



The Institute of Public Accountants

Design and Distribution Obligations and Product Intervention Power

15 March 2017



IPA INSTITUTE OF PUBLIC
ACCOUNTANTS

Partnership beyond numbers

IPA - Deakin University SME Research Centre

The Institute of Public Accountants (IPA) is one of the three legally recognised professional accounting bodies in Australia. The IPA has been in operation for over 90 years and has grown rapidly in recent years to represent more than 35,000 members and students in Australia and in more than 80 countries. The IPA has offices around Australia and in London, Beijing, Shanghai, Guangzhou and Kuala Lumpur. It also has a range of partnerships with other global accounting bodies. The IPA is a full member of the International Federation of Accountants and has almost 4,000 individual accounting practices in its network, generating in excess of \$2.1 billion in accounting services fees annually. The IPA's unique proposition is that it is for *small business*; providing personal, practical and valued services to its members and their clients/employers. More than 75 per cent of IPA members work directly in or with small business every day. The IPA has a proud record of innovation and was recognised in 2012 by *BRW* as one of Australia's top 20 most innovative companies.

In 2013, the IPA partnered with Deakin University to form the IPA Deakin SME Research Partnership, a first in Australia. This partnership has grown and evolved into the IPA assisting Deakin University in establishing the IPA-Deakin SME Research Centre. The goal of the Centre is to bring together practitioner insights with cutting edge SME academic research, to provide informed comment for substantive policy development.

The IPA Deakin SME Research Centre comprises:

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Dear Sir/Madam

Design and Distribution Obligations and Product Intervention Power

Introductory comments

The Institute of Public Accountants (IPA) is delighted to provide commentary on the current proposals paper: “Design and Distribution Obligations and Product Intervention Power”.

The IPA is a professional accounting body with members that are recognised for their practical, hands-on skills and broad understanding of the total business environment. Representing a membership of more than 35,000 individuals in Australia and in more than 80 countries, our members and student members are working across a broad range of professional employment and practice, including; industry, commerce, government, academia and private practice. More than 75 per cent of our members work in or with small business and SMEs and are recognised as the trusted advisers to these sectors.

The IPA at the outset commends the Government for taking the initiative to consult on this issue. The Proposals Paper ‘*Design and Distribution Obligations and Product Intervention Power*’ published and circulated by the Commonwealth of Australia, December 2016 (‘the Proposal’) seeks answers to thirty-four (34) questions dealing with legislative reform proposals to improve financial industry practice and regulation in four key areas:

1. The range of financial products covered by the measure;
2. The design and distribution obligations of issuers and distributors of financial products;
3. Granting ASIC the power to intervene in matters involving the issue and distribution of financial products; and
4. Enforcement of legislative proposals and consumer redress arising from breaches of the design and distribution obligations and contravention of interventions.

The IPA’s responses appear in italics below to the questions raised by the Proposal.

If you wish to discuss our submission in further detail then please don't hesitate to contact Vicki Stylianou at either vicki.stylianou@publicaccountants.org.au or on mob. 0419 942 733.

Yours faithfully



Vicki Stylianou
Executive General Manager, Advocacy & Technical
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1. Range Of Products Covered by the Measures

Questions and Responses

1. Do you agree with all financial products except for ordinary shares being subject to both the design and distribution obligations and the product intervention power? Are there any financial products where the existing level of consumer protections means they should be excluded from the measures (for example, default (MySuper) or mass-customised (comprehensive income products for retirement) superannuation products)?

Response: We agree that all financial products except for ordinary shares should be subject to both the design and distribution obligations and the product intervention power. We believe that financial products, which reflect complex design and/or distribution features, should not be excluded from the proposed measures even if these products are mass-customised (mass-produced). The Government needs to provide guidance, similar to guidance offered by Australian Financial Markets Association (AFMA¹), about what constitutes good design and distribution principles in order to comply with the spirit of the law as well as proposed rules. Design principles should clearly identify product features which are critical to distributor and consumer understanding. To that extent, the Government should issue guidance in the form of 'principles of good financial product design' or similar. Good design underpins the quality of innovation, mitigates disputes and maximises consumer satisfaction.

