

Proposed Australian client money shakeups-an update

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The Australian Government has moved swiftly forward with its plans to introduce its client money reforms. The reforms were introduced in the nick of time on the last day the Australian Parliament sat for 2016.

In November 2016, after extensive consultation with the industry, the Government announced its intention to introduce reforms to retail OTC derivatives. The announcement drew concern from some industry players. However the reforms are welcomed by those who see a need for greater protection for retail investors in the retail OTC derivatives market.

(For more information about these reforms please see our original blog article here)

The reforms were introduced to Parliament on 1 December 2016 as part of wider Treasury Law amendments. The Bill was read for the second time on the same day. As Parliament has now risen for the summer the Bill will not be debated, considered or voted on until at least February next year when Parliament first sits for 2017.

As we wrote in our initial article the practical effects of the reforms will not be felt for some time. The Bill must make its way through the two Houses of Parliament and be voted into law before being implemented by the Australian Securities and Investment Commission (ASIC). The Bill also includes a one- year transition period before becoming mandatory.

That being said, the speed with which the Government has introduced the Bill signals an intention to see these reforms into law as soon as possible. We would advise businesses to take advice to plan for the reforms and in particular what steps can be taken mitigate their effects. We will track the progress of the Treasury Laws Amendment Bill and provide an update of its movement towards becoming law.

The Bill explanation document, which outlines the reforms and what the government is hoping to achieve by introducing them, can be viewed here.

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