

The Regulatory Ecosystem for Financial Services

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17 May 2021



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Notes on the data

- *All references to in force Principal Acts and statute book are references to Acts of the Commonwealth Parliament that are [listed as principal in force](#) on the Federal Register of Legislation.*
- *Data analysis was performed between January and April 2021. Data is drawn from webscraping and original analyses of legislation and information from the Federal Register of Legislation.*
- *The number of ‘words’ in an Act or instrument excludes all words outside the substantive provisions of the Act (e.g. excludes the table of contents and endnotes).*
- *References to ‘the Act’ are references to the Corporations Act 2001 (Cth).*
- *We welcome your questions or comments. Please send them to financial.services@alrc.gov.au.*



Can Australian financial services regulation be simplified?

- Part One: Exploring the sources and symptoms of complexity in our financial services regulatory ecosystem.
 - *Corporations Act 2001* (Cth)
 - Delegated legislation made under the *Corporations Act 2001* (Cth)
 - Individual relief instruments
 - Regulatory guidance
- Part Two: Initial ideas for simplifying our ecosystem



Why does complexity matter?

‘A more complex law entails many significant transaction costs which must be accounted for. Such law tends to be more costly and cumbersome to administer, more difficult for lawmakers to formulate and agree upon, and more difficult to reform once established. Administrators and subjects of such law must invest more in order to learn what it means, when and how it applies, and whether the costs of complying with it are worth incurring. Other costs of administering a complex legal system include those related to bargaining about and around the system's rules and litigating over them.’

Peter H. Schuck, ‘Legal Complexity: Some Causes, Consequences, And Cures’ (1992) 42(1) *Duke Law Journal* 1, 18.



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Why does complexity matter?

- If we want people to obey the law, we need to make finding and understanding the law as easy as possible
- Consumers, and their advocates, need to know their rights and be able to effectively exercise them
- Unnecessary costs are borne by us all - consumers and business alike



Why does complexity matter?

‘Professionals and judges must navigate tortuous, mind-numbingly detailed, cascading provisions to ascertain the meaning that the Parliament, supposedly, had in mind when enacting these telephone books, at huge cost to the community.’

Oreb v ASIC (No 2) (2017) 247 FCR 323 [54] (Rares, Davies and Gleeson JJ).



Financial Services Sector in Australia

FINANCIAL SERVICES LEGISLATION

- The size of our financial sector has exploded since the *Corporations Bill* was passed by Parliament in April 2001 and *Financial Services Reform Bill* introduced shortly after.
- The *Corporations Act* regulates an astonishing proportion of the Australian economy. It regulates:
 - the registration of companies and the management of corporations, of which there are over 3.2 million.
 - liquidators, auditors, over 6,000 financial services licensees and almost 60,000 financial services representatives.



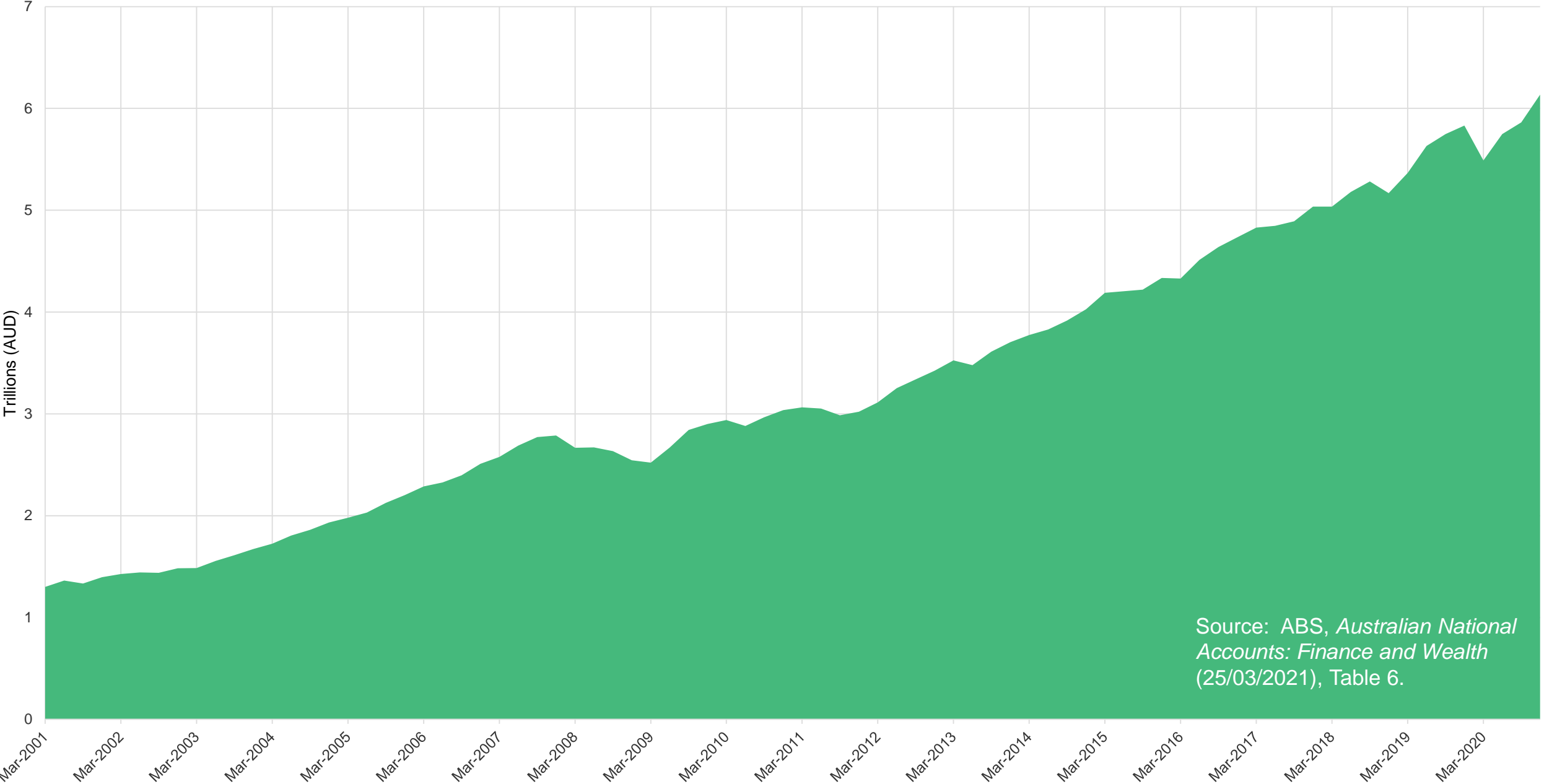
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Total financial assets of households: March 2001–December 2020



