Provide additional disclosure in the FSG

RG 179.128 We consider that, by supplementing the disclosure requirements in the Corporations Act relating to financial services, rather than requiring MDA providers to comply with the disclosure provisions in Pt 7.9, MDA clients (and prospective clients) can make confident and informed decisions and compare similar MDA services.

RG 179.129 As an MDA provider, before you enter into an MDA contract with a client, you must give each client an FSG that complies with the requirements in Div 2 of Pt 7.7.

Note: For guidance on preparing and providing an FSG, see Section C of [RG 175](#).

RG 179.130 In addition to these requirements, the FSG must include the additional information and statements set out in Table 7. This information should:

- (a) include as much detail as a client would reasonably need to make an informed decision about whether to participate in the MDA; and
- (b) be worded and presented in a clear, concise and effective manner.

Table 7: Requirements for MDA providers to include additional disclosure in the FSG

Additional disclosure requirement	Explanation
You must include information about how the client may give you instructions on corporate actions (e.g. proxy voting) and communications about financial products in the client's portfolio assets.	Wherever possible, we consider that clients should be able to control the exercise of rights for investments through an MDA in the same way as for direct holders of the same financial products.
You must include a statement that you must first enter into an MDA contract with the client before the MDA can be provided.	Under ASIC Instrument 2026/720 , you must enter into an MDA contract with each client before you provide an MDA service to that client.
You must include a statement that the MDA contract will include an investment program that is prepared in accordance with the requirements in Div 3 of Pt 7.7 and Div 2 of Pt 7.7A, and that the investment program will contain the following information: • the nature and scope of the discretions that you will be authorised and required to exercise; • any significant risks associated with the MDA contract; • that the investment program will set out the basis on which the MDA contract is suitable for the client; and • warnings that the MDA contract: – may not be suitable for the client if the client has provided limited or inaccurate information about their relevant circumstances; and – may cease to be suitable if the client's relevant circumstances change.	The investment program is a critical aspect of an MDA. Disclosure about the investment program in the FSG encourages confident and informed decision making by investors and financial consumers. The FSG is only required to state that the investment program will contain the suitability information, not that the suitability information is to be included in the FSG.
You must include information about fees and costs in relation to the MDA that is consistent with Pt 2 of Sch 10 of the Corporations Regulations as if the FSG were a PDS for an interest in a registered scheme.	These disclosure requirements will promote confident and informed decision making by investors and financial consumers by helping clients to more readily ascertain the fees and costs involved in a particular MDA, and to compare these with the fees and costs associated with other MDAs, IDPSs and registered schemes. The requirement means that the FSG must disclose management costs not only in the MDA but also in interposed vehicles, and reflect the cumulative impact of all these management costs. Additional examples might incorporate typical fees for advice that are charged separately from the fees and costs of the MDA. Note: For guidance about disclosing fees and costs in PDSs and the enhanced fee disclosure regulations, see Regulatory Guide 97 <i>Disclosing fees and costs in PDSs and periodic statements</i> (RG 97).

Additional disclosure requirement	Explanation
You must include information about the operation of any outsourcing arrangements that apply to the MDA. As a minimum, you must disclose the following: • a brief description of the procedures you have in place to ensure that due skill and care is taken in choosing suitable service providers; • your functions that are outsourced; • the entities that will be performing the outsourced functions; and • a brief description of the procedures you will use to monitor the performance of the providers of the outsourced functions. Note: While you may engage external providers to perform functions on your behalf, you remain responsible for the discharge of those functions and for meeting the obligations under your AFS licence, the Corporations Act and ASIC Instrument 2026/720.	Many MDA providers outsource functions that relate to their AFS licence or their operation of the MDA, including administrative or operational functions. We require you to include a description of the operation of outsourcing arrangements in the FSG to help investors and financial consumers make confident and informed decisions about whether or not to invest in an MDA.
You must include information about any significant risks associated with investing through the MDA.	You must ensure that you disclose information about the risks associated with the MDA offering rather than the underlying products or strategies themselves. Explaining these risks, however, will inevitably involve some explanation of the underlying strategy or products. For example, if the MDA includes discretion to trade contracts for difference or other derivatives, a clear explanation of the associated risks, including operational and market risk, is necessary.
If you intend to invest client portfolio assets in non-limited recourse products, you must include: • sufficient itemisation of the non-limited recourse products including their key features to ensure that the client is likely to understand the kinds of non-limited recourse products you intend to acquire on their behalf; • information about the degree of leverage that may be employed; • a clear and prominent example illustrating in dollars the risk of the potential liability of an investor in each type of product; • information about any other significant risks associated with investing in these types of products; • your policies about communicating and meeting margin calls or requirements to provide collateral in relation to each type of product; and • information about your policy for closing positions at a loss in relation to each type of product.	You must include specific information about the additional risks to the client as a result of the MDA investing in non-limited recourse arrangements. The degree of leverage is equal to the maximum amount of potential liability relative to the amount that is payable to acquire the product (e.g. initial margin), expressed as a percentage. If there is a potential for unlimited liability, you should state this.
You must include any other information that might reasonably be expected to have a material influence on the decision of a reasonable person (as a retail client) about whether to use the MDA.	It is a requirement of Regulatory Guide 168 <i>Product Disclosure Statements: Disclosure and other obligations</i> (RG 168), that the FSG includes information that investors require to make an informed decision about whether to invest in the MDA.

Enter into an MDA contract before providing an MDA

- RG 179.131 Under our relief in [ASIC Instrument 2026/720](#), you must enter into an MDA contract with each client before providing an MDA to that client.
- RG 179.132 The MDA contract must include the following terms, which are explained in this section:
- (a) an investment program that meets certain requirements;
 - (b) obligations to act honestly and in the best interests of the client, exercise due care and diligence, give priority to the client's interests and not use information about the client to your advantage or to cause detriment to the client;
 - (c) a prominent warning that identifies the key areas of difference between acquiring financial products directly and acquiring the same products through the MDA and an acknowledgment by the client of the matters in the warning;
 - (d) if you intend to invest client portfolio assets in non-limited recourse products—the information about such products required in Table 7;
 - (e) information about how the contract may be terminated;
 - (f) information about fees and costs relating to the MDA that complies with Pt 2 of Sch 10 of the Corporations Regulations as if the MDA contract were a PDS for an interest in a registered scheme; and
 - (g) statements that you will be responsible to the client for compliance with:
 - (i) the investment strategy set out in the MDA contract (except where the client has agreed in writing to a variation); and
 - (ii) any representations included in the FSG for the MDA service.

