

FS Compliance Newsletter

APRIL 2026

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Introduction

In this edition, AUSTRAC has written to businesses in the wealth management sector raising concerns regarding low reporting rates and deficiencies in their internal AML/CTF risk management practices.

ASIC has released an 18-month implementation roadmap outlining a timeline for the commencement and implementation of the upcoming digital assets legislative reforms and ASIC released an industry wide letter warning licensees of the intensification of cyber security risks arising from the rapid development of AI.

ASIC also announced it is conducting significant work in respect of scam websites, and developed the Moneysmart Retirement Hub, providing free and independent tools and resources to consumers to assist with retirement planning. The Treasury has released a consultation seeking feedback on draft legislation proposing stronger regulatory and sanctioning powers for the Tax Practitioners Board.

ASIC has banned a former financial adviser for 10 years in connection with the Shield and First Guardian Master Fund collapses. ASIC has suspended two AFS licensees for ceasing to carry on a financial services business. The Financial Services and Credit Panel has released decisions reprimanding financial advisers in relation to fees for no service and annual advice failures.





Updates from the Industry

ASIC urges licensees to review and strengthen cyber security measures in light of growing AI cyber threats

On 11 May 2026, ASIC released a [letter](#) urging Australian financial services licensees and market participants to review and strengthen their cyber resilience measures in response to the increasing risks created by new artificial intelligence ("AI") models. ASIC is requesting entities table the letter at their next board or risk governance committee meeting and act urgently to review and strengthen their cyber security systems and processes. The letter, issued by ASIC Commissioner Simone Constant, emphasises the increasing capability of malicious cyber actors and changing nature of cyber risk for licensees. The availability of sophisticated AI tools has enabled these actors to expose small, isolated vulnerabilities and exploit them to their fullest extent, causing system-wide implications and consumer harm.

ASIC has reminded licensees that having adequate cyber security resources must be treated as a core licensing obligation. This follows ASIC's recent court outcome against FIIG Securities Limited, which highlighted the consequences entities may face for failing to have adequate technological resources to protect against cyber security threats and support adequate cyber security measures.

Licensees have been urged to act swiftly to uplift their cyber security systems, implement robust incident plans, and ensure they are able to withstand AI-accelerated cyber threats.

ASIC has recommended licensees take the following steps in reviewing their cyber security policies and procedures:

- **reassess cyber plans** – consider allocating resources towards emerging critical cyber risks, such as AI cyber threats;
- **confirm cyber risk, governance and overall risk and decision-making frameworks** – consider interrelated vulnerabilities and the entities' critical assets and systems;
- **strengthen cyber security fundamentals** – conduct regular reviews on core controls and user access privileges, minimise exposure of systems and services to untrusted networks, and implement layered, defence mechanisms;
- **review patch management procedures** – review and strengthen the patch management process, particularly with reference to arising AI threats;
- **prepare incident response systems** – maintain incident response plans, including business continuity plans and identification of highest priority services, channels and platforms.
- **manage third-party risks** – particularly in relation to services that introduce systemic exposure to cyber threats; and
- **use AI for defensive purposes** - for example, to identify vulnerabilities and securing software before release.

Licensees should ensure that their cyber systems are tested, weaknesses are addressed, and immediate action is taken to implement these recommendations.

ASIC provides extensive cyber related resources at <https://www.cyber.gov.au>.



The full media release can be viewed [here](#).



AUSTRAC issues warnings to wealth management sector following reporting failures

AUSTRAC has written to entities in the wealth management sector in relation to concerns about alarmingly low suspicious matter reporting (“SMR”) rates in 2025 and the risk that serious financial crimes in the sector are likely going undetected. The letter, issued on 15 April 2026, warns wealth management businesses of the deficiencies present in their internal AML/CTF controls and reporting practices.

