FS Compliance Newsletter

JULY 2026

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Introduction

In this edition, ASIC has released the industry funding financial returns for the 2025-26 financial year, and ASIC has revealed an updated Small Business Strategy to provide small businesses with practical support and protections. The Australian Government unveiled a new website aimed at providing guidance on responsible AI usage.

AFCA has been announced as the new sole EDR service for scam prevention. ASIC has announced its plans to increase the NTA requirement for responsible entities of registered managed investment schemes.

Treasury has released a consultation on the regulation of Australian accounting, auditing and consulting firms. ASIC has released two consultations seeking feedback a remake of the qualified accountant legislative instrument and ASIC's plan to increase capital raising activity by simplifying sell-side research guidance.

ASIC has reminded company auditors of their obligations and warns of increased oversight. ASIC has temporarily suspended an AFSL for failure to meet statutory audit and financial reporting lodgement obligations, and the FSCP cancelled a financial adviser's registration.

Updates from the industry

ASIC publishes industry funding annual returns for 2025-26 financial year

ASIC has released the Cost Recovery Implementation Statement ("**CRIS**") for the 2025-26 financial year. Entities that have industry funding obligations must submit their business activity metrics for the 2025-26 financial year via the ASIC Regulatory Portal between 23 July and 24 September 2026.

ASIC has provided correspondence to these regulated entities with instructions on how to submit the annual return.

The full media release can be viewed here.

The Australian Government launches new website to guide responsible AI usage

The Australian Government has launched a new website providing information on AI.

AI.gov.au will provide organisations with trusted, practical guidance, including:

- understanding AI;
- planning for the use of AI; and
- how to adopt AI responsibly.

The website provides a template for the creation of a responsible use policy to guide how a business and their team will use artificial intelligence.

The template policy can be found here.

The full media release can be viewed here.

ASIC reveals updated small business strategy

On 5 August 2026, ASIC launched an updated version of the Small Business Strategy, aiming to provide more effective support and protection to small businesses and their directors.

ASIC has prioritised improving four key areas in this update:

- practical education;
- simpler interactions;
- stronger engagement; and
- targeted enforcement.

The strategy provides a framework to assist small businesses throughout the life of their company with tasks including:

- understanding and meeting obligations;
- engaging more easily with ASIC; and
- addressing harmful misconduct.

Where appropriate, ASIC is prepared to use its regulatory and enforcement tools to address misconduct that harms small businesses, creditors, and consumers.

As part of the effort to assist small businesses with meeting regulatory requirements, ASIC will also improve the clarity, usability and accessibility of their online platforms, including registers, portals and digital services.

The full media release can be viewed here.

Consultation

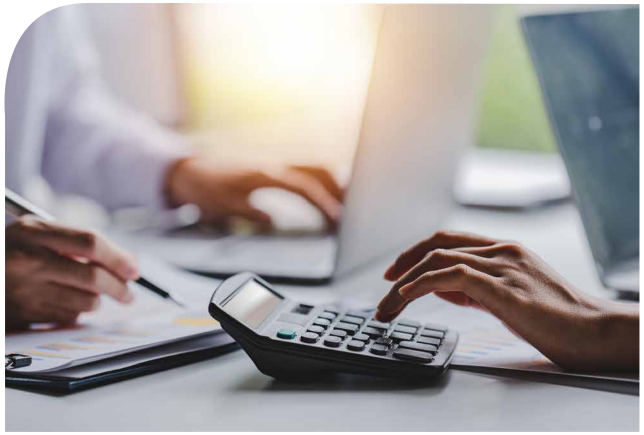
ASIC publishes industry funding annual returns for 2025-26 financial year

ASIC sought feedback on remaking a legislative instrument relating to 'qualified accountants' which expires on 1 October 2026.

ASIC proposes to remake the *ASIC Corporations (Qualified Accountant) Instrument 2016/786* on the basis that it "*continues to form a necessary and useful part of the legislative framework*" and on 15 July 2026 it invited interested parties to provide feedback. The proposal included a 10-year renewal period, and minor amendments for clarity.

The consultation closed at 5pm AEST 12 August 2026. The email address for responses is rri.consultation@asic.gov.au

The full media release can be viewed here.