Include an investment program in the MDA contract

- RG 179.133 The investment program is a critical aspect of any MDA. You must ensure that each MDA contract contains an identifiable part that is entitled 'Investment program'. The investment program must be worded in a clear, concise and effective manner and include all of the information required to be included in the investment program, as set out at RG 179.135.
- RG 179.134 Our requirements relating to the investment program are designed to promote client protection while providing flexibility. For example, the program could be very detailed and identify financial products or classes of financial product in which you would invest, or it may contain a broad investment strategy or an identified goal that allows broad discretion to make investments to achieve an agreed outcome.

- RG 179.135 Our requirements also take into account that the investment program involves giving personal advice. You must therefore ensure that the investment program:
- (a) includes an opinion that the MDA contract is suitable for the particular client in light of that client's relevant circumstances, and the basis for that opinion;
 - (b) includes an investment strategy containing sufficient detail that a person would reasonably require to make a decision, as a retail client, on whether the investment program is suitable for them;
 - (c) complies with the requirements for an SOA in Subdivs C and D of Div 3 of Pt 7.7—unless there is a separate SOA that meets those requirements—and the best interests duty and related obligations in Div 2 of Pt 7.7A; and
 - (d) sets out, in as much detail as is necessary for the client to clearly understand:
 - (i) any significant risks associated with the MDA contract, which will include the nature and scope of your discretions under the MDA contract and the strategies that you will apply in exercising those discretions;
 - (ii) how the client may give you instructions that affect the exercise of your discretions under the MDA contract;
 - (iii) details of who will review whether the MDA contract is suitable for the client's relevant circumstances and when they will do that;
 - (iv) if an external MDA custodian or a person acting on behalf of an external MDA custodian holds the legal title to any of the client portfolio assets—a statement of the name and contact details of the external MDA custodian who is responsible for the custodial or depository services in relation to those client portfolio assets; and
 - (v) warnings that the MDA contract:
 - (A) may not be suitable for the client if the client has provided you with limited or inaccurate personal information about their relevant circumstances; and
 - (B) may cease to be suitable for the client if their relevant circumstances change.
- RG 179.136 To ensure that the investment program meets the requirements in Div 3 of Pt 7.7 and Div 2 of Pt 7.7A of the Corporations Act, in addition to the above, you must:
- (a) act in the best interests of the client (s961B);
 - (b) only provide appropriate advice (s961G)—we consider that advice is appropriate if it would be reasonable to conclude, at the time the advice is provided, that:

- (i) it is fit for its purpose—that is, following the advice is likely to satisfy the client’s relevant circumstances; and
- (ii) the client is likely to be in a better position if they follow the advice (see Section D of [RG 175](#));
- (c) warn the client about the consequences of providing incomplete or inaccurate personal information (s961H);
- (d) prioritise the client’s interests (s961J); and
- (e) provide an SOA (which is the means by which the advice is provided) containing certain information (Subdivs C and D of Div 3 of Pt 7.7).

Note 1: For guidance on compliance with the conduct and disclosure obligations in Pts 7.7 and 7.7A of the Corporations Act, see [RG 175](#).

Note 2: For details of how our relief applies if there is an external MDA adviser, see Section E.

RG 179.137 You can meet your obligations relating to an SOA under Div 3 of Pt 7.7 and our conditions of relief in one document (i.e. the investment program included in the MDA contract). This could be done by:

- (a) displaying prominently on the cover of the investment program the title ‘Statement of Advice’ (see s947A(1));
- (b) including in the investment program all the other information required to be included in an SOA (e.g. the information about remuneration, benefits and other interests of the provider and its associates required under s947B(2)(d), (e) and (f)); and
- (c) including the additional information that must be provided to the client under s947D in the investment program, to the extent that the investment program contains discretions that authorise or require you to replace financial products in the client’s portfolio.

Note 1: Our relief does not prevent you from using a separate SOA to comply with Div 3 of Pt 7.7, instead of including it in the investment program.

Note 2: Any changes to the investment program must also comply with the SOA requirements; however, any new SOA may refer to information in a previous SOA: see [RG 175](#).

State that you will comply with obligations

RG 179.138 Under s912EB(2), the MDA contract must state that you will:

- (a) act honestly (based on s601FC(1)(a));
- (b) exercise the degree of care and diligence that a reasonable person would exercise if they were in your position in providing the MDA to the client (based on s601FC(1)(b));
- (c) act in the best interests of the client in performing your duties in relation to the MDA and, if there is a conflict between the client’s interest and

your own interest in performing those duties, give priority to the client's interests (based on s601FC(1)(c)); and

- (d) not use information you have about the client to gain an advantage for yourself or any other person, or to cause detriment to the client (based on s601FC(1)(e)).

Note: We have provided guidance on compliance with these obligations in Section C.

- RG 179.139 The MDA contract must also state that you will accept liability for acts or omissions of people you engage to perform functions of the MDA as if they were your acts or omissions. This obligation does not extend to the acts or omissions of an external MDA custodian or an external MDA adviser.

Provide clear disclosure in the MDA contract about indirect holdings

- RG 179.140 We consider that investors in MDA arrangements should enjoy, to the extent practicable, the same rights for investments held through an MDA as for direct holders of the same financial products.
- RG 179.141 As an MDA provider, you must ensure that an MDA contract contains a prominent warning that identifies the key areas of difference between acquiring a financial product directly and through the MDA service.
- RG 179.142 In addition, the following requirements apply:
- (a) if the client enters into the contract electronically—the part of the facility that allows the client to enter into the contract must display a prominent statement to the effect that the client acknowledges the matters contained in the warning; or
 - (b) otherwise—the contract must require the client to sign an acknowledgement to the effect that they acknowledge the matters contained in the warning.
- RG 179.143 At a minimum, we expect that you will provide disclosure about arrangements to exercise voting rights attached to financial products held under the MDA. If you do not make these arrangements, we expect that you will provide disclosure about how you will ensure that votes are cast according to the client's instructions, where practicable, and what arrangements will apply for passing on disclosures relevant to the exercise of a right to vote.

Include a risk warning in the MDA contract if you invest in non-limited recourse products

- RG 179.144 If you intend to invest a client's portfolio assets in non-limited recourse products, you are required to include a specific risk warning in each client's investment program, which outlines the additional risks to the client as a result of the MDA investing in non-limited recourse products.
- RG 179.145 You will need to include in the investment program the information referred to in Table 7 relating to the disclosure obligations in the FSG.