The Government should also be mindful of developments in financial product innovation when considering financial product design and distribution principles. One particular innovation emerging from the European Union and the US Bilateral Horizon 2020 program which may find its way into Australia, is the development of equity and debt financial instruments (products) specifically designed by issuers to support industry innovation by SMEs (Small and Medium Enterprises)².

¹ <http://www.afma.com.au/afmawr/assets/main/lib90032/product%20approval%20principles.pdf> accessed 15 January 2017

² https://ec.europa.eu/research/iscp/pdf/policy/sme_opportunities_h2020_feb2014.pdf accessed 19 January 2017.

If a similar innovation was to be developed in Australia to support the financing needs of SMEs, the Government should also consider the design and distribution features of such products and extend the proposed legislative protection to SME consumers.

2. Do you agree with the design and distribution obligations and the product intervention power only applying to products made available to retail clients? If not, please explain why with relevant examples.

Response: We agree that design and distribution obligations and the product intervention power should apply to all products made available to all retail clients.

3. Do you agree that regulated credit products should be subject to the product intervention power but not the design and distribution obligations? If not, please explain why with relevant examples.

Response: We agree that regulated credit products should be subject to the product intervention power but not the design and distribution obligations.

4. Do you consider the product intervention power should be broader than regulated credit products? For example, 'credit facilities' covered by the unconscionable conduct provisions in the ASIC Act. If so, please explain why with relevant examples.

Response: We do not consider that the proposed product intervention power should be broader than regulated credit products for reasons already explained in the Proposal.

2. Design and Distribution Obligations

Questions and Responses

5. Do you agree with defining issuers as the entity that is responsible for the obligations owed under the terms of the facility that is the product? If not, please explain why with relevant examples. Are there any entities that you consider should be excluded from the definition of issuer?

Response: The proposed definition of 'issuer' should be "the entity that is ultimately responsible for the obligations owed under the terms of the facility that is the product". This

definition takes into account group organizations where a financial organization controls the issuer.

6. Do you agree with defining distributors as entity that arranges for the issue of a product or that:

(i) advertise a product, publish a statement that is reasonably likely to induce people as retail clients to acquire the product or make available a product disclosure document for a product; and

(ii) receive a benefit from the issuer of the product for engaging in the conduct referred to in (i) or for the issue of the product arising from that conduct (if the entity is not the issuer).

Response: The proposed definition of 'distributor' should be "the entity that is ultimately responsible for arranging the issue of a product or that:

(i) markets a product, communicates a statement that is likely to induce people as retail clients to acquire the product or make available a product disclosure document for a product; and

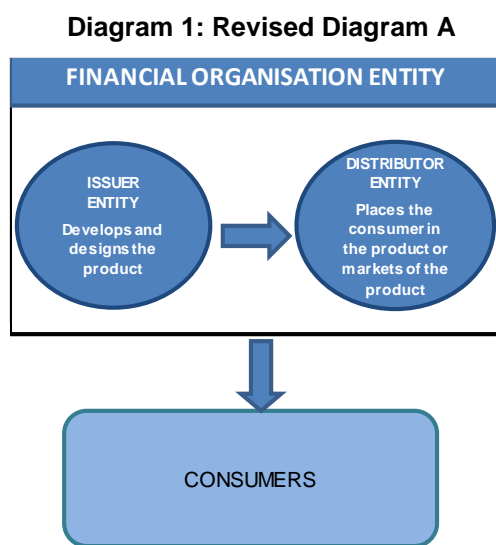
(ii) receives a benefit from the issuer of the product, or the organisation which controls the issuer, or other distributors of the product, for engaging in the conduct referred to in (i) or for the issue of the product arising from that conduct (if the entity is not the issuer).

The word 'advertise' should be replaced with the word 'markets'. Advertising represents one aspect of marketing. A marketing strategy is more penetrating than just advertising when reaching out to retail clients.