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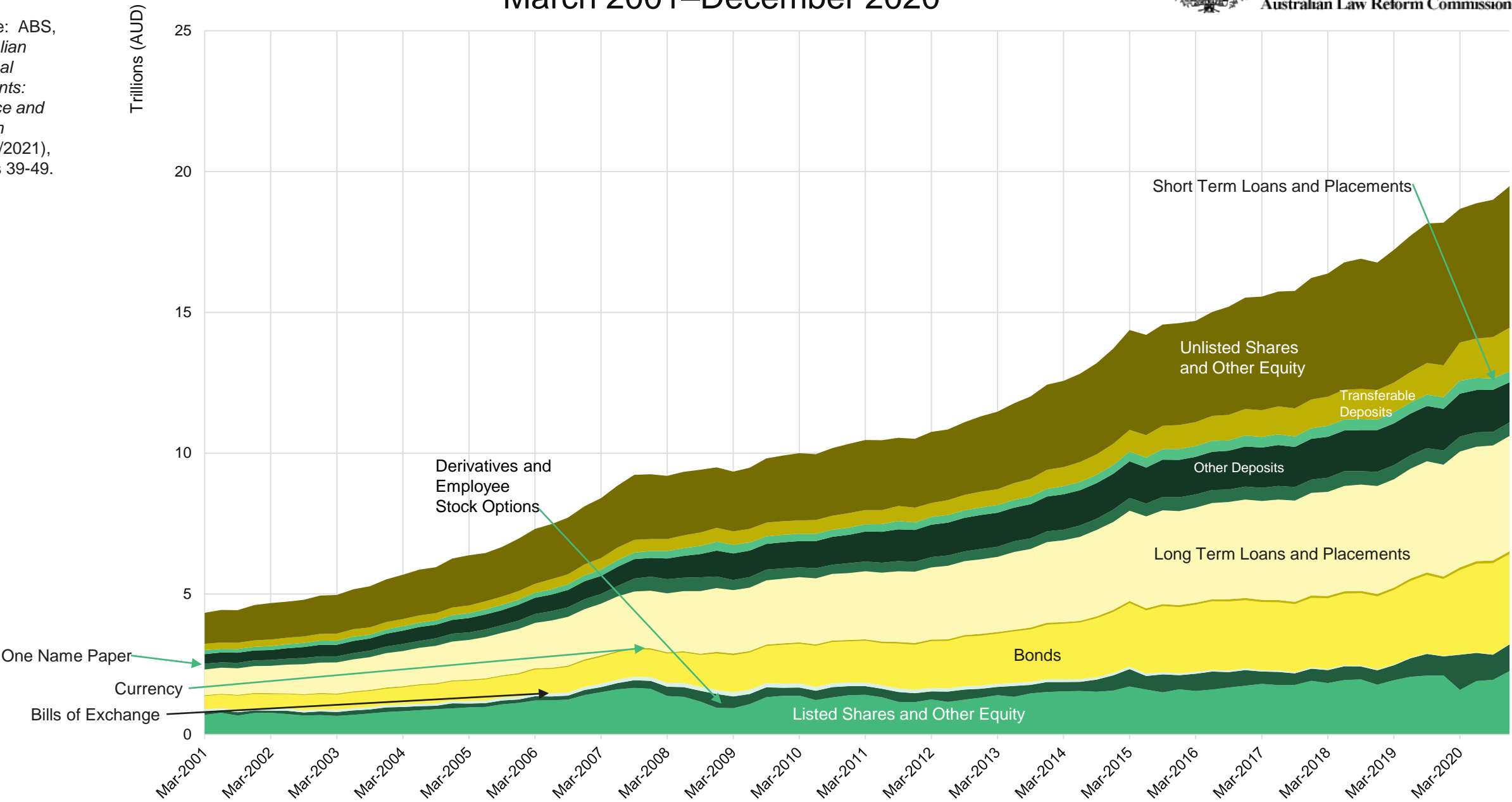


Source: ABS, *Australian National Accounts: Finance and Wealth* (25/03/2021), Table 6.