Include steps for terminating the MDA contract

- RG 179.146 Under our relief in [ASIC Instrument 2026/720](#), you must disclose in the MDA contract how the contract may be terminated and the consequences of termination. You must disclose in the MDA contract information about how the client may terminate the contract, including:
- (a) how the instruction to terminate must be communicated;
 - (b) how long it will take for the termination to take effect, which must not be longer than two business days; and
 - (c) how the client portfolio assets will be disposed of, or transferred to the client, if those assets are not held directly by the client.
- RG 179.147 You should have in place policies and procedures to ensure the orderly exit of clients from MDA contracts.
- RG 179.148 You must disclose these policies to the client in the MDA contract which will ensure that investors are aware of their rights and entitlements, including:
- (a) what they must do if they wish to terminate the MDA; and
 - (b) what will happen to their assets if they are held by you or a custodian.

Disclose fees and costs in the MDA contract

- RG 179.149 The MDA contract must contain information about the fees and costs of the MDA in a manner that is consistent with Sch 10 of the Corporations Regulations as if it were a PDS for a registered scheme.

Note: For guidance about disclosing fees and costs in PDSs and the enhanced fee disclosure regulations, see [RG 97](#).

- RG 179.150 We think that it is important that fee information is included in the MDA contract—in addition to the FSG—because the MDA contract sets out the terms that govern the relationship between you and the client. This disclosure may be incorporated by reference to an external source.

Note: See Table 7 for the fees and costs disclosure obligations in the FSG.

State that you will comply with the investment strategy

- RG 179.151 In the MDA contract, you must include statements that you will be responsible to the client for compliance with:
- (a) the investment strategy set out in the MDA contract (except where the client has agreed in writing to a variation); and
 - (b) any representations about how you will provide MDA services that are included in the FSG, unless otherwise agreed in writing by the client.

Review the MDA contract and investment program annually

- RG 179.152 You must ensure that the investment program is reviewed in light of the particular client's relevant circumstances at least once every 13 months. This helps ensure that each client obtaining MDA services has an MDA contract that continues to be suitable for them.
- RG 179.153 We expect this process to include reasonable inquiries about the client's relevant circumstances. This ensures that details about the client's relevant circumstances are complete, accurate and up to date.
- RG 179.154 You, or an external MDA adviser, must give the client personal advice about the MDA contract, including the investment program, at least once every 13 months.
- RG 179.155 In giving this advice, you must comply with the conduct and disclosure obligations in Pts 7.7 and 7.7A, see RG 179.136.

Note: For guidance on compliance with the conduct and disclosure obligations in Pts 7.7 and 7.7A, see [RG 175](#).

- RG 179.156 The annual review of the investment program, must include information about:
- (a) when the investment program was reviewed;
 - (b) the basis on which you consider the MDA contract continues to be suitable for the client in light of the client's relevant circumstances; and
 - (c) if any changes to the MDA contract are considered necessary (including its termination) in light of any changes in the client's relevant circumstances—whether and when those changes have been or will be made.

Note 1: You can review the investment program more frequently than annually. If you provide more frequent reviews, an SOA consolidating the outcomes of these reviews, and satisfying the above requirements, must still be prepared and provided to the client annually.

Note 2: For details of how our relief applies if there is an external MDA adviser, see Section E.

Note 3: A single document may be used to meet the SOA requirement and the conditions of our relief: see RG 179.137.

When an SOA is not required

RG 179.157 An SOA does not need to be given in the case of further advice, including the annual review of the investment program, provided that the following requirements are met:

- (a) you have previously given the client an SOA setting out the client's relevant circumstances in relation to the advice (the 'previous advice');
- (b) the client's relevant circumstances in relation to the further advice (taking into account the client's objectives, financial situation and needs) are not significantly different from the client's relevant circumstances in relation to the previous advice; and
- (c) the basis on which the further advice is given is not significantly different from the basis on which the previous advice was given.

Note: See reg 7.7.10AE of the Corporations Regulations and RG 175.93–RG 175.95 about your obligations to keep a record of advice if you do not provide an SOA for the annual review.

E MDA services with different arrangements

Key points

We recognise that the provision of an MDA includes a broad range of financial services and that an MDA may be structured in a number of different ways.

This section sets out how our relief applies when an MDA:

- has an external MDA custodian (see RG 179.159–RG 179.166);
- has an external MDA adviser (see RG 179.167–RG 179.177);
- has external administration support (see RG 179.178–RG 179.180);
- involves an arrangement where the client, instead of the MDA provider or an external MDA custodian, holds the legal title to the client portfolio assets (see RG 179.181–RG 179.185);
- is provided on a regulated platform (see RG 179.186–RG 179.193); and
- is provided to family members (see RG 179.194–RG 179.198).

An MDA service may have only one of the above variations or a combination of any of them.

How our relief applies to different MDA arrangements

RG 179.158 Often, persons other than the MDA provider provide financial services that form part of the provision of an MDA directly to the MDA client. Our policy is flexible enough to accommodate these different arrangements, but the arrangements and the parties responsible for the delivery of those services must be clear to clients.

MDA with an external MDA custodian

When does an MDA have an external MDA custodian?

RG 179.159 An MDA service has an external MDA custodian if a person other than the MDA provider:

- (a) enters into a direct contract with a client to provide custody services; and
- (b) the custody services relate to the MDA provided to that client by the MDA provider.

What relief do we give to an external MDA custodian?

- RG 179.160 We give the same relief to an external MDA custodian as we give to an MDA provider: see RG 179.32.
- RG 179.161 Our relief gives an external MDA custodian conditional relief from having to register a managed investment scheme and prepare a PDS. In addition, we give conditional relief for the external MDA custodian from complying with the securities disclosure and related provisions contained in Ch 6D for securities held on behalf of the client under an MDA in which the external MDA custodian provides custodial or depository services.
- RG 179.162 However, we tailor the requirements of that relief so that they apply to custodial or depository services. This ensures that clients receive similar protections regardless of whether they obtain these services from an external MDA custodian or an MDA provider.
- RG 179.163 To have the benefit of our relief, the external MDA custodian must comply with the conditions set out in Table 8.