ASIC plans to simplifying sell-side research guidance

ASIC is seeking feedback on a new principles-based proposal for sell-side research that will facilitate greater investment in the local market.

ASIC proposes to reduce the regulatory guidance from 42 pages to 8 pages following industry feedback that requested clearer guidance to encourage more research. The updated Regulatory Guide 264 *Sell-Side Research* ("**RG 264**") is expected to replace prescriptive guidance with shorter, principles-based guidance.

The updates are expected to increase capital raising activity by promoting greater research analyst input within the initial public offering ("**IPO**") process, while still requiring effective management of conflicts of interest and inside information.

What is sell-side research?

AFS licensees such as investment banks and stockbrokers prepare sell-side research to provide clients with information to help them make investment decisions, including information about upcoming IPOs. ASIC is seeking feedback on:

- whether the proposed guidance is sufficiently clear;
- whether the proposed guidance reflects industry practice in managing risks associated with sell-side research; and
- any other suggestions, including areas where further clarification would assist.

A copy of the draft updated regulatory guide and a summary of the proposed changes are available on the consultation webpage.

The consultation closes at 5pm AEST 21 August 2026. The email address for responses is markets.consultation@asic.gov.au

The full media release can be viewed here.

Treasury releases consultation on the regulation of Australian accounting, auditing and consulting firms

On 1 July 2026, Treasury released a consultation proposing various options to improve the regulation of accounting, auditing and consulting firms in Australia.

The ability to have trust in Australian markets is considered highly important to underpinning a strong economy. Feedback to the Treasury and recent occurrences show that the regulation of the audit sector is lacking in:

- independence and ethics;
- audit firm culture and values;
- firm-wide monitoring systems and internal controls; and
- prioritisation of audit quality.

In response, Treasury has proposed numerous options in the Options Paper, which have been designed to support:

- the drivers of audit quality;
- enforceable ethical standards;
- auditor independence;
- audit surveillance and stronger penalties;
- the resilience of regulatory frameworks; and
- confidence and dynamism in Australia's audit market.

This paper builds on an earlier consultation which was open in May and June 2024, Response to PwC – regulation of accounting, auditing and consulting firms in Australia.

The consultation closed on 12 August 2026. The link for responses is available on the webpage.

The full media release can be viewed here.

Regulation

ASIC set to increase net tangible assets requirement for responsible entities

ASIC has detailed how it will increase the net tangible assets ("**NTA**") requirement for responsible entities of registered managed investment schemes. These changes will take effect on 1 July 2027 and will include the first annual indexation adjustment from this date.

The changes will:

- increase minimum financial thresholds in the NTA requirement to reflect inflation between June 2013 (when they were last updated) and March 2026;
- introduce annual indexation to ensure the thresholds remain current; and
- apply to responsible entities, operators of investor directed portfolio services ("**IDPS**") and corporate directors of retail corporate collective investment vehicles ("**CCIVs**").

ASIC considers this update necessary to restore the financial value of the financial thresholds in the NTA requirement. The approach ASIC has taken was chosen based on the submissions received in response to Consultation Paper 388 *Net tangible assets requirement for responsible entities* (CP 388).

The ASIC Corporations (Financial Requirements for Responsible Entities, IDPS Operators and Corporate Directors of Retail CCIVs) Instrument 2023/647 (ASIC Instrument 2023/647) and Regulatory Guide 166 AFS Licensing: Financial requirements (RG 166) will be amended to reflect the updated thresholds.

The full media release can be viewed here.

ASIC issues Registered Company Auditors with a reminder of their obligations and warns of stronger oversight

On 22 July 2026, ASIC wrote to Registered Company Auditors to emphasise the importance of adhering to legal, ethical and professional obligations, and protecting public confidence in the audit profession.

Auditor misconduct remains an enforcement priority for ASIC, putting heightened focus on the behaviour and conduct of auditors and audit firms. ASIC may commence investigations or take enforcement action where there is sufficient concern.

Separately, ASIC has also conducted a recent surveillance of the Big 4 audit firms, focusing on internal complaints received about their audit practices.

Report 817 *Building trust: Auditors' compliance with independence and conflict of interest obligations* (REP 817) contains further information regarding the action ASIC has undertaken to monitor the audit industry.