AUSTRAC’s surveillance, supervisory work and compliance report data indicate that the wealth management sector is highly vulnerable to financial crime and are encountering a range of high-risk scenarios. Despite being exposed to these risks, 98% of businesses in the sector failed to submit any SMRs in the previous calendar year. AUSTRAC’s 2024 annual compliance report data also revealed that 92% of wealth management businesses claimed to have no high-risk customers. According to AUSTRAC CEO Brendan Thomas, the reporting gap indicates that many businesses in the sector may not have adequate systems or processes in place to meet their reporting obligations or to properly identify high-risk customers.

AUSTRAC’s warnings advised wealth management businesses to improve internal controls and change reporting behaviour immediately. These businesses must implement robust risk assessments and conduct prompt reporting when suspicious behaviour appears. AUSTRAC has urged businesses to put in place clear, practical systems and controls to manage and mitigate those risks.

 [The full media release can be viewed here.](#)

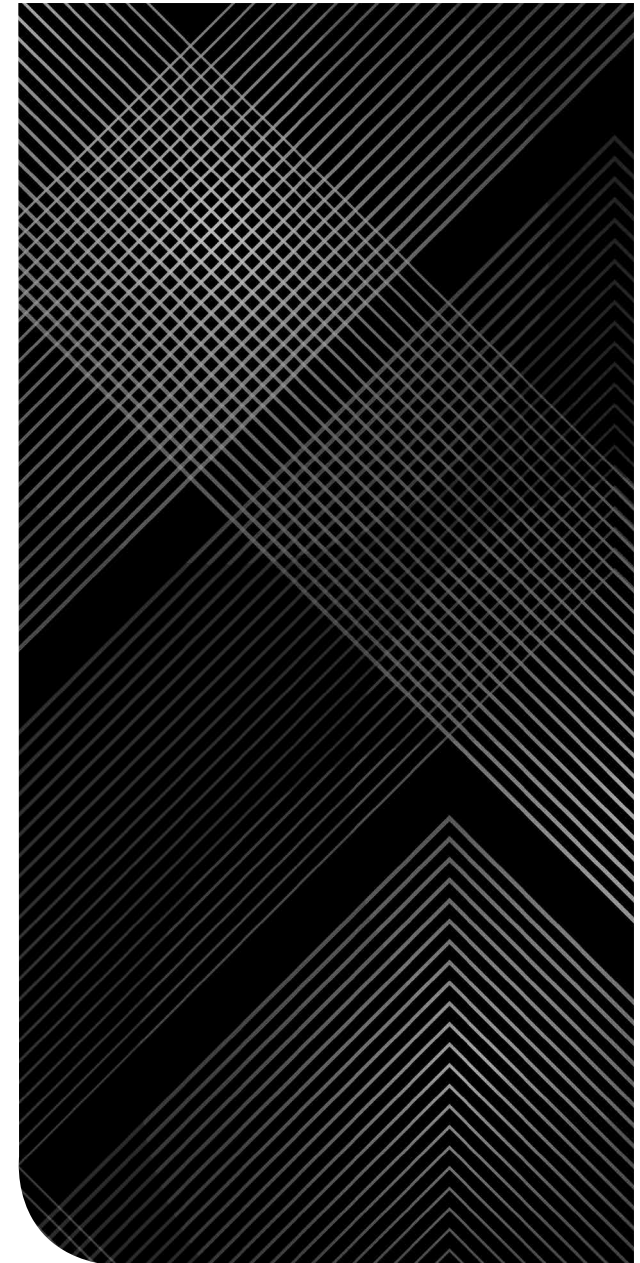
ASIC releases guidance and resources hub regarding AML/CTF reforms

ASIC has issued guidance in relation to the new AML/CTF legislation taking effect this year. From 31 March, AUSTRAC has opened enrolment for newly regulated professions, such as lawyers, accountants, conveyancers and real estate professionals, under the AML/CTF reforms. ASIC has encouraged newly regulated entities to enrol as soon as possible and be ready to fulfill their obligations from 1 July 2026. These obligations include:

- having an AML/CTF program in place;
- appointing an AML/CTF compliance officer;
- training staff on AML/CTF risks and processes; and
- implementing suspicious matter reporting procedures.