Table 8: Requirements of relief that apply to an external MDA custodian

Requirement	Explanation
The external MDA custodian must hold an AFS licence that authorises it to deal and operate custodial or depository services for retail clients.	See RG 179.49.
The external MDA custodian must have a written contract with each client to whom it provides custodial or depository services for an MDA, which requires the external MDA custodian to: - act honestly and exercise due care and diligence; - give priority to the client's interests and not use information about the client to gain an advantage or to cause detriment to the client; - compensate the client for any loss caused by an act or omission of any agent or other person engaged in connection with the custodial or depository services as if they were acts or omissions of the external MDA custodian; and - comply with the requirements of our relief. Records of the contracts with clients must be maintained for seven years.	As for an MDA provider: see Table 5.
The external MDA custodian must give an FSG to each client. Records of any FSG given to a retail client should be maintained for seven years.	The FSG must comply with Div 2 of Pt 7.7 of the Corporations Act and give as much detail as is necessary for the client to clearly understand the functions performed as an external MDA custodian and the division of responsibility between the external MDA custodian and the MDA provider.

Requirement	Explanation
The external MDA custodian must ensure that each MDA client's assets are managed as a discrete portfolio.	The external MDA custodian must ensure that each MDA client's portfolio assets are: - held or caused to be held separately from the assets of any other person (including those of other clients) and in trust for the relevant client (other than certain overseas assets, or when held under Div 2 or 4 of Pt 7.8); Note: Except for certain amounts held as margin, money and assets held under Div 2 and 4 of Pt 7.8 must be held on trust for the client under regs 7.8.01(5) and 7.8.07(2). - held in an account that complies with s981B, where money is held in the account of an entity carrying on a banking business; and - held in a way that the client has a beneficial interest in the client portfolio assets where the assets are held by a person engaged (directly or indirectly) by the external MDA custodian.
The external MDA custodian must report non-compliance.	As for an MDA provider: see RG 179.94.
The external MDA custodian must maintain professional indemnity insurance that meets certain requirements.	The insurance policy must cover professional indemnity and fraud by the external MDA custodian's officers and employees, and must: - be adequate, taking into account the nature of the activities carried out by the external MDA custodian; and - cover claims amounting in aggregate, at the same time, to the lesser of: \$5 million; or - the aggregated average value of the client portfolio assets of all clients to whom the custodian provided custodial or depository services during the last 12 months or, if it has not been providing MDA services for at least 13 months, the amount reasonably estimated to be the aggregated average value of client portfolio assets during the first 12 months for which the custodian will provide those MDA services. Note: This requirement is in addition to the general requirements for AFS licensees to have compensation arrangements, as set out in RG 126. The same insurance may be relied on to meet both requirements.

RG 179.164 In addition, we require that an external MDA custodian must not knowingly cause the MDA provider to breach the conditions of our relief or the other requirements in the Corporations Act. This is because the provider has to rely on the external MDA custodian in order to provide MDA services under our relief.

What conditions apply to an MDA provider who has an external MDA custodian?

RG 179.165 If you, as an MDA provider, provide an MDA that has an external MDA custodian, that service can be operated under our main relief (see RG 179.160), subject to the following variations of the conditions of that relief:

- (a) you do not need to have an AFS licence authorisation to provide custodial or depository services to retail clients; and
- (b) the FSG that is given to each MDA client under our main relief must contain the additional information set out in RG 179.166.

Specific FSG requirements

RG 179.166 To ensure that clients clearly understand the division of responsibilities between you, as the MDA provider, and the external MDA custodian, you must include the following in the FSG:

- (a) a statement that you do not provide custodial or depository services relating to the MDA services;
- (b) the name and details of the external MDA custodian who is responsible for the custodial or depository services; and
- (c) information, in as much detail as would be reasonably required, for the client to clearly understand the division of responsibilities between you and the external MDA custodian in managing the client's portfolio assets under our relief (e.g. how the client's instructions on corporate actions and communications about financial products in the client's portfolio assets are to be carried out and by whom).

Note: Where an external MDA custodian provides custodial or depository services to an MDA client, the client would generally be given two FSGs (i.e. the FSG provided by the MDA provider and the FSG provided by the external MDA custodian). However, an FSG could cover two providing entities. Each providing entity will be liable for its content: see [RG 175](#) for details about combined FSGs.

MDA with an external MDA adviser

When does an MDA have an external MDA adviser?

RG 179.167 An MDA has an external MDA adviser if a person other than the MDA provider:

- (a) enters into a direct contract with a client to prepare or review an investment program; and
- (b) the investment program is, or is intended to be, included in the MDA contract between that client and the MDA provider.

What relief do we give to an external MDA adviser?

- RG 179.168 We do not give relief to an external MDA adviser from the AFS licensing and conduct requirements as far as these provisions apply to their advice.
- RG 179.169 Advisers are directly responsible to the client for the financial product advice contained in the investment program. They must hold an AFS licence with an authorisation to give financial product advice to retail clients. They must fully comply with the conduct requirements in Pts 7.7 and 7.7A that apply to giving personal advice (including the obligation to provide an FSG and an SOA to the client).
- RG 179.170 An MDA adviser is exempt from the financial product disclosure provisions of Pt 7.9 for recommending or offering to arrange the issue of an MDA or products acquired or held through the MDA.

Note: For guidance on the obligations that apply to a financial product adviser, see Section F.

What conditions apply to an MDA provider who has an external MDA adviser?

- RG 179.171 If you, as an MDA provider, include in the MDA contract an investment program prepared and reviewed by an external MDA adviser, in addition to our main relief (see RG 179.161), we will give you relief from Pt 7.7, subject to the following variations of the conditions of that relief:
- (a) you do not need an AFS licence authorisation to give financial product advice to retail clients in relation to general advice contained in any offer document;
 - (b) you must offer your MDA services through an FSG that meets certain conditions (see RG 179.173); and
 - (c) you must comply with certain conditions relating to the preparation and annual review of the investment program by the external MDA adviser (see RG 179.175–RG 179.177).
- RG 179.172 These requirements are designed to ensure that clients obtaining MDA services that have external MDA advisers:
- (a) have investment programs that continue to be suitable for them; and
 - (b) clearly understand that a person other than the MDA provider is directly responsible to them for the suitability of that investment program.

Additional disclosure in the FSG

- RG 179.173 If you include in the MDA contract an investment program prepared by an external MDA adviser, you must include the following additional information in the FSG:

- (a) a statement about the nature and scope of the discretions you will be authorised, or required, to exercise under the MDA contract (if the investment program does not already contain this information); and
- (b) information about the significant risks associated with the MDA contract (if the investment program does not already include this information);
- (c) a statement that the investment program will contain:
 - (i) the basis on which the external MDA adviser considers the MDA contract to be suitable for the client; and
 - (ii) warnings that the MDA contract:
 - (A) may not be suitable for the client if the client has provided you with limited or inaccurate personal information about their relevant circumstances; and
 - (B) may cease to be suitable for the client if the client's relevant circumstances change.