Financial Markets: March 2001–December 2020

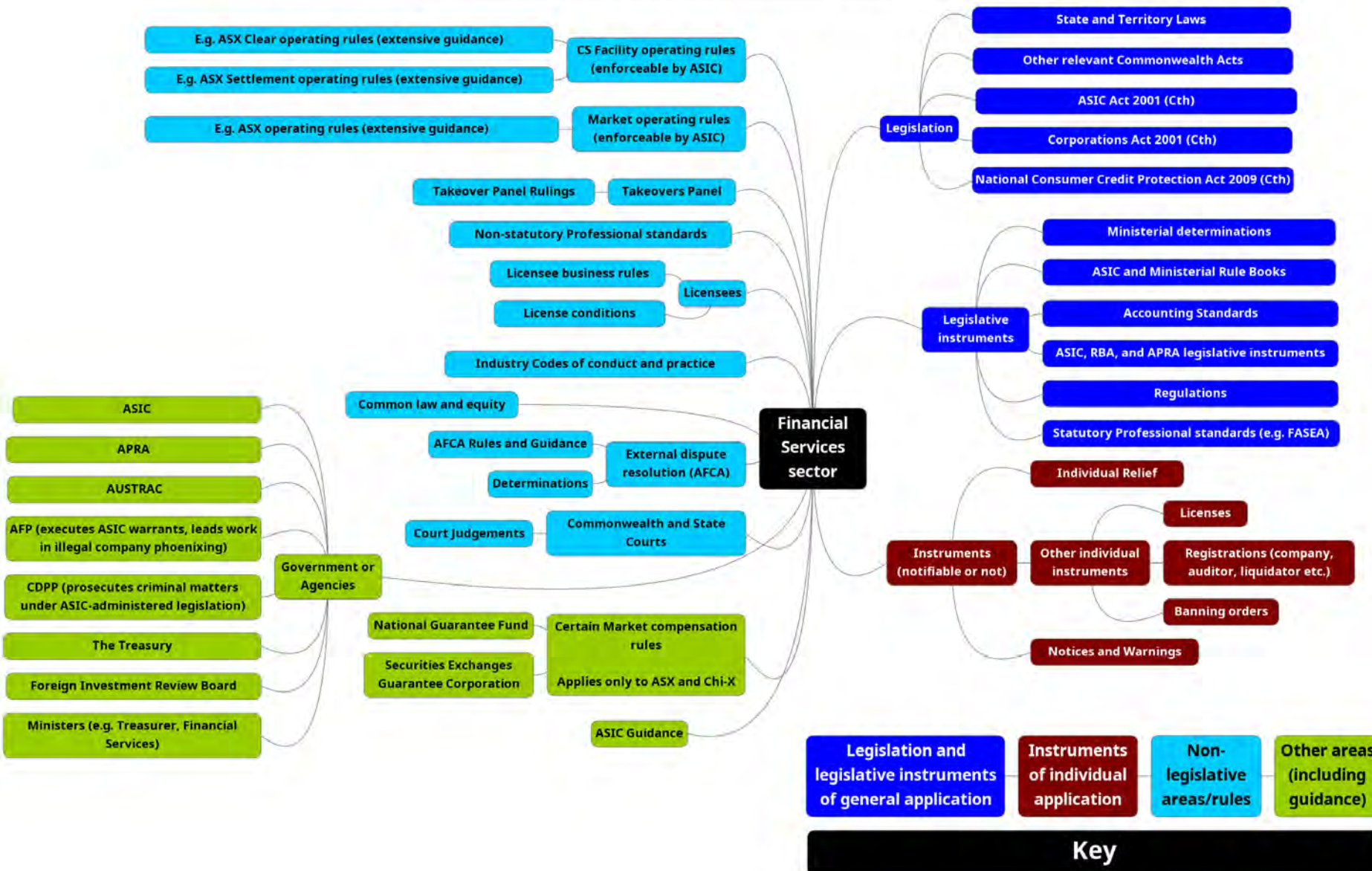


Source: ABS,
*Australian
National
Accounts:
Finance and
Wealth*
(25/03/2021),
Tables 39-49.





Financial Services Regulatory Ecosystem Map



We've used the analogy of an ecosystem because it reflects the reality that the regulation of financial services is the product of countless actors interacting to produce rules, norms and principles that guide and shape the behaviour of all participants in the ecosystem.

The *Corporations Act*

‘Whoever coined the expression “as clear as mud” must have been slaving over the extraordinarily, and unnecessarily, complex provisions of the Corporations Act and the Corporations Regulations relating to share transfers...’

Ku v Song [2007] FCA 1189 [175]-[176] (Graham J).

‘justice ... should not depend upon such complexities as Chapter 7 [of the Corporations Act] presents...’

Casacang v WealthSure Pty Ltd [2015] FCA 761 [236] (Buchanan J).



Length

‘The fact that an Act must be considered as a whole means that a 500-page Act is inherently more complex than a 5-page Act.’

