



Committee	House of Representatives Standing Committee on Economics
Inquiry	Review of the Australian Securities and Investment Commission Annual Report 2020
Question No.	ASIC25QW
Reference	Written
Topic	Financial advisers – Industry funding levy
Committee Member	Mr Jason Falinski MP

Question:

In regards to fees charged by ASIC to financial advisors/planners registration, licencing and associated services:

- (a) Please list all fee and charges that a financial advisor/planner could be expected to pay during the course of a year.
- (b) Please list all fee increases for each of the past five years.
- (c) Is the revenue from these fees hypothecated or is it used as part of general revenue to be used across all operations?

Answer:

(a) and (b) Since July 2017 ASIC charges industry funding levies to our regulated population to recover ASIC’s regulatory costs. Levies include charges to **Australian Financial Services (AFS) licensees** who are authorised to provide financial advice. Each licensee may have a number of financial advisers who operate under their licence. While ASIC issues levies to the licensee, it is a matter for the licensee as to whether the levy is passed on the financial advisers who operate under their licence. The levies are charged at a level to recover ASIC’s actual costs (including enforcement costs) to regulate the advice sector. Therefore, the levies change from year to year.

Levies charged to AFS licensees authorised to provide financial advice are as follows:

	2019-20¹	2018-19¹	2017-18 ¹
Licenses that provide personal advice to retail clients on relevant financial products	Minimum levy of \$1,500 plus \$2,426 per adviser	Minimum levy of \$1,500 plus \$1,142 per adviser	Minimum levy of \$1,500 plus \$934 per adviser
Licenses that provide personal advice to retail clients on products that are not relevant financial products	\$2,064	\$200	\$1,905
Licenses that provide general advice only	\$2,081	\$723	\$592
Licenses that provide personal advice to wholesale clients only	\$29	\$114	\$547

¹ Levies for 2017-18 are charged in the following financial year.

In addition to levies, a range of fees apply to AFS licensees (and new applicants) for ASIC services that are initiated by the applicant. Examples include application for an AFS licence, application to vary the conditions of an AFS licence, application to cancel an AFS licence. These fees have been at the current level since 4 July 2018 and are summarised Appendix 2 of ASIC’s [Cost Recovery Implementation Statement](#). The fees that applied prior to the changes in 2018 were included in the

Treasury consultation paper, [Introduction of Australian Securities and Investments Commission's fees-for-service under the Industry Funding Model](#) (November 2017).

In addition, since 1 January 2019, existing providers¹ (i.e. generally, financial advisers who were on the Financial Advisers Register before 1 January 2019) and new entrants (i.e. financial advisers who were not on the Financial Advisers Register before 1 January 2019) have had to pay a fee of \$594 (inclusive of GST) to sit the examination set by the Financial Advisers Standards and Education Authority (FASEA) in order to remain or, in the case of new entrants, to become authorised to provide financial product advice to retail clients on relevant products. From 1 January 2022 administration of the examination will pass from FASEA to ASIC. The Government is currently considering how the examination will be funded from 1 January 2022 and what fee, if any, may be paid by those sitting the exam. The Government announced on 24 June that financial advisers who had attempted the exam twice, will have until 30 September 2022, to pass the exam. From 1 October 2022, generally only new entrants will be required to sit this examination.

(c) ASIC's budget is set and appropriated by the Government. ASIC's regulatory costs, as set by Government, are recovered in arrears in accordance with the ASIC Supervisory Cost Recovery Levy Act and Regulations. Industry funding levies collected by ASIC are remitted to the Commonwealth consolidated revenue fund.

¹ Under s1546A of the Corporations Act, 'existing providers' are defined as financial advisers who were authorised to give personal advice to retail clients (as an AFS licensee or on behalf of an AFS licensee) anytime between 1 January 2016 and 1 January 2019, and who were not banned, disqualified or subject to an enforceable undertaking on 1 January 2019.