ASIC has also provided a reminder to existing regulated entities to update their enrolment details by 30 May 2026 and consider implementing compliance procedures for any new obligations arising from the AML/CTF reforms. ASIC has provided links to numerous tools and resources provided by AUSTRAC to assist entities in considering their obligations and complying with the AML/CTF reforms. ASIC has encouraged entities to seek independent legal advice if they are unsure of their potential obligations.

 [The full media release can be viewed here.](#)





ASIC releases digital asset implementation roadmap

On 20 April 2026, ASIC released an 18-month implementation roadmap for the upcoming digital assets legislative reforms. ASIC intends to issue new regulatory guidance and set out certain operational standards as part of the commencement and implementation of the *Corporations Amendment (Digital Assets Framework) Act 2026* ("DAF ACT").

ASIC's roadmap is divided into key phases:

- **Months 1 – 6:** ASIC will conduct stakeholder roundtables and discussions and consult with industry on proposed regulatory guidance and operational standards. ASIC's class no-action position under INFO 225 expires meaning entities will be required to comply with licensing requirements throughout the implementation of the reforms.

- **Months 6 – 12:** ASIC will release a consultation paper on the proposed rules and standards with a six-week consultation period, provide new regulatory guidance for digital asset platforms ("DAPs") and tokenised custody platforms ("TCPs"), and make regulatory instruments setting the asset-holding, transactional, settlement and financial standards.
- **Months 12 – 18:** Platform operators will be able to lodge AFSL applications and operate under regulatory relief until the applications are reviewed by ASIC.
- **Months 18 onwards:** The new regulatory regime will be fully implemented.

As part of the implementation of the DAF Act, ASIC intends to set certain standards for operators of DAPs and TCPs and provide regulatory guidance in relation to the new legislation, applicable standards, and how it intends to licence and supervise firms.

The regulator intends to seek views and consultation on a range of topics, including:

- the need for new regulatory guidance;
- ASIC's approach to applying discretion in the regime where appropriate (for example, in relation to Responsible Managers);
- standard conditions that apply to platform licensees; and
- a potential streamlining of the licence variation process for certain firms.

As its next steps, ASIC will arrange these stakeholder and roundtable discussions and develop a consultation package on the standards and guidance outlined above.

[→ The full media release can be viewed here.](#)

ASIC introduces scam prevention initiative to address significant increase in online threats

From June 2026, ASIC will begin collecting and publishing website addresses from AFS licensees on the Professional Registers Search ("PRS"). This initiative is in response to the increased deliberate misuse of AFS licensee names, licence numbers and websites.

The initiative will enable consumers and businesses to check that they are interacting with genuine AFS licensee websites. Licensees have been encouraged to update their website address by submitting a 'Notify change of details of an Australian financial services licence' transaction through the ASIC regulatory portal.

Australian consumers lost approximately \$2.18 billion to scams in 2025, with \$837.7 million resulting from investment scams alone. ASIC has encouraged consumers to avoid providing personal information or acting on investment advice on social media and utilise Moneysmart's investor alert list to remain informed about potentially fraudulent investments.

[→ For more information on the initiative refer here.](#)

[→ The full media release can be viewed here.](#)

ASIC launches Moneysmart Retirement Hub to assist consumers in retirement planning

ASIC has launched free and independent tools and resources on the Moneysmart website to help Australians to plan for their retirement. With around 2.5 million Australians expected to enter retirement in the next decade, ASIC has made it a priority to understand their needs and provide tools and resources to help people learn and build confidence about their future. The tools and resources were launched in response to national research indicating that:

- almost half (48%) of the Australians approaching retirement (aged 50 to 66) worry they may run out of money in retirement;
- nearly a third (32%) feel they are behind in preparing for retirement; and
- only 18% have a clear retirement plan in place.