The full media release can be viewed here.

AFCA announces new role as the sole External Dispute Resolution service for scam prevention

AFCA has confirmed that it will be the sole External Dispute Resolution ("**EDR**") scheme to handle scam complaints under the Scam Prevention Framework ("**SPF**").

The expansion of AFCA's jurisdiction means that consumers are only required to contact one body when the internal dispute resolution ("**IDR**") process fails to resolve their scam complaint.

The decision to centralise all EDR pathways considers the role of banks, telcos and digital platforms in scam complaints, and recognises the sophistication of modern scams, which often involve multiple organisations across different sectors.

To facilitate the change, designated banks, telcos and digital platforms are required to become AFCA members by 1 September 2026.

The new framework will begin operating from 31 March 2027.

The full media release can be viewed here.

Enforcement

FSCP cancels and prohibits registration of financial adviser

On 17 July, the Financial Services and Credit Panel ("**FSCP**") ordered the registration of financial adviser Peter Morrison-Dowd to be cancelled. The order prohibits Mr Morrison-Dowd from providing personal advice to retail clients on relevant financial products from 10 July 2026 until 13 September 2027.

The FSCP confirmed it held a reasonable belief that across multiple clients, Mr Morrison-Dowd contravened the best interests duty, the appropriate advice obligation and the timing of giving a statement of advice ("**SOA**") requirement, and contravened the obligation to give an SOA.

The panel found Mr Morrison-Dowd failed to:

- adequately identify two of the clients' relevant objectives, financial situation and needs;
- assess suitable alternatives for the same two clients;
- provide appropriate recommendations to three clients that did not involve exposing the clients to inappropriate levels of risk; and
- comply with the Code of Ethics in relation to three clients.

Mr Morrison-Dowd also made false or misleading statements, including target returns and guaranteed outcomes without any adequate factual basis.

The FSCP considered the cancellation reasonable due to the nature of the contraventions and potential impact on client retirement savings, despite no loss occurring to date.

The full media release can be viewed here.

ASIC issues temporary suspension of Prime Value Asset Management Limited's AFSL

ASIC has temporarily suspended the Australian Financial Services licence of Prime Value Asset Management Limited ("**Prime Value**") for failing to meet its statutory audit and financial reporting lodgement obligations for the 2023-24 and 2024-25 financial years. The suspension is in effect until 7 August 2026.

ASIC also found that Prime Value failed to meet financial resource requirements and lodge compliance plan audits reports for some of its retail schemes, but these breaches have since been rectified.

The suspension has the following conditions:

- Prime Value cannot issue interests in its management investment schemes ("**schemes**") to new investors; but
- Prime Value can continue to provide financial services reasonably necessary for the maintenance of schemes and reinvestment of income distributions for existing customers.

ASIC expected Prime Value to continue meeting its licence obligations for the duration of the suspension period. In an update from ASIC the licence suspension was revoked because Prime Value rectified the issues by lodging the outstanding statutory audit and financial reports.

The full media release can be viewed here.

Cowell Clarke's platform for its **online compliance portal**

Complying with your AFSL obligations is an essential part of your financial services business. Cowell Clarke's platform for its online AFSL compliance portal (Portal) is a secure web portal that acts as a central management tool to help you stay on top of your AFSL compliance obligations.

A subscription to the Portal includes:

- **Compliance Meetings –** chaired and minuted by our financial services lawyers
- **Tasks/Reminders –** regular reminders of your legislative and regulatory obligations
- **Registers –** that AFS licensees are required to maintain to ensure ongoing compliance
- **HelpDesk –** legal advice in relation to your AFSL authorisations, obligations and compliance issues
- **Policies and Procedures –** unlimited access to a suite of policies and procedures for you to implement
- **Guides and FAQs –** relating to financial services law and giving advice
- Access to the **online portal**
- **Templates –** access to templates and commercial documents for you to implement
- **News Stories –** a news feed of relevant financial services updates, including regulatory changes

Get in touch

If you are interested in a subscription or have any questions in relation to the Portal, please get in touch with Cowell Clarke's financial services team.

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Email our team with your financial services queries or about our AFSL Compliance Support

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