The word 'publish' should be replaced with the word 'communicate'. This captures all statements, including social media statements made by distributors to retail clients. This is consistent with ASIC current practice (refer to ASIC Media Release 16-315MR).

The words 'or the organisation which controls the issuer' have been included to take into account contractual arrangements between the distributor and the controlling entity which may not be the issuer. The Proposal illustrates examples of issuer and distributor relationships in 'Diagram 2: Issuer and Distributor'. Diagram A in the Proposal illustrates the issuer and distributor relationship when both entities are part of the same organisation. Diagram A suggests that the consumer may not be aware that (i) the product has been issued by the financial organisation which controls the issuer and (ii) there is an organisational relationship between the issuer and distributor. Legislative reforms should require sufficient disclosures by issuers and distributors to inform the consumer about who

ultimately controls product issue and distribution. This form of disclosure is similar to reporting disclosures required by AASB 10 Consolidated Financial Statements³. Disclosure of the controlling financial organisation entity supports the Government's aims of empowering consumers through disclosure and supplements disclosure by making issuers and distributors accountable as identified by the Proposal (refer p3). Diagram 1 shows a revision of Diagram A to illustrate the issuer and distributor relationship under the common control of a financial organisation entity.



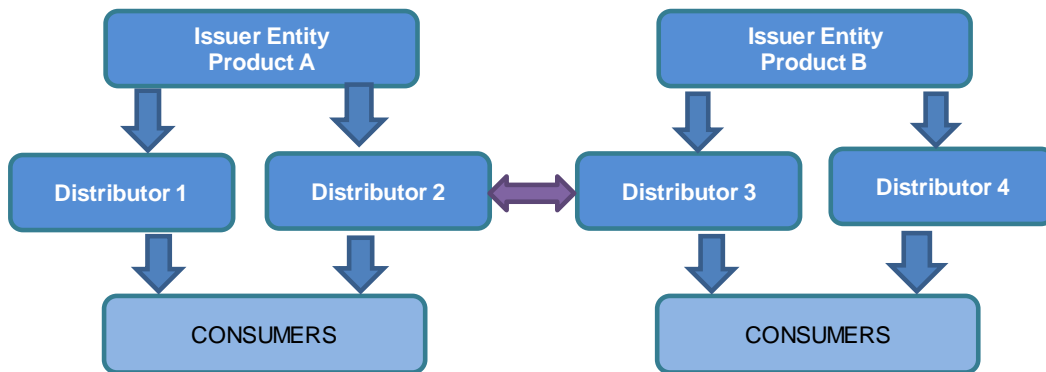
The words 'or other distributors' have been included in the definition of 'distributor' to consider cross-distribution arrangements which can coexist between distributors. The issue of cross-distribution has been identified by ASIC as an emerging issue resulting from financial product innovation and complexity⁴. Cross-distribution can allow issuers to distribute their products in target markets which may not suit the products. The Government should address cross-distribution arrangements to ensure that these arrangements, if permitted, do not breach the proposed product design and distribution obligations.

Diagram 2 below illustrates cross-distribution arrangement of Product A and Product B between Distributor 2 and Distributor 3. The Proposals should consider whether issuers should restrict distributors from sub-licencing or 'sharing' their distribution agreements with distributors of other issuers.

³ http://www.aasb.gov.au/admin/file/content105/c9/AASB10_07-15_COMPdec15_01-18.pdf accessed 2/2/2017.

⁴ <http://download.asic.gov.au/media/2195181/asic-strategic-outlook-2014-2015.pdf> accessed 12/2/2017.

Diagram 2: Cross-distribution arrangement



7. Are there any situations where an entity (other than the issuer) should be included in the definition of distributor if it engages in the conduct in limb (i) but does not receive a benefit from the issuer?

Response: Communications between professional advisers such as accountants and their clients can often lead to general, factual discussions about the nature of financial products circulating in the market. The client may acquire the financial product albeit no advice has been provided. In this case, the accountant is not likely to receive a benefit from the issuer when the customer directly acquires the financial product.