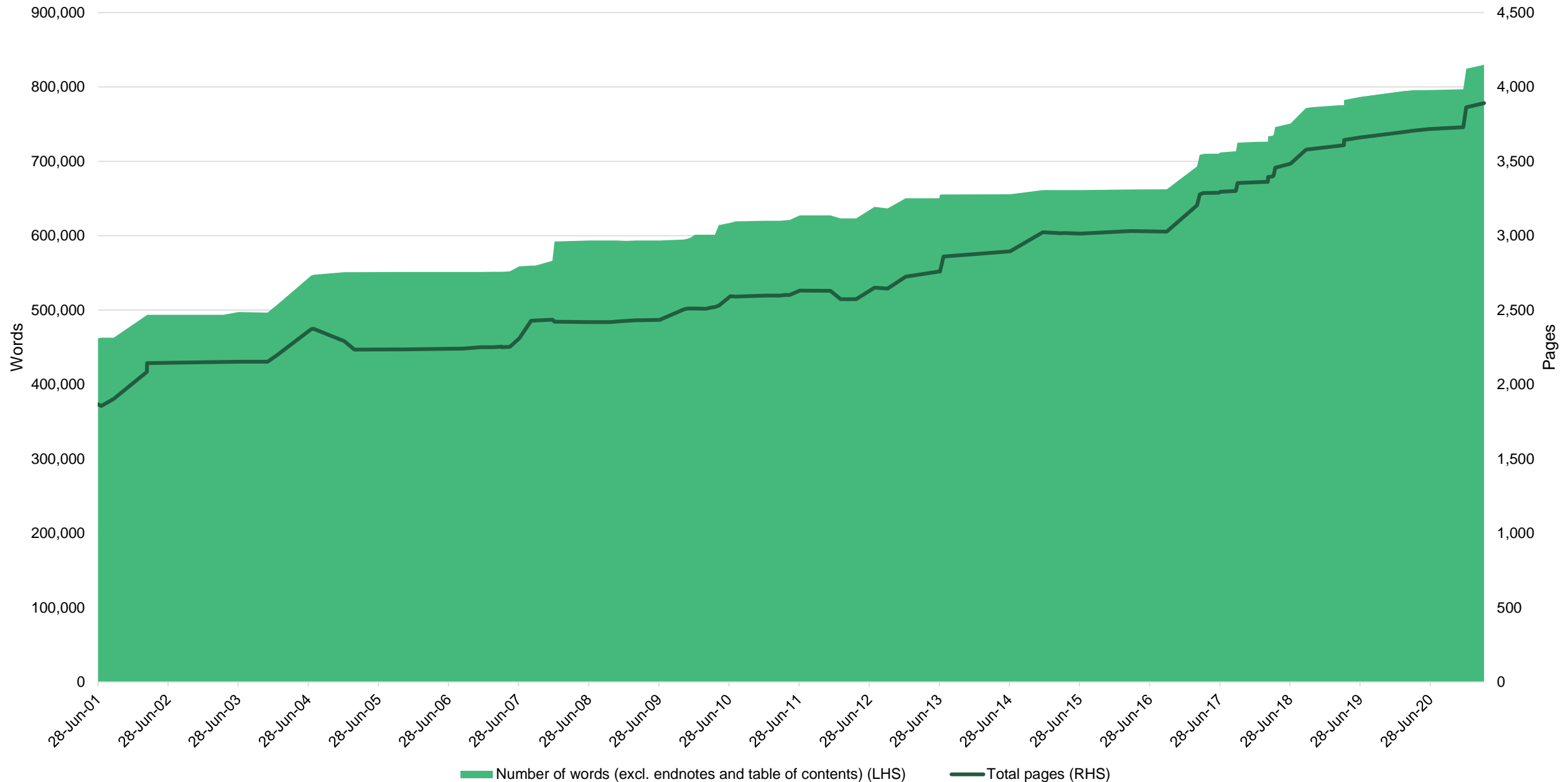
Office of Parliamentary Counsel, *Reducing complexity in legislation*
(June 2016) 2

Chapter 7 regulates financial products and services. With almost 230,000 words, Chapter 7 of the *Corporations Act* would be the 11th or 12th largest Act of Parliament.





Corporations Act – Length over time





Number of words per in force Principal Act

Income Tax
Assessment Act
1997

Corporations Act
Approx. 4% of
all statute law

Income Tax
Assessment Act
1936

Approx. 20,633,699
words in currently in
force Principal Acts of
the Commonwealth
(excl. endnotes and
table of contents).
494 Acts are in this box

■ ■ ■

Problematic growth

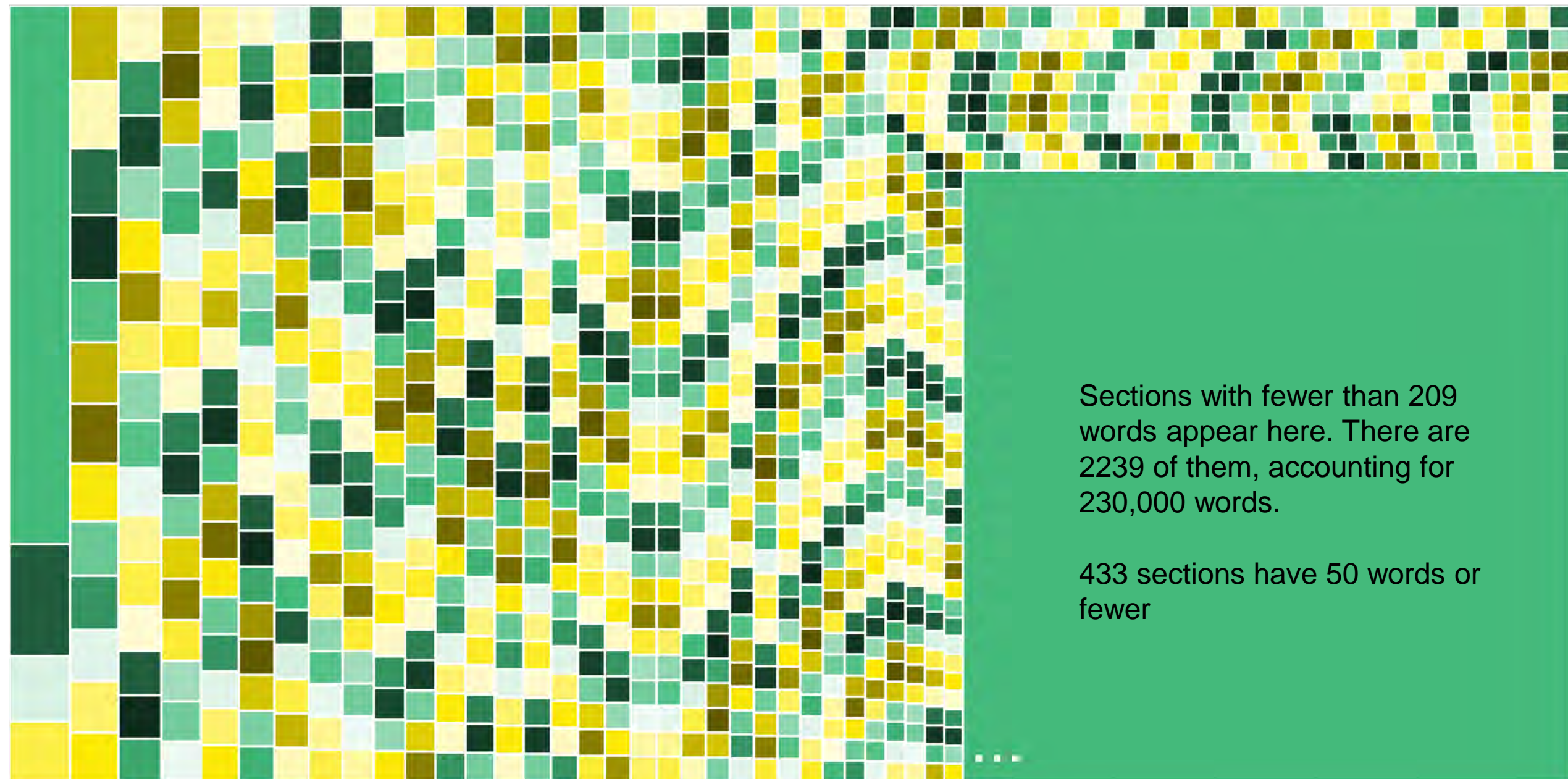
‘an Act may not be particularly long as a whole, but may contain overly long sections so that the reader struggles to maintain a clear understanding of what a particular section is trying to achieve.’