RG 179.174 You must provide this information in as much detail as is necessary for the client to clearly understand.

Note: Where an external MDA adviser prepares and reviews an investment program included in an MDA contract for the client, the client would generally be given two FSGs (i.e. the FSG provided by the MDA provider for the MDA service and the FSG provided by the external MDA adviser for the financial product advice). However, an FSG could cover two providing entities: see [RG 175](#) for details.

Additional requirements for the investment program

RG 179.175 If you, as an MDA provider, include in the MDA contract an investment program prepared by an external MDA adviser, you must:

- (a) review the SOA for the investment program before you enter into the MDA contract, and not enter into the contract if you have reason to believe that the MDA is not appropriate to the client's relevant personal circumstances;
- (b) have no reason to believe that the investment program does not comply with the requirements for an SOA in Subdivs C and D of Div 3 of Pt 7.7; and
- (c) have no reason to believe that any statement in the FSG about the investment program prepared by the external MDA adviser is misleading or deceptive or likely to mislead or deceive.

RG 179.176 You do not need to undertake a comprehensive review of the investment program to form a view under RG 179.175(a). If you enter into the MDA contract, you are not endorsing the investment program or the review report.

RG 179.177 If you rely on an external MDA adviser to undertake the annual review of the investment program, when you send your client the annual investor statement (see RG 179.122) you must also give them:

- (a) a copy of the annual review; or
- (b) if you have reason to believe that the annual review has already been given to the client, the information required under RG 179.175(a) if that information is not included in the annual review already given to the client.

Note: The same external MDA adviser who prepares the investment program does not have to undertake its annual review. Different external MDA advisers may carry out these tasks. They must separately comply with their obligations under the Corporations Act when providing their services and are directly responsible to the client for those services.

MDA with external administration support

RG 179.178 We recognise that many MDA business models use extensive outsourcing arrangements to deliver the MDA, including outsourcing the administrative functions. While you may engage external providers to perform functions on your behalf, you remain responsible for the discharge of those functions and for meeting your obligations under your AFS licence, the Corporations Act and under [ASIC Instrument 2026/720](#).

RG 179.179 If you outsource the administrative functions of an MDA, you must comply with the disclosure obligations in the FSG about the outsourcing arrangements. You must include in the FSG:

- (a) a brief description of the procedures you have in place to ensure that due skill and care are taken in choosing a suitable service provider;
- (b) the functions that you have outsourced;
- (c) the entities that will be performing the outsourced functions; and
- (d) a brief description of the procedures you will use to monitor the performance of the providers of the outsourced functions.

RG 179.180 We do not consider it is necessary to grant relief from the AFS licensing and conduct requirements to a person providing administration support to an MDA provider. If you are providing administrative support to an MDA provider, you need to consider whether you are providing a financial service, and whether you need to have an AFS licence and to comply with the obligations under Ch 7 and under [ASIC Instrument 2026/720](#).

Note 1: For further information, see Regulatory Guide 36 *Licensing: Financial product advice and dealing* ([RG 36](#)).

Note 2: For more information about applying for an AFS licence, see [RG 1](#).

MDA where the client holds the legal title to portfolio assets

RG 179.181 If the client holds the legal title to their portfolio assets, persons providing trade execution services or issuing their financial products provide dealing

services to the client rather than to the MDA provider. However, functionally, these MDAs are no different from MDAs where the MDA provider (or an external MDA custodian) holds the legal title to the client portfolio assets. In both cases, the effective investment decisions are made by the MDA provider and not by the client.

RG 179.182 Therefore, we give relief from the FSG and some of the PDS disclosure requirements as far as these apply to persons providing dealing services or issuing their financial products to clients where the client holds the legal title to those assets. This helps to:

- (a) ensure that there is a consistent level of regulation of MDA services; and
- (b) remove the cost of unnecessary disclosure.

RG 179.183 If a client holds the legal title to financial products in their portfolio assets, we give relief to these persons from:

- (a) the FSG requirements in Div 2 of Pt 7.7 to any AFS licensee or authorised representative who provides certain dealing services (i.e. execution of trades) relating to the clients' portfolio assets;
- (b) the disclosure provisions in Pts 6D.2 and 6D.3 or in 7.9 (as applicable) to persons who issue their own financial products to MDA clients; and
- (c) the hawking prohibition in s992A.

RG 179.184 We give this relief to these persons on condition that they:

- (a) do not knowingly cause or procure the MDA provider to breach the conditions of the MDA provider's relief or the requirements of the Corporations Act; and
- (b) inform ASIC in writing within 30 days after they have become aware that they have engaged in the conduct referred to in RG 179.184(a) in relation to the MDA service, other than in an immaterial respect.

RG 179.185 If a client holds the legal title to the financial products in their portfolio assets, the MDA provider does not need any additional relief. However:

- (a) in managing the client's portfolio assets, the provider should ensure that the assets are clearly identified as available to be managed at the MDA provider's discretion under the MDA contract, and that this is reflected in meeting the reporting requirements in RG 179.117; and
- (b) if the client directs all communications about the client portfolio assets to be sent to the MDA provider, the provider must ensure that the requirements in RG 179.115 are met.

MDA on a regulated platform

RG 179.186 If you provide an MDA on a regulated platform, you must hold an AFS licence authorisation covering the financial services involved in providing

the MDA. You must also comply with the requirements in [ASIC Instrument 2026/720](#). You must comply with the same operation, disclosure and conduct requirements that apply to other MDA providers except for certain requirements about client reporting: see RG 179.189.

Note: Under our relief instrument, a regulated platform means an IDPS, IDPS-like scheme or a superannuation entity within the meaning in the *Superannuation Industry (Supervision) Act 1993*.

Obligation not to pool assets

- RG 179.187 Under our relief, an MDA provider must not pool client portfolio assets with property that is not the client's portfolio assets to enable an investment to be made on more favourable terms.
- RG 179.188 We are aware that regulated platforms pool client investments to enable an investment to be made on more favourable terms (e.g. to give clients access to investments they could not hold directly). Pooling by the regulated platform operator does not mean that the MDA provider is in breach of the relevant condition of our relief.