8. Do you agree with excluding personal financial product advisers from the obligations placed on distributors? If not, please explain why with relevant examples. Are there any other entities that you consider should be excluded from the definition of distributor?

Response: We support the intent of the reform proposals and agree with the exclusion of personal financial product advisers from the obligations placed on distributors since there are already substantial consumer protections in place. Accountants operating in the SME sector should also be excluded from the definition of distributor.

9. Do you agree with the obligations applying to both licensed and unlicensed product issuers and distributors? If they do apply to unlicensed issuers and distributors, are there any unlicensed entities that should be excluded from the obligations (for example, entities covered by the regulatory sandbox exemption)? Who should be empowered to grant exemptions and in what circumstances?

Response: Yes we agree with the obligations applying to both licenced and unlicensed product issuers and distributors. We believe that the 'Regulatory Sandbox' concept under ASIC CP260⁵ is an appropriate mechanism which should apply to unlicensed market participants provided that they meet the required 'sandbox' criteria.

10. Do you agree with the proposal that issuers should identify appropriate target and non-target markets for their products? What factors should issuers have regard to when determining target markets?

Response: Yes we agree with the proposal that issuers should identify appropriate target and non-target markets for their products. The Proposal identified personal and product factors issuers should have regard to when determining target markets. Personal factors identified are (i) proximity to retirement, (ii) levels of income and wealth, (iii) level of financial literacy and (iv) access to financial information. Other personal factors which can be considered are (v) accessibility to financial advice particularly in remote regional areas and (vi) post retirement term. Product factors identified in the Proposal are (i) product risk (ii) consumers ability to derive benefits from the significant features of the product. Other product factors which can be considered are (iii) the cost and ability to switch from one product to another product of the issuer and (iv) ease of product redemption or exit.

11. For insurance products, do you agree the factors requiring consumers in the target market to benefit from the significant features of the product? What do you think are significant features for different product types (for example, general insurance versus life insurance)?

Response: No comment offered.

12. Do you agree with the proposal that issuers should select distribution channels and marketing approaches for the product that are appropriate for the identified target market? If not, please explain why with relevant examples.

⁵ <http://download.asic.gov.au/media/3889025/cp260-published-08-june-2016.pdf> accessed 30 January 2017.

Response: We agree with the proposal that issuers should select distribution channels and marketing approaches for the product that are appropriate for the identified target market.

13. Do you agree that issuers must have regard to the customers a distribution channel will reach, the risks associated with a distribution channel, steps to mitigate those risks and the complexity of the product when determining an appropriate target market? Are there any other factors that issuers should have regard to when determining appropriate distribution channels and market approach?

Response: We agree and support all factors outlined in Detailed Proposal 2⁶

14. Do you agree with the proposal that issuers must periodically review their products to ensure the identified target market and distribution channel continues to be appropriate and advise ASIC if the review identifies that a distributor is selling the product outside of the intended target market?

Response: We agree with the proposal that issuers must periodically review their products to ensure the identified target market and distribution channel continues to be appropriate and advise ASIC if the review identifies that a distributor is selling the product outside of the intended target the review period should be determined by the perceived risk of the product. Products which are considered to be more risky should be reviewed more regularly. The review conducted by issuers should advise ASIC if their products are no longer appropriate for circulation if negative material changes have been identified in the target market. Issuers should also advise ASIC about action(s) undertaken to stop distribution because of failing design and/or distribution features. These product governance mechanisms are consistent with similar mechanisms in the United Kingdom and the European Union⁷

⁶ <http://www.treasury.gov.au/ConsultationsandReviews/Consultations/2016/Design-and-distribution-obligations-and-product-intervention-power> accessed 13 January 2017

⁷ *ibid*

15. In relation to all the proposed issuer obligations, what level of detail should be prescribed in legislation versus being specified in ASIC guidance?