Office of Parliamentary Counsel, *Reducing complexity in legislation*
(June 2016) 2

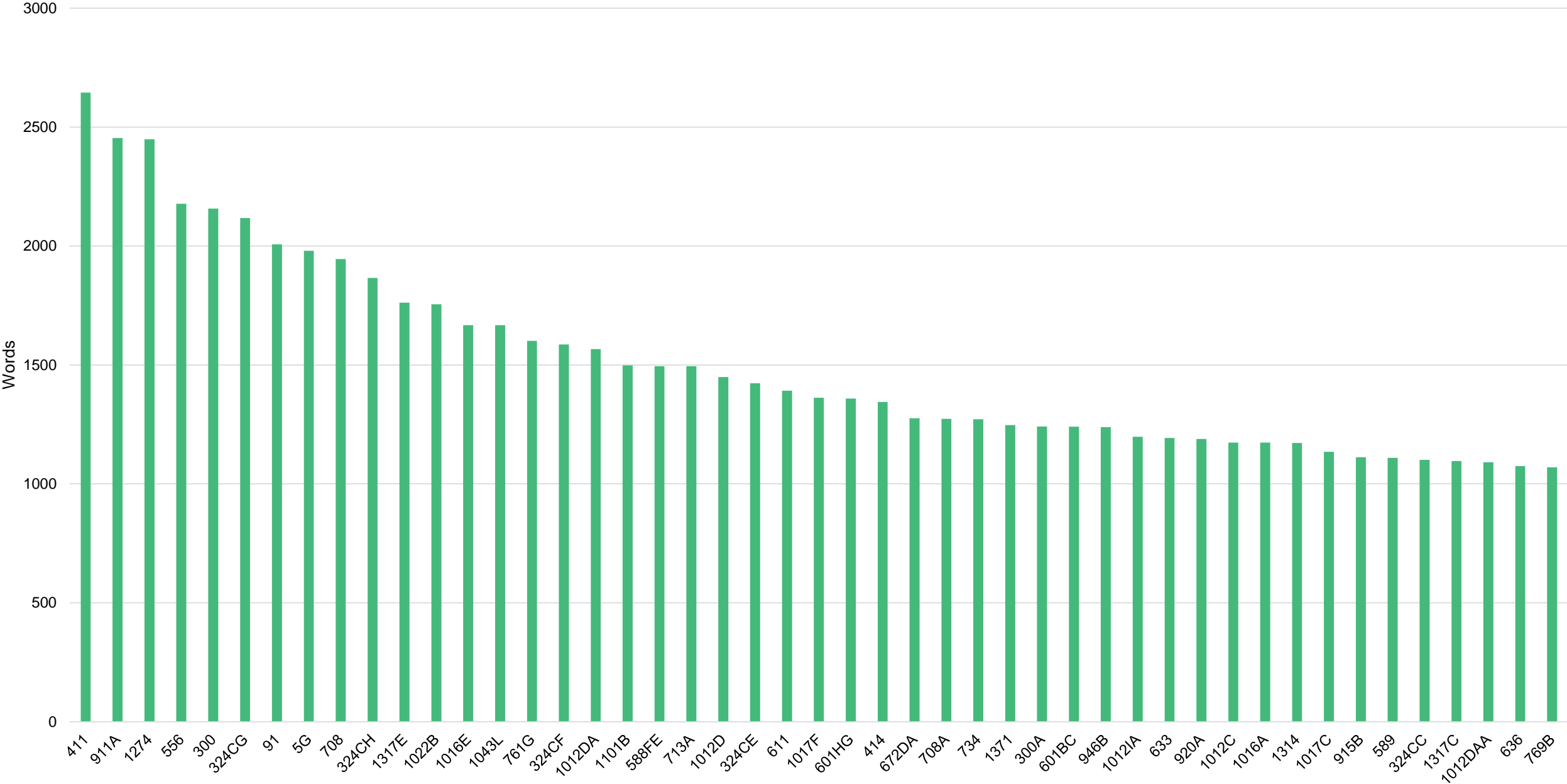




Number of words per section of the *Corporations Act*



Top 50 longest sections of the *Corporations Act*
(Excl. definitions s 9 and 761A, and Schedules 3 and 4)