Client reporting

- RG 179.189 Under ASIC Instrument 2026/720, we grant relief from some of the client reporting obligations that generally apply under the instrument if you provide an MDA in which all of the client portfolio assets are held under a custodial arrangement and through one or more regulated platforms, where the platform provider or providers report all transactions effected under the MDA service to the client or the MDA provider.

Transaction reporting

- RG 179.190 In these circumstances, as an MDA provider, you need not report to the client all transactions effected under the MDA service over the prior two years (or for a shorter period if applicable), as set out at RG 179.117, provided that:
- (a) if the transaction reports generated by the regulated platform are given to you, you give the report to the client as soon as is reasonably practicable; and
 - (b) as soon as is reasonably practicable following the reports being provided by the regulated platform operator, you review the transaction details in the report and report any exceptions or anomalies to the client.

Annual report

- RG 179.191 If you provide an MDA in which all of the client portfolio assets are held through one or more regulated platforms, we grant you relief from the requirements to provide an annual statement and audit report, as set out at RG 179.122.

- RG 179.192 However, you must inform the client about the total management costs and any other fees and costs associated with your MDA service over the relevant reporting period, calculated on the same basis as required for disclosure in the FSG. This means you must take into account all the fees and costs for your service, and any fees and costs for the regulated platform will be an interposed vehicle through which you invest client portfolio assets.

Record keeping

- RG 179.193 Under our relief in [ASIC Instrument 2026/720](#), you must keep (or cause to be kept) a copy of any document required to be given under our relief. You are not required to keep a copy of a document provided by the regulated platform operator.

Market participants providing an MDA to family members

- RG 179.194 We consider that, if a representative of an AFS licensee undertakes discretionary trading on behalf of a family member, that trading would generally be part of the financial services business conducted by the licensee. As a result, these accounts would be considered MDAs and would be subject to the requirements in ASIC Instrument 2026/720, including the licensing requirements.
- RG 179.195 We are aware that it is a common compliance policy that staff of market participants and their related family accounts must deal through the market participant. Market participants are well placed to ensure that all discretions exercised under the MDA are within the powers agreed by the client, and to detect transactions that are beyond the scope of the discretion. The ASIC market integrity rules contain rules about management and supervision. Supervision of trading activities happens on a daily basis and in real time. Transactions conducted for the client under the MDA will be considered to be a staff account subject to the surveillance applied to staff proprietary investment decisions and reviewed in accordance with the firm's staff proprietary investment and trading procedures.
- RG 179.196 In addition to the above, we give our relief because of the high level of trust that generally exists within most family relationships, the professional expertise of the representative, and the alignment of interests that commonly occurs between family members.
- RG 179.197 If you are a market participant and the only MDAs you provide are MDAs for your family members or the family members of your representatives, we give you relief from:
- (a) the requirement that the MDA must be registered under s601ED(5);
 - (b) the requirement to obtain the AFS licence authorisations relevant to the MDA services you provide, and related provisions in Pt 7.6;
 - (c) the financial services disclosure provisions in Pt 7.7; and

- (d) the requirement to prepare a PDS under Pt 7.9.

RG 179.198 To have the benefit of our relief, you must comply with the requirements set out in Table 9.

Table 9: Conditions of relief for market participants that operate family accounts

Condition	How to comply with the condition
MDA provided to family members only	The MDA must only be provided to a family member of the AFS licensee or a family member of a representative of the licensee. Note: A family member in relation to a person means a spouse or non-adult child of the person.
Written acknowledgment by the family member	Before the issue of the MDA to a family member who has legal capacity to sign such an acknowledgment, you must obtain from the client: • written agreement to the discretions that you exercise under the MDA; and • written acknowledgement that: – confirmation of transactions that you conduct under the MDA will be sent to an address nominated by the client; and – transactions you conduct for the client under the MDA will be considered to be a staff account subject to the surveillance applied to staff proprietary investment decisions and reviewed in accordance with the firm's staff proprietary investment and trading procedures.
Written disclosure to the family member	You must disclose to the client in writing: • whether the client has access to internal and external dispute resolution schemes, and, if so, details of these schemes and how to access these schemes; • that the AFS licensee is required to have adequate internal and external dispute resolution processes arrangements to deal with disputes about dealings in financial products under the MDA; and • whether the client has access to any compensation arrangements you are required to maintain under the Corporations Act.
Adequate monitoring and supervision	You must maintain adequate monitoring and supervision policies and processes to ensure that all discretions exercised under the MDA are within the powers agreed by the client, and to detect transactions that are beyond the scope of the discretion.
Written consent from an adult client before investing in a non-limited recourse product	You must not invest in a non-limited recourse product unless you seek prior written consent from an adult client. In addition to the requirements set out in our guidance at RG 179.43–RG 179.44, you must ensure that, if you invest in or keep non-limited recourse products as client portfolio assets, you or an external MDA adviser must give the client personal advice, at least once every 13 months, about whether the non-limited recourse product is suitable in light of the client's relevant circumstances. We have included this additional requirement because, if you provide an MDA to a family member under our relief, you are exempt from the requirement in ASIC Instrument 2026/720 to review the MDA contract and investment program at least once every 13 months.

F Obligations of financial product advisers

Key points

If you are making recommendations or statements of opinion about investing in an MDA or investing through an MDA (including providing an investment program and/or annual review of the investment program), you will be providing financial product advice under s766B.

As a result, you must:

- comply with the licensing requirements for providing financial product advice (see RG 179.199–RG 179.201);
- comply with the duty to act in the best interests of the client (see RG 179.202–RG 179.203);
- comply with obligations when preparing or reviewing an investment program (see RG 179.204–RG 179.206);
- provide an SOA with clear content of advice (see RG 179.207–RG 179.210); and
- manage conflicts of interest (see RG 179.211–RG 179.215).

Comply with financial product advice licensing requirements

RG 179.199 An MDA generally falls within the definition of a managed investment scheme under s9 and a facility for making a financial investment under s763B. Therefore, opinions or recommendations from the MDA provider or external MDA adviser that are intended to influence, or that could reasonably be regarded as intended to influence, a person in making a decision in relation to an MDA will be financial product advice.

RG 179.200 If you are carrying on a business in Australia that includes making recommendations or statements of opinion about investing in an MDA or acquiring or disposing of financial products that are client portfolio assets, you will be providing financial product advice under s766B of the Corporations Act. You must therefore:

- (a) hold an AFS licence with an appropriate authorisation for giving that financial product advice;
- (b) be a representative of an AFS licensee with an appropriate authorisation for giving that financial product advice; or
- (c) fall within an exemption under s911A(2).