Response: The level of detail prescribed should be based on sound commercial principles. These principles ought to be prescribed in legislation whilst the application of these principles ought to be specified in ASIC guidelines to guide the application of prescribed legislation. ASIC compliance programs should then be designed around monitoring the application of specific guidelines. This approach is based on the rationale that rules cannot cover every situation that can arise. International Financial Reporting Standards (IFRS) accounting standard setting framework provides an excellent example of principles based regulation⁸.

16. Do you agree with the proposal that distributors must put in place reasonable controls to ensure that products are distributed in accordance with the issuer's expectations?

Response: We agree with the proposal that distributors must put in place reasonable controls to ensure that products are distributed in accordance with the issuer's expectations. The issuer should satisfy itself that controls put in place by the distributor meet its expectations. The Australian Financial Markets Association (AFMA) for example, recommends robust internal approval process in distribution mechanisms and processes⁹.

17. To what extent should consumers be able to access a product outside of the identified target market?

Response: Consumers should be free to access products outside the identified target market provided that sufficient 'warnings' are made by the issuer or distributor to alert consumers that they are accessing a product outside their identified target market.

⁸ <http://www.ifrs.org/Features/Pages/The-case-for-principle-based-accounting-.aspx> accessed 5 March 2017.

⁹ <http://www.afma.com.au/afmawr/assets/main/LIB90032/Product%20Approval%20Guidelines%20V%201.2%20March%202016.pdf> accessed 16 January 2017.

18. What protections should there be for consumers who are aware they are outside the target market but choose to access a product regardless?

Response: It is difficult to protect consumers who engage in moral hazard other than issue appropriate warnings and sufficient cooling-off periods. A 10 day cooling off period is probably more appropriate than the current consumer 7 day period to allow consumers sufficient time to overcome potential hubris.

19. Do you agree with the proposal that distributors must comply with reasonable requests from the issuer related to the product review and put in place procedures to monitor the performance of products to support the review? Should an equivalent obligation also be imposed on advised distributors?

Response: We agree with the proposal that distributors must comply with reasonable requests from the issuer related to the product review and put in place procedures to monitor the performance of products to support the review. Entities should appoint a 'responsible person' who is responsible for the implementation and operation of procedures to monitor the performance of products and support product reviews by both issuers and distributors. Equivalent obligations should also be imposed on advised distributors.

20. In relation to all the proposed distributor obligations, what level of detail should be prescribed in legislation versus being specified in ASIC guidance?

Response: The level of detail prescribed should be based on sound commercial principles. These principles should be prescribed in the legislation whilst the application of these principles should be specified in ASIC guidelines to guide practice. ASIC compliance programs are then designed around the monitoring of guidelines.

21. Do you agree with the obligations applying 6 months after the reforms receive Royal Assent for products that have not previously been made available to consumers? If not, please explain why with relevant examples.

Response: We agree with the obligations applying 6 months after the reforms receive Royal Assent for products that have not previously been made available to consumers.

22. Do you agree with the obligations applying to existing products in the market 2 years after the reforms receive Royal Assent? If not, please explain why with relevant examples and indicate what you consider to be a more appropriate transition period.

Response: We agree with the Proposal. Industry requires sufficient time to work with the new regime and renegotiate any 'open' contracts between issuers and distributors in relation to existing products. We consider allowing the obligations applying to existing products in the market 2 years after the reforms receive Royal Assent to be reasonable and realistic; however it is necessary to be mindful of any inequity which will be created amongst retail consumers, that is, post-regulation consumers have higher levels of protection than pre-regulation consumers of similar products. Earlier adoption of the reforms should be allowed and encouraged, as is the case with the earlier adoption of revised standards and rules in the accounting profession.

ASIC should develop a Regulatory Guide as soon as possible to ensure a smooth transition.

3. Product Intervention Power

Questions and Responses

23. Do you agree that ASIC should be able to make interventions in relation to the product (or product feature), the types of consumers that can access a product or the circumstances in which a consumer can access the product. If not, please explain why with relevant examples.

Response: We agree that ASIC should be able to use its powers to make interventions to the product or product features, the types of consumers that can access a product or the circumstances in which a consumer can access the product. Alternatively rather than granting ASIC the power to make interventions, ASIC's existing 'stop order' power under

section 739 of the Corporations Act 2001¹⁰ could be extended to cover matters involving breaches of the design and distribution obligations and breaches of interventions.