In response, ASIC developed a consumer awareness campaign directing Australians to the new Moneysmart Retirement Hub, which provides practical tools, calculators to understand superannuation balances, Age Pension eligibility, and guidance to support retirement planning. The Retirement Hub includes a Retirement Planner tool which allows consumers to:

- work out how much income they could have in retirement from their superannuation and other income sources;
- understand whether they may be on track for their ideal retirement; and
- explore how different scenarios could impact their income over time.

 [The full media release can be viewed here.](#)



Enforcement

ASIC bans former financial adviser connected to the Shield and First Guardian Master Fund collapses

ASIC has banned a former financial adviser from providing financial services for 10 years and has suspended an AFS licensee in relation to the Shield and First Guardian Master Fund collapses.

On 10 April 2026, ASIC found that Rhys Reilly engaged in serious misconduct, including accepting conflicted remuneration, making false or misleading statements to clients, and failing to act in clients' best interests.

Mr Reilly acted as an authorised representative of InterPrac, under the corporate authorised representative of Rhys Reilly Pty Ltd, and Conexus Group Pty Ltd ("**Conexus**"). ASIC suspended the AFS licence of Conexus until 31 July 2026 to enable Conexus to sever its relationship with Mr Reilly and update its license arrangements.

The misconduct primarily related to advice recommending investments in the Shield and First Guardian Master Funds ("**Funds**"), including advice to roll over significant superannuation balances into the Funds. ASIC found that Mr Reilly failed to properly investigate the suitability of this investment for certain clients and exposed them to unacceptable levels of risk. ASIC also found that Mr Reilly accepted \$100,000 in payments that constituted conflicted remuneration and failed to disclose those payments to clients, while recommending that clients invest a significant proportion of their superannuation into the Funds. The regulator determined that Mr Reilly made false or misleading representations in certain Statements of Advice by stating that he had not received any benefits capable of influencing his advice.

ASIC concluded that Mr Reilly was not a fit and proper person, was not competent to provide financial services, and was likely to contravene financial services laws in the future. The banning order prohibits Mr Reilly from providing any financial services, controlling an entity that carries on a financial services business, and performing any function involved in the carrying of a financial services business for a period of 10 years.

 [The full media release can be viewed here.](#)

ASIC suspends AFS licences for ceasing to carry on a financial services business

On 31 March 2026, ASIC suspended the AFS licence of Oscar Oliver Capital Ltd ("**Oscar Oliver**") for a period of four months. ASIC suspended the AFS licence after finding that Oscar Oliver had ceased carrying on a financial services business since 2 July 2023. The suspension has been recorded on ASIC's professional registers.



[The full media release can be viewed here.](#)

On 2 April 2026, ASIC cancelled the AFS licence of Beacon Wealth Pty Ltd ("**Beacon Wealth**") after finding that the licensee had ceased to carry on a financial services business. Beacon Wealth's licence was suspended in April 2025 to allow the company to seek the variations necessary to commence a new financial services business. ASIC found that Beacon Wealth had not taken the steps necessary to recommence operations by failing to:

- progress its licence variation;
- provide ASIC with the required information; and
- pay the applicable fees.

While ASIC considered submissions in relation to a proposed acquisition of the licence, it concluded that this did not involve the continuation of an existing financial services business. Beacon Wealth may apply to the Administrative Review Tribunal for a review of ASIC's decision.



[The full media release can be viewed here.](#)

FSCP makes written directions in relation to fees for no service failures

On 8 April 2026, the Financial Services and Credit Panel ("**FSCP**") issued a written direction to Mr C in relation to fees for no service failures. The adviser charged clients ongoing financial advice fees but failed to provide the services for which the fees were charged. The Sitting Panel was satisfied that Mr C's single instance of charging fees for no service was an isolated case of human error and the adviser had taken appropriate steps to avoid the recurrence of the misconduct. Despite this, the Sitting Panel reasonably believed that Mr C breached Standards 2 and 7 of the Code of Ethics and failed to comply with the Code's values of trustworthiness and diligence.