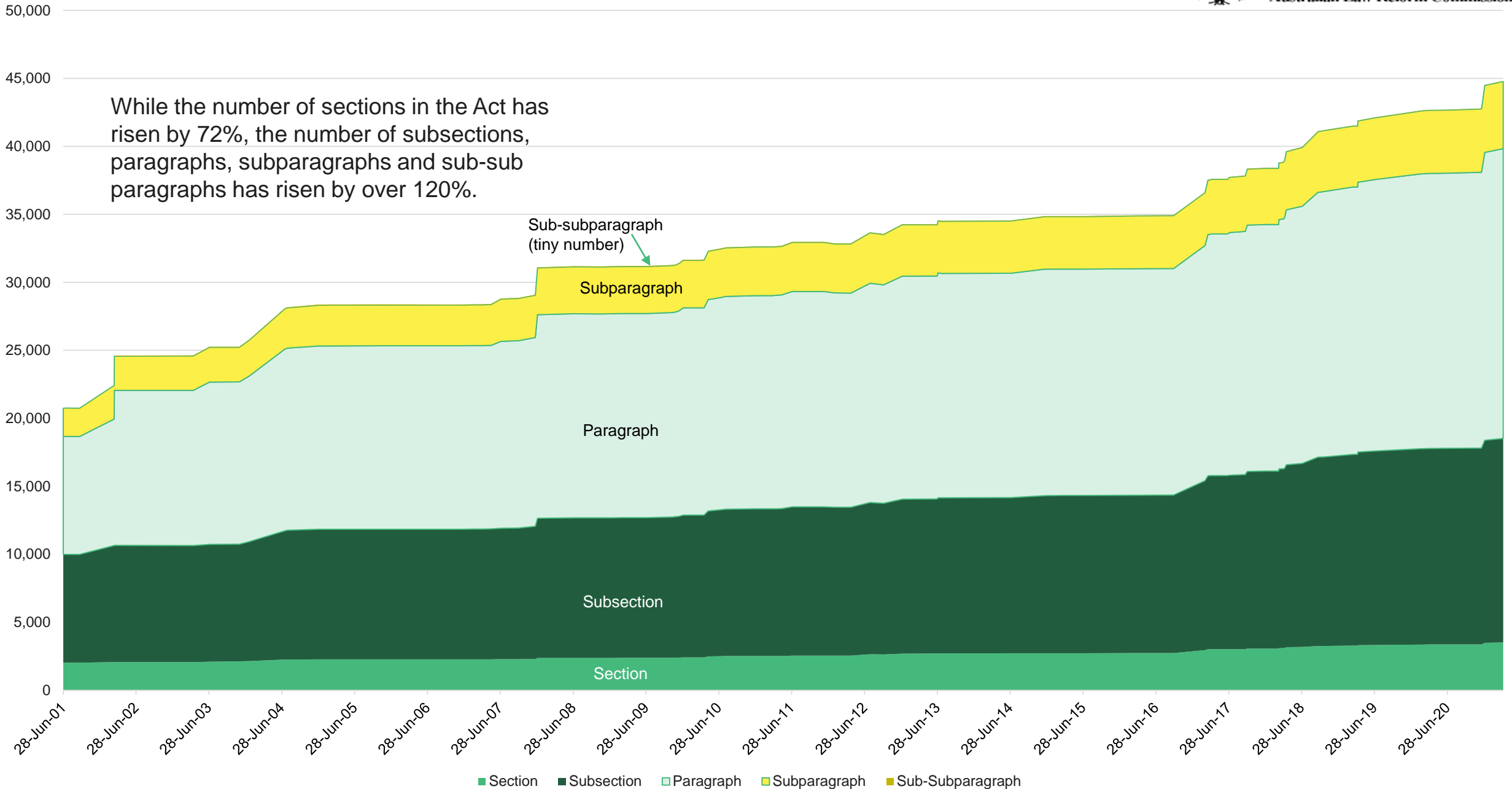


Problematic growth

- Growing preference for detail and prescriptiveness in the primary law.
- In 2001, Part 7.9 on financial product disclosure was almost 30,000 words long. Today it is over 45,000 words, and that's without mentioning the 65,000 words buried in regulations and the tens of thousands of words in other legislative instruments.
- Clear regulatory regimes or obligations become obscured behind voluminous rules in the Act.



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Structure of the Act

‘Poorly structured legislation can be a cause of complexity...
Adopting a clearer and more logical structure is a useful step in
reducing that complexity.’

Office of Parliamentary Counsel, *Reducing complexity in legislation*
(June 2016) 6.