RG 179.201 The provision of an MDA may involve giving financial product advice in a number of ways. For example:

- (a) as the MDA is a financial product, an MDA provider's offer document may be financial product advice (unless it is an exempt document); and

- (b) where the MDA provider or an external MDA adviser recommends the MDA, or the investments that are to be made through the MDA, as financial products suitable for the particular client, that is personal advice (e.g. in providing the investment program and annual review of the investment program).

Comply with the best interests duty and related obligations

- RG 179.202 If you provide personal advice about whether to invest in an MDA or about investments held through the MDA, you will need to comply with the conduct and disclosure requirements in Pt 7.7 and 7.7A.
- RG 179.203 Division 2 of Pt 7.7A imposes four key obligations on persons who provide personal advice to clients. This includes MDA providers who provide personal advice, and external MDA advisers. The obligations are:
- (a) the best interests duty (s961B);
 - (b) the appropriate advice requirement (s961G);
 - (c) the obligation to warn the client if advice is based on incomplete or inaccurate information (s961H); and
 - (d) the obligation to prioritise the client's interests (s961J).

Note: We have provided guidance to all advice providers about these obligations in [RG 175](#).

Comply with obligations when preparing or reviewing an investment program

- RG 179.204 If you prepare or review an investment program included in an MDA contract, you are providing personal financial product advice.
- RG 179.205 If you are engaged by the MDA provider to prepare or review the investment program, you must comply with the requirements of our relief in [ASIC Instrument 2026/720](#). For our guidance on these obligations, see Section D.
- RG 179.206 If you enter into a direct contract with a client to prepare or review an investment program included in the MDA contract, we do not grant any relief from the AFS licensing and conduct requirements as far as these requirements apply to your advice: see RG 179.168–RG 179.169.

Provide an SOA with clear content of advice

- RG 179.207 If you give personal advice about investing in an MDA—including preparing the investment program or the annual review of the investment program—you must meet the requirements in Pt 7.7 to give the client an SOA. The SOA will help the client understand, and decide whether to rely on, the personal advice.
- RG 179.208 We expect the SOA to clearly and unambiguously set out the personal advice and the reasoning that led to the advice, including why the advice and recommendation were considered appropriate in light of the alternative options considered, and the advantages and disadvantages for the client if the client follows the advice. This may include:
- (a) the advantages of investing in an MDA in comparison to the alternative options considered, such as investing directly or through another MDA;
 - (b) the range of investments offered through the MDA and whether they are appropriate for the client;
 - (c) the fees and costs associated with the MDA and how they relate to other fees and costs, including fees and costs connected with the investments to be acquired through the MDA and fees and costs connected with your service, or your AFS licensee's service;
 - (d) any significant tax implications from investing in the MDA;
 - (e) any significant risks the client will bear in relation to acquiring a specific MDA and MDAs as a class of product; and
 - (f) any significant implications if the client later wishes to leave the MDA or is required to leave the MDA (e.g. fees and tax implications).

Note: For more information on preparing and providing an SOA, see Section C of [RG 175](#).

Disclosure of remuneration

- RG 179.209 The SOA must include disclosures about any benefits or remuneration that you, as the providing entity preparing the SOA, or any of your associates might receive, and any other interests you or they have that might be reasonably capable of influencing you in providing the advice. This information must be included in as much detail as a person would reasonably require as a client to decide whether to act on the advice.
- RG 179.210 We consider it will generally help clients if you identify in the SOA the total fees and costs for your advice, the MDA service and the investments that you recommend to be made through the MDA to enable a client to understand the cumulative impact of all fees and costs.

Manage conflicts of interest

RG 179.211 If you are an AFS licensee responsible for providing financial product advice about an MDA or the investments made through an MDA, you must comply with the requirement in s912A(1)(aa) to have in place adequate arrangements to manage conflicts of interest.

RG 179.212 [RG 181](#) identifies three measures that AFS licensees would generally use to manage conflicts of interest. These measures are:

- (a) avoiding conflicts of interest;
- (b) controlling conflicts of interest; and
- (c) disclosing conflicts of interest.

Note: Effective conflicts management will generally involve a combination of avoiding, controlling, and disclosing conflicts of interest. We expect you to take into account the guidance in [RG 181](#) to comply with the obligation to manage conflicts of interest.

RG 179.213 For example, AFS licensees and their representatives who provide advice often have associations with other parties in the product distribution chain that may give rise to conflicts of interest, including MDA providers. These relationships may influence:

- (a) advisers to recommend the use of an MDA; and/or
- (b) the selection of investments made through an MDA.

RG 179.214 We expect an AFS licensee who provides advice to take reasonable steps to work with other parties in the product distribution chain to identify relationships and arrangements that may give rise to conflicts of interest in relation to the provision of financial services, and to ensure that appropriate measures are in place to effectively manage conflicts of interest.

RG 179.215 You must document your conflict management arrangements.

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	A person who holds an AFS licence under s913B of the Corporations Act
annual review	Annual review of the investment program included in an MDA contract
ASIC	Australian Securities and Investments Commission
ASIC Instrument 2026/720	<u>ASIC Corporations (Managed Discretionary Account Services) Instrument 2026/720</u>
ASX	ASX Limited or the exchange market operated by ASX Limited
authorised representative (of an AFS licensee)	A person authorised by an AFS licensee, in accordance with s916A or 916B of the Corporations Act, to provide a financial service or services on behalf of the licensee Note: This is a definition contained in s9.
best interests duty	The duty to act in the best interests of the client when giving personal advice to a retail client, as set out in s961B(1) of the Corporations Act
Ch 5C (for example)	A chapter of the Corporations Act (in this example, numbered 5C), unless otherwise specified
client contributions	Contributions of money or money's worth given by a client to an MDA provider in the manner described in Section B
client portfolio assets	Financial products and other property derived directly or indirectly from a client's contributions
client's relevant circumstances	The objectives, financial situation and needs of a client that would reasonably be considered relevant to the subject matter of advice sought by the client
Corporations Act	<i>Corporations Act 2001</i> , including regulations made for the purposes of that Act
Corporations Regulations	<i>Corporations Regulations 2001</i>