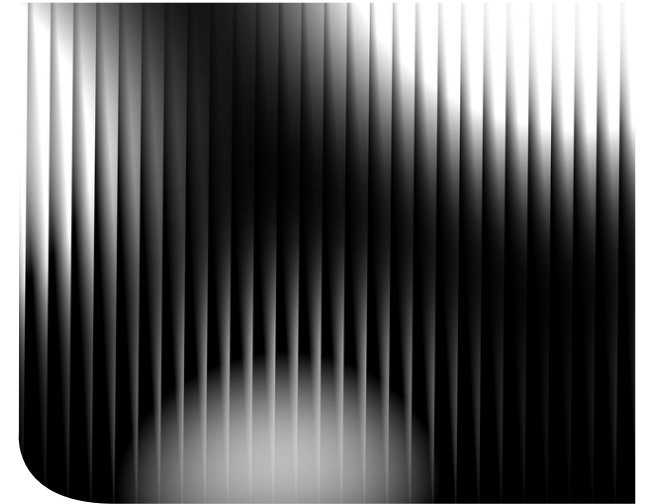
On 16 April 2026, the FSCP issued a reprimand to Mr J in relation to fees for no service failures. The adviser charged a client ongoing financial advice fees under a services agreement:

- without providing the services for which the fees were charged; and
- following the expiry of the agreement.

The Sitting Panel found that some fees after the expiration of the services agreement were unknowingly charged due to an administrative error. Despite this, considering the client continued to be charged for a period of 17 months, the Sitting Panel ruled that Mr J should have had governance procedures in place to detect the ongoing error. Ultimately, the Sitting Panel ruled that Mr J had breached Standards 2 and 7 of the Code of Ethics and failed to comply with the Code's values of trustworthiness and diligence.



[The FSCP Outcomes Register can be viewed here.](#)