Unpredictable structure

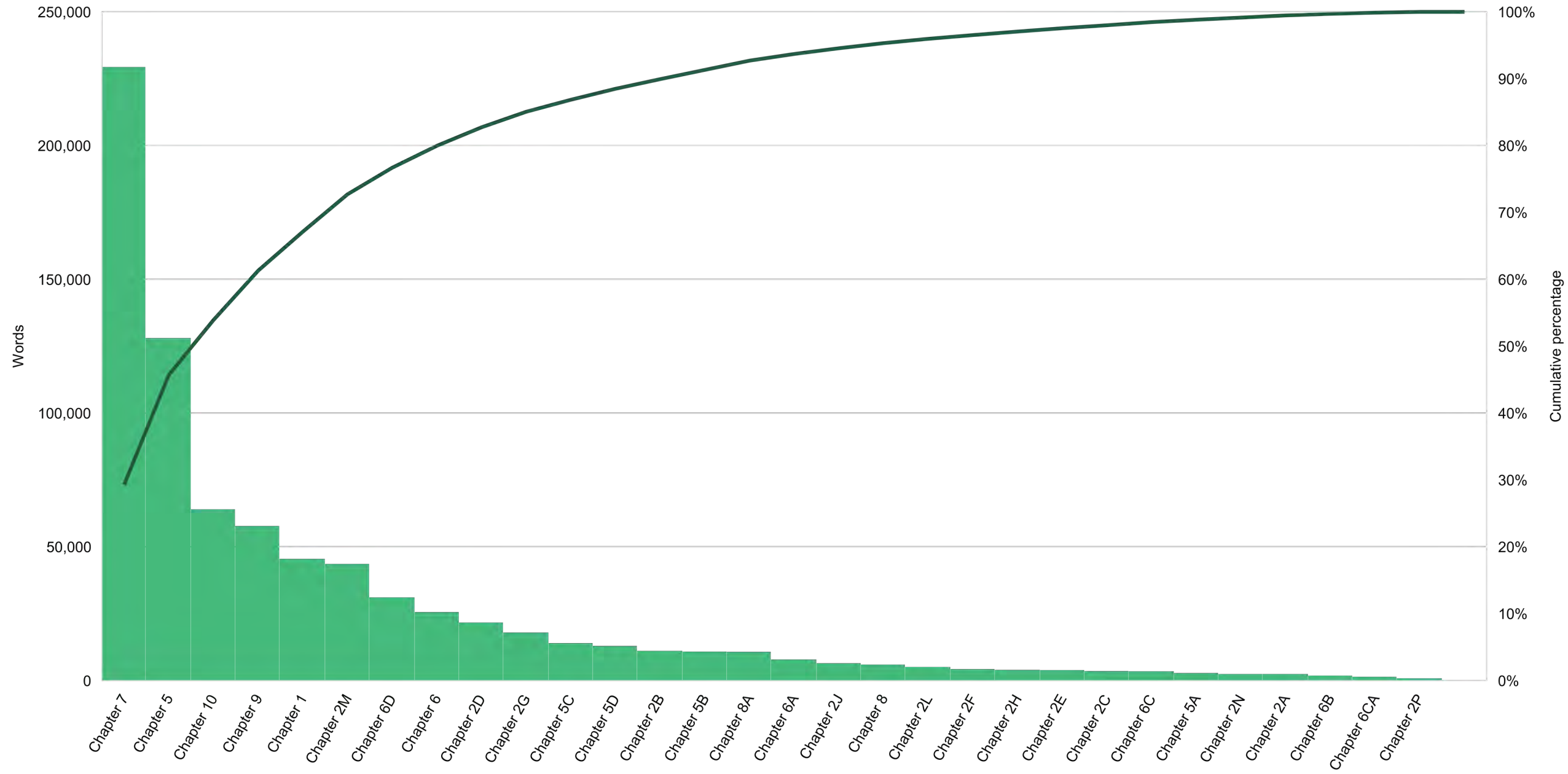
- One example is the huge variation in Chapter and Part length.
- Three chapters alone account for more than 50% of the Act – it's not clear to a reader what the thematic purpose of a Chapter as a structure is when it varies in size so dramatically.
- Likewise, Parts vary in size, with some being exceptionally long. The longest Part, 7.9, has 47,000 words, followed by Part 1.2 with 36,000 words. If Part 7.9 were a Chapter, it would be the fifth largest in the Act.



Percentage of Act words per Chapter of the *Corporations Act*



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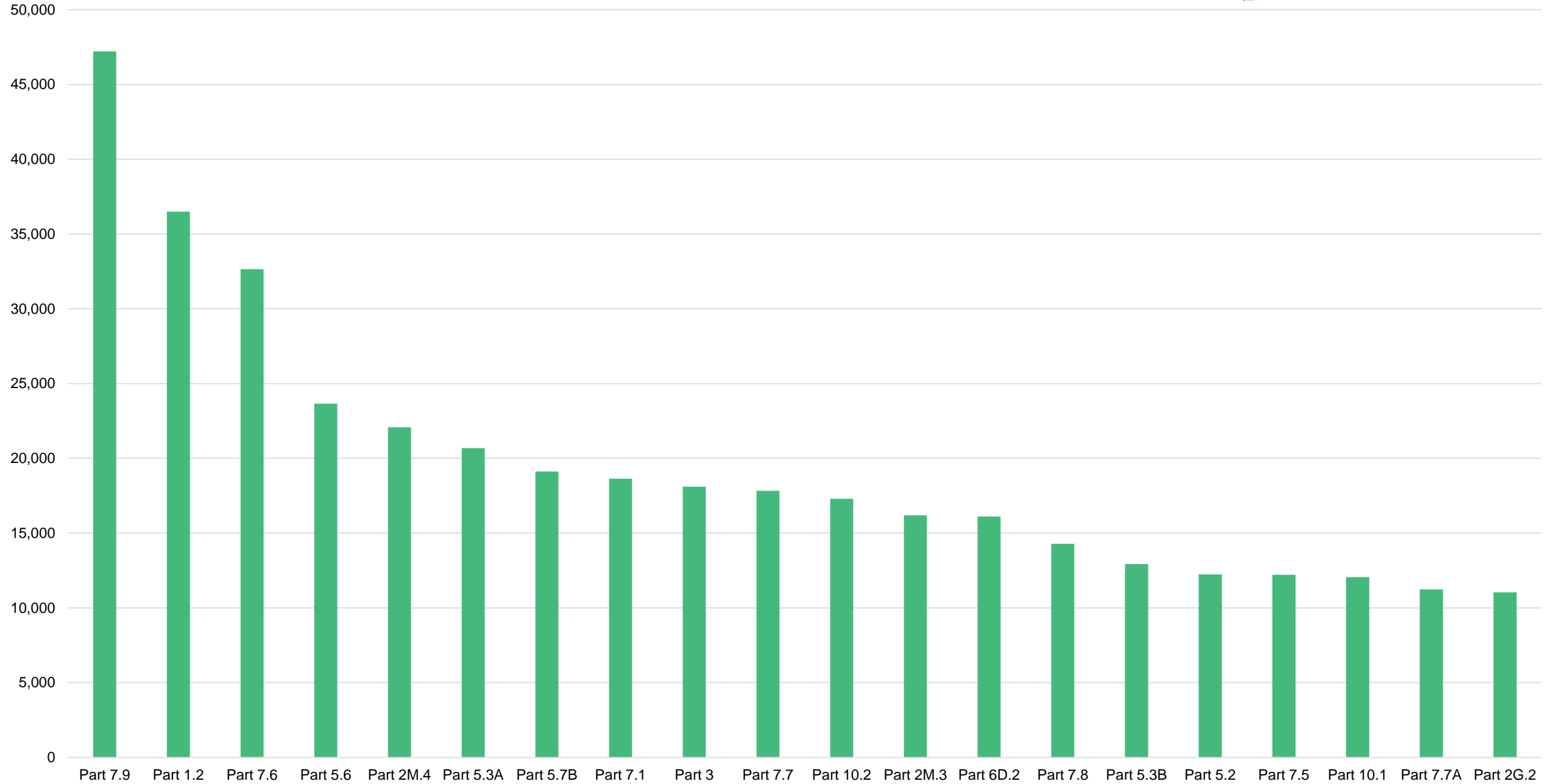


