

What are the new 2021 DDO provisions?

AND HOW DO THEY PROVIDE SAFEGUARDS AGAINST FINANCIAL ABUSE?

BACKGROUND

ASIC Regulatory Guide 274

On 5th October 2021, the new design and distribution obligations (DDO) provisions under ASIC's regulatory guide 274 came into force.

FOR ISSUERS

Design obligations

Issuers of a financial product must determine an appropriate target market for their products, having regard to their needs, financial situation and objectives.

FOR ISSUERS AND DISTRIBUTORS

Distributor obligations

Distributors of a financial product must take reasonable steps to ensure that a product is distributed consistent with the issuer's target market determination (TMD). They must also provide information that enables the issuer to monitor the appropriateness of the TMD.

AIMS

Purpose of the DDO provisions

The new DDO provisions are part of the industry's move towards responsible lending.