24. Are there any other types of interventions ASIC should be able to make (for example, remuneration)?

Response: ASIC should be able to intervene to stop payments of all commissions from issuers to distributors or commissions between distributors where the commission is directly related to the design or the distribution of the product, therefore arguably a product feature in accordance with Regulatory Guide 168 Disclosure: Product Disclosure Statement (and other disclosure obligations)¹¹.

25. Do you agree that the extent of a consumer detriment being determined by reference to the scale of the detriment in the market, the potential scale of the detriment to individual consumers and the class of consumers impacted? Are there any other factors that should be taken into consideration?

Response: We agree that the extent of a consumer detriment is determined by reference to the scale of the detriment in the market, the potential scale of the detriment to individual consumers and the class of consumers impacted. Another factor that should be taken into account when considering the potential scale and which reflects the long term impact on the consumer is to consider the consumer's ability to recover from the financial loss likely to arise from the detriment.

26. Do you agree with ASIC being required to undertake consultation and consider the use of alternative powers before making an intervention? Are there any other steps that should be incorporated?

¹⁰ http://www.austlii.edu.au/au/legis/cth/consol_act/ca2001172/s739.html accessed 21/1/2017

¹¹ <http://download.asic.gov.au/media/1240931/rg168-published-28-october-2011.pdf> accessed 19/January 2017

Response: Yes we support this Proposal. ASIC should first consider the use of alternative powers before making an intervention and justify its preference to make an intervention. ASIC should also notify the entity about its intention to use its intervention power in relation to a matter. Next, ASIC should provide the entity with the opportunity to put its case forward within a reasonable time frame, including (i) reasons why intervention powers should not be used and (ii) how the entity intends to resolve the problem identified by ASIC. This proposal is consistent with the government coercive information-gathering principles¹². Failure by ASIC to follow such a process should void the intervention and possibly become liable for damages to the entity if the intervention caused significant disruption to the entity's business and loss of profit.

27. Do you agree with ASIC being required to publish information on intervention, the consumer detriment and its consideration of alternative powers? Is there any other information that should be made available?

Response: We agree ASIC is required to publish information on intervention, the consumer detriment and its consideration of alternative powers. ASIC should also publish information relating to prior breaches of design and distribution obligations or prior intervention committed by the issuer and/or the distributor. We believe this will effectively discipline over recidivist offenders.

28. Do you agree with interventions applying for an initial duration of up to 18 months with no ability for extensions? Would a different time frame be more appropriate? Please explain why.

Response: We support the Proposal and agree with interventions applying for an initial duration of up to 18 months with no ability for extensions.

¹² <http://www.arc.ag.gov.au/Documents/a00Final+Version+-+Coercive+Information-gathering+Powers+of+Government+Agencies+-+May+2008.pdf> accessed 20 January 2017

29. What arrangements should apply if an ASIC intervention is subject to administrative or judicial appeal? Should an appeal extend the duration that the Government has to make an intervention permanent?

Response: The following arrangements should apply if an ASIC intervention is subject to administrative or judicial appeal:

(i) The appeal process should be fast tracked and provide reasonable time frames for all parties to comply with administrative or judicial directions. Non-compliance with required time frames or with administrative or judicial directions without a reasonable excuse will render the appeal void and reinstate all parties to the appeal to their original positions.

(ii) The intervention should continue to apply during the appeal period to maintain consumer protection.

(iii) During the appeal period, any fines or other disciplinary actions imposed by ASIC on the entity as a result of a breach of the design and distribution obligations or the requirements in an intervention, should be stayed until the appeal has been resolved. The payment of fines or the performance of other disciplinary actions will lapse if the appeal is determined in favour of the entity.

Yes, the appeal should extend the duration that the Government has to make an intervention permanent.

30. What mechanism should the Government use to make interventions permanent and should be mechanism differ depending on whether it is an individual or market wide intervention? What (if any) appeal mechanisms should apply to a Government decision to make an intervention permanent?