Term	Meaning in this document
custody service	The service provided under an arrangement between the provider and the client, or between the provider and another person with whom the client has an arrangement (whether or not there are also other parties to any such arrangement), under which a financial product, or a beneficial interest in a financial product, is held by the provider in trust for, or on behalf of, the client or another person nominated by the client unless the service is not a custodial service under s766E(3) of the Corporations Act Note: This is a definition in s766E for the term 'provide a custodial or depository service'.
external MDA adviser	An AFS licensee that deals directly with a client and is directly responsible for personal advice to that client through preparing or reviewing an investment program included in an MDA contract
external MDA custodian	An AFS licensee who enters into a direct contract with a retail client to provide custodial services relating to an MDA service operated by an MDA provider
family member	A family member in relation to a person means a spouse or non-adult child of the person
financial product	Generally, a facility through which, or through the acquisition of which, a person does one or more of the following: • makes a financial investment (see s763B) • manages financial risk (see s763C) • makes non-cash payments (see s763D) 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.
financial product advice	A recommendation or a statement of opinion, or a report of either of these things, that: • is intended to influence a person or persons in making a decision about a particular financial product or class of financial product, or an interest in a particular financial product or class of financial product; or • could reasonably be regarded as being intended to have such an influence. This does not include anything in an exempt document or statement Note: This is a definition in s9 of the Corporations Act.
financial service	Has the meaning given in Div 4 of Pt 7.1 of the Corporations Act
Financial Services Guide (FSG)	A document required by s941A or 941B to be given in accordance with Div 2 of Pt 7.7 of the Corporations Act Note: This is a definition contained in s9.

Term	Meaning in this document
IDPS	An investor directed portfolio service, as defined in ASIC Corporations (Platforms—IDPSs and IDPS-like Schemes) Instrument 2026/395 or any instrument that amends or replaces that legislative instrument
IDPS-like scheme	Investor directed portfolio services-like scheme, as defined in ASIC Corporations (Platforms—IDPSs and IDPS-like Schemes) Instrument 2026/395 or any instrument that amends or replaces that legislative instrument
investment program	The document required to be included in an MDA contract that meets the requirements set out in Section D
licensee	A person who holds an AFS licence
managed investment scheme	Has the meaning set out in s9 of the Corporations Act
market participant	A participant of a financial market Note: Participant has the meaning given by s767A(4) and (5) of the Corporations Act.
MDA	A managed discretionary account, as defined in Section B
MDA client	A person to whom MDA services are provided, or are to be provided, by an MDA provider
MDA contract	The contract between an MDA provider and a retail client relating to the provision of an MDA service under ASIC relief
MDA provider (provider)	A person who enters into a contract with a client to provide an MDA under our relief
MDA service	Some or all of the services and functions involved in providing an MDA
nominee and custody service	A nominee and custody service as defined in ASIC Corporations (Nominee and Custody Services) Instrument 2016/1156 or in any instrument that amends or replaces that instrument
non-limited recourse product	A facility that includes an obligation imposed on a person under an agreement to pay an amount to another person in the event of the occurrence or non-occurrence of something, where the rights of the other person in relation to the obligation are not limited to any property that the first person has paid or set aside as security for the payment, or property to be transferred by the other person to the first person on completion of the obligation under the agreement

Term	Meaning in this document
personal advice	Financial product advice given or directed to a person (including by electronic means) in circumstances where: - the person giving the advice has considered one or more of the client's objectives, financial situation and needs; or - a reasonable person might expect the person giving the advice to have considered one or more of these matters Note: This is a definition in s9 of the Corporations Act.
Product Disclosure Statement	A document that must be given to a retail client in relation to the offer or issue of a financial product in accordance with Div 2 of Pt 7.9 Note: See s9 of the Corporations Act for the exact definition.
Pt 5C.6 (for example)	A part of the Corporations Act (in this example, numbered 5C.6), unless otherwise specified
reg 7.7.10A (for example)	A regulation of the Corporations Regulations (in this example, numbered 7.7.10A), unless otherwise specified
registered scheme	A managed investment scheme that is registered under s601EB of the Corporations Act
regulated platform	An IDPS, IDPS-like scheme or a superannuation entity within the meaning of the <i>Superannuation Industry (Supervision) Act 1993</i> that operates a custodial arrangement under s1012IA
retail client	A client, as defined in s761G and s761GA of the Corporations Act and Div 2 of Pt 7.1 of the Corporations Regulations
RG 148 (for example)	An ASIC regulatory guide (in this example, numbered 148)
s766E (for example)	A section of the Corporations Act (in this example, numbered 766E), unless otherwise specified
Statement of Advice (SOA)	A document that must be given to a retail client for the provision of personal advice under Subdivs C and D of Div 3 of Pt 7.7 Note: See s9 of the Corporations Act for the exact definition.
trading discretion	The discretion that may be exercised by the MDA provider to invest in financial products using client contributions without prior reference to the client for each transaction, subject to any limitation that may be agreed between the client and the MDA provider
wholesale client	A client who is not a retail client, as defined in s761G and s761GA of the Corporations Act and Div 2 of Pt 7.1 of the Corporations Regulations

Related information

Headnotes

AFS licence, Australian financial services licence, best interests duty, conflicts of interest, discretionary portfolio accounts, external MDA adviser, external MDA custodian, financial product, financial product advice, financial services, Financial Services Guide, managed discretionary accounts, managed investment schemes, MDA provider, Product Disclosure Statement, retail client, Statement of Advice

Legislative instruments and pro formas

[*ASIC Corporations \(Managed Discretionary Account Services\) Instrument 2026/720*](#)

[*ASIC Corporations \(Platforms—IDPSs and IDPS-like Schemes\) Instrument 2026/395*](#)

Regulatory guides

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

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

[*RG 51 Applications for relief*](#)

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

[*RG 97 Disclosing fees and costs in PDSs and periodic statements*](#)

[*RG 98 ASIC's powers to suspend, cancel and vary AFS licences and make banning orders*](#)

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

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

[*RG 126 Compensation and insurance arrangements for AFS licensees*](#)

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

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

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

[RG 181](#) *AFS licensing: Managing conflicts of interest*

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

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

[RG 271](#) *Internal dispute resolution*

Information sheets

[INFO 286](#) *FAQs: Ongoing fee arrangements and consents*

Legislation

Australian Securities and Investments Commission Act 2001

Corporations Act 2001, Chs 5C and 6D; Pts 7.7 and 7.9; s981B

Superannuation Industry (Supervision) Act 1993

ASIC market integrity rules

ASIC Market Integrity Rules (ASX Market) 2010, Rules 3.3.1 and 3.3.2

Consultation papers

[CS 47](#) *Proposed remake of relief for managed discretionary account services*