FSCP issues reprimand in relation to annual advice failures

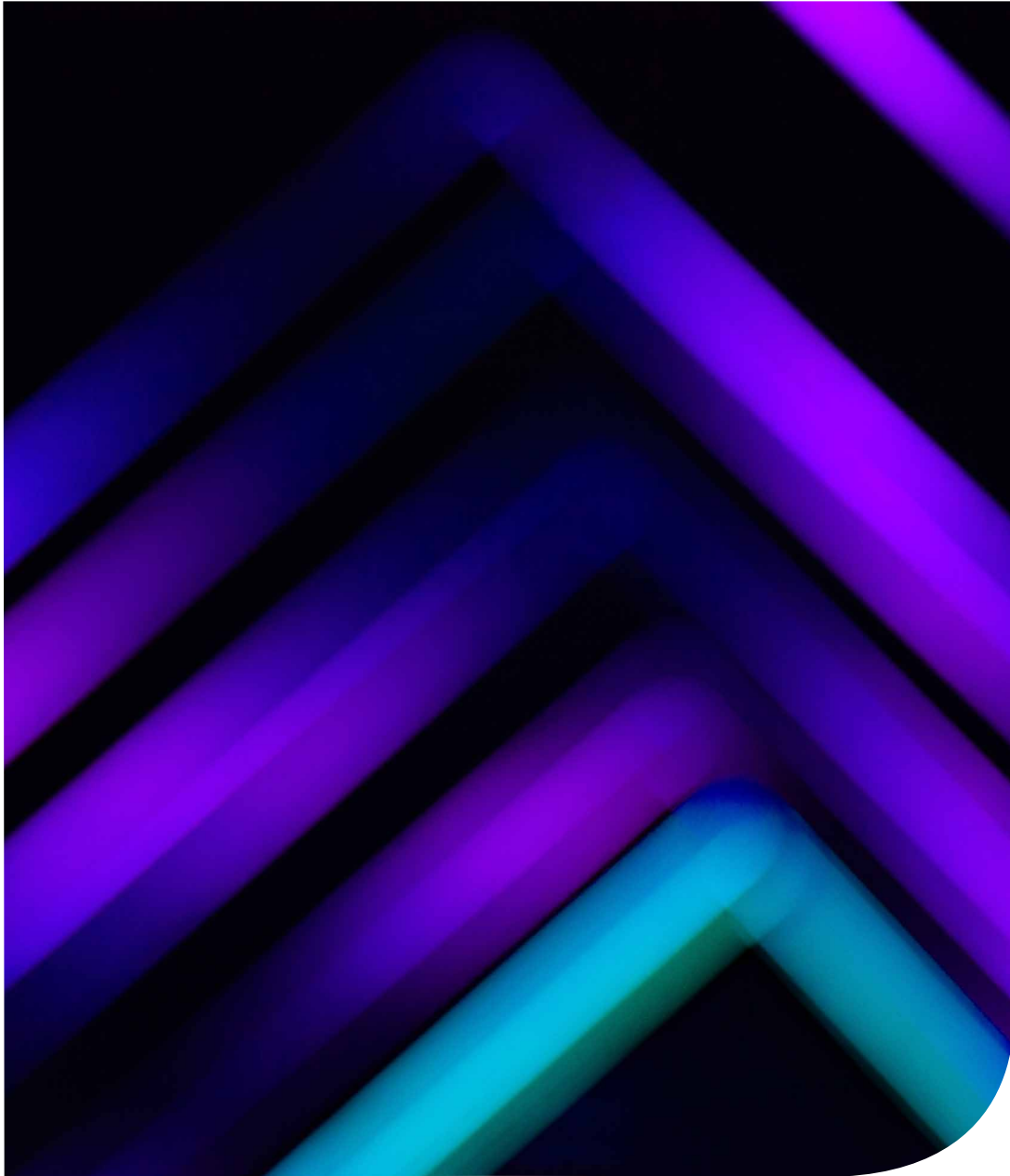
On 20 April 2026, the FSCP issued a written direction to Mr B in relation to a failure to provide annual advice reviews in accordance with ongoing fee arrangements with four clients. Under the ongoing fee arrangements, the clients agreed to pay fees for annual advice reviews to be conducted within a 12-month review period. Mr B failed to conduct these annual advice reviews for these clients within the respective review periods.

The Sitting Panel determined that the adviser failed to comply with Standards 2 and 7 of the Code of Ethics and with the Code's values of trustworthiness and diligence. The Panel noted that a failure to provide timely annual advice reviews can have serious consequences, particularly where insurance policies may be due to lapse.



[The FSCP Outcomes Register can be viewed here.](#)





Consultation

Treasury seeks feedback on tax practitioners board sanctions reform legislation

On 13 April 2026, the Treasury released a consultation on draft legislation proposing to give the Tax Practitioners Board stronger regulatory and sanctioning powers. The draft legislation amends the *Tax Agent Services Act* to implement a stronger compliance framework and introduce stronger penalties to deter inappropriate behaviour by registered tax practitioners and unregistered preparers. These reforms, initiated as part of the Government's response to the PWC tax leaks matter, intend to improve protections for taxpayers against the misconduct of tax agents and maintain public confidence in the tax system.

The draft legislation proposes to introduce a number of reforms, including:

- criminal penalties for unregistered tax return preparers;
- increased maximum amounts for civil penalties;
- infringement notices for alleged breaches of some civil penalty provisions;
- enforceable voluntary undertakings;
- allowing contingent and interim suspensions of registration in certain circumstances;
- introducing new penalties for breaches of the Code of Professional Conduct by registered tax practitioners and false or misleading statements by unregistered preparers; and
- extending the maximum period for a terminated practitioner can reapply for registration from 5 years to 10 years.

The consultation closed on 24 April 2026.



[The full media release can be viewed here.](#)



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