Response: Market interventions are likely to be more serious and disruptive than individual interventions because of the degree of stakeholder impact. The Government should therefore use different mechanisms which reflect different degrees of seriousness and at the same time act as deterrent. We support the mechanisms outlined in 'Table 2: Making and reviewing interventions' in the Proposal.

31. Are there any other mechanisms that could be implemented to provide certainty around the use of the product intervention power?

Response: We are not aware of other mechanisms other than the ones discussed in Q30 above.

32. Do you agree with the powers applying from the date of Royal Assent? If not, please explain why with relevant examples.

Response: Yes we agree with the Proposal that powers apply from the date of Royal Assent.

4. Enforcement and Consumer Redress

Questions and Responses

33. What enforcement arrangement should apply in relation to a breach of the design and distribution obligations or the requirements in an intervention?

Response: We support the ideology expressed in the Proposal that the purpose of enforcement is deterrence and which is in accordance with the factors of deterrence factors identified by the International Organization of Securities Commissions (IOSCO)¹³. To achieve this purpose, entities should follow processes and have systems in place to ensure compliance with regulatory obligations at all times. The enforcement arrangements that should apply to breaches of design and distribution obligations however should be different from those which apply to breaches of the requirements of an intervention. This is because breaches of the requirements of an intervention are considered to be more serious. The Proposals paper lists a range of alternative enforcement regimes that could be applied. In matters involving breaches of design and distribution obligations, we believe that a combination of administrative actions and civil penalties should apply. The regulatory processes involved in licence cancellation and variation can be lengthy and not suited to situations which require the regulator to move quickly to resolve matters. Administrative actions should consider the suspension of financial services or credit licence for a period sufficiently long enough to allow for the rectification of obligations. Licence

¹³ <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD490.pdf> accessed 19 February 2017.

suspension can complement the cancellation and variation licence regime to allow ASIC to quickly manage licence holder misconduct¹⁴.

In matters involving breaches of the requirements of an individual or market intervention, injunctive action pursuant to sect 1324 of the Corporations Act 2001 should be considered from the outset to quickly restrain the entity from engaging in further breaches of the law¹⁵. Significant civil penalties which reflect the seriousness of the breach should also apply. In matters where deception and/or dishonesty has been identified in the breaches of design and distribution obligations or the requirements of an intervention, criminal sanctions should apply ranging from fines to incarceration.

34. What consumer rights and redress avenues should apply in relation to a breach of the design and distributions obligations or the requirements of an intervention?

Response: We support the strengthening of consumer rights to seek redress against breaches of the design and distribution obligations or a breach of a requirement in an intervention. The Proposal identifies three redress avenues available to consumers.

- (a) The first redress states “ that a contract entered into in breach of certain obligations or certain ASIC interventions is voidable at the option of the consumer;
Comment: A contract entered into in breach of certain obligations or certain ASIC interventions should be void from the outset. The onus to void the contract should not be entirely left to the consumer because the consumer may not always be in a position to realise or understand that the contract is in breach of the regulations and void. The words “at the option of the consumer” should be removed to improve this avenue of redress.
- (b) The second redress states “remedies enabling a consumer to seek a refund or obtain a replacement product at no additional cost”.
Comment: It is not clear if the legislative intent is to limit the quantum of ‘additional costs’ to the difference between the entry value of the original product and the entry value of the replacement product or includes other forms of additional costs, such as

¹⁴ <http://download.asic.gov.au/media/1346030/rg98-published-30-July-2013.pdf> accessed 19 February 2017

¹⁵ http://www.austlii.edu.au/au/legis/cth/consol_act/ca2001172/s1324.html accessed 20 February 2017

switching and other administrative type costs. In this regard the term “additional cost” needs to be clarified.

- (c) The third redress states” the option to seek orders declaring the whole or part of a contract void, or otherwise varying the terms of the contract.

Comment: We believe that this proposal clearly strengthens consumers’ right to seek redress.