Top 20 longest Parts in the *Corporations Act*



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Words per Part of the *Corporations Act*



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If Part 7.9
were a
Chapter, it
would be the
fifth largest in
the Act.

Structural features of the Act

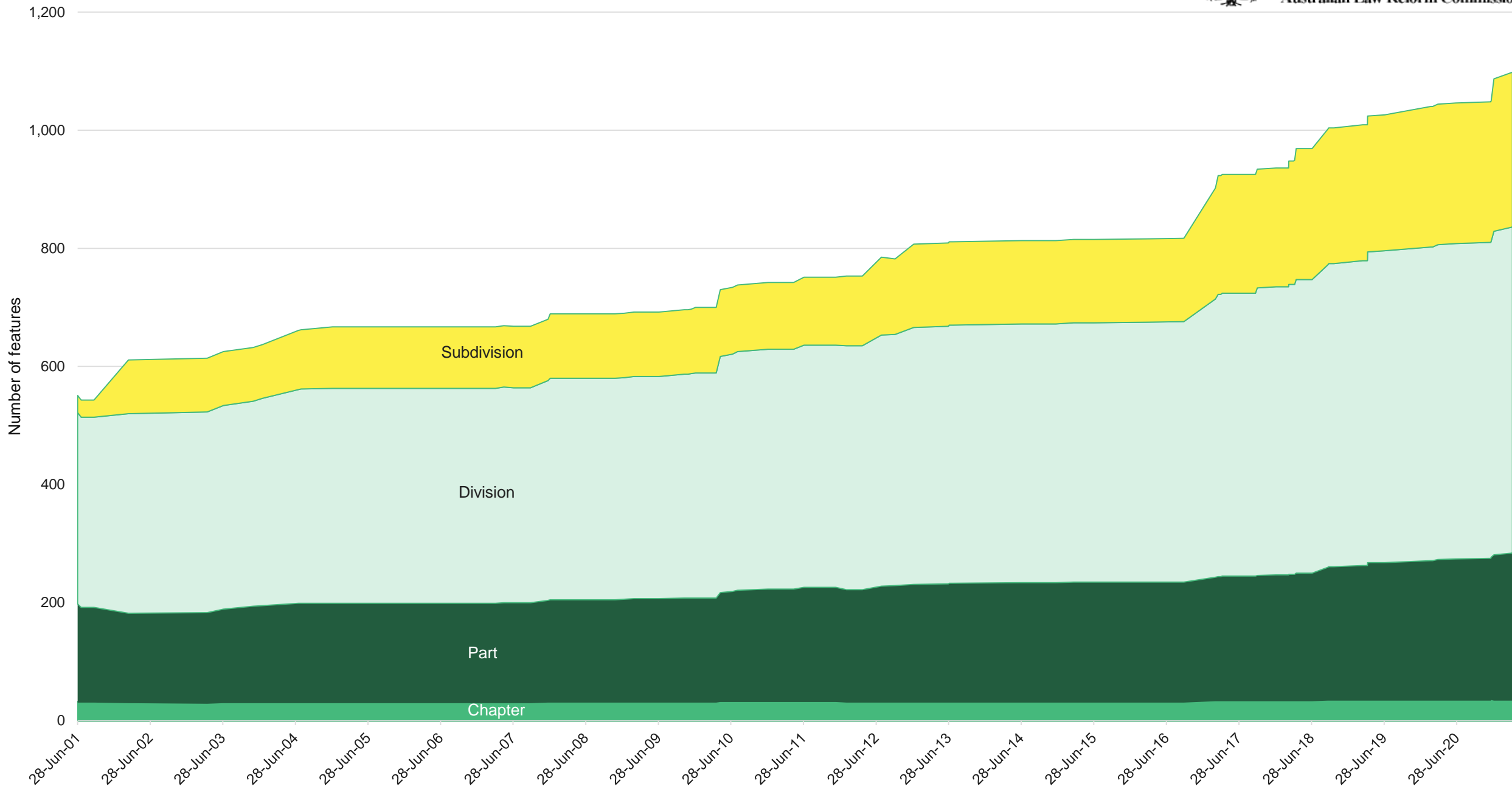
- The structural features of the Act have grown enormously over the past 20 years.
- But the number of Chapters has barely changed since 2001.
- More information and rules are being packed into Chapters that are losing or have long lost their conceptual consistency and clarity, undermining a clear and logical structure to the Act.



Corporations Act – Structural Legislative features



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Cross-references

- Sections are deeply interwoven with one another through cross-references.
- This kind of interweaving, where few sections or parts of the Act stand on their own, is a source of complexity for readers.
- It means that to understand one section you frequently need to refer to dozens of other sections of the Act. In some cases you need to understand other Acts, to which sections of the *Corporations Act* may refer.



Number of cross-references to other sections in each section of the *Corporations Act* (excl. Schedules 3 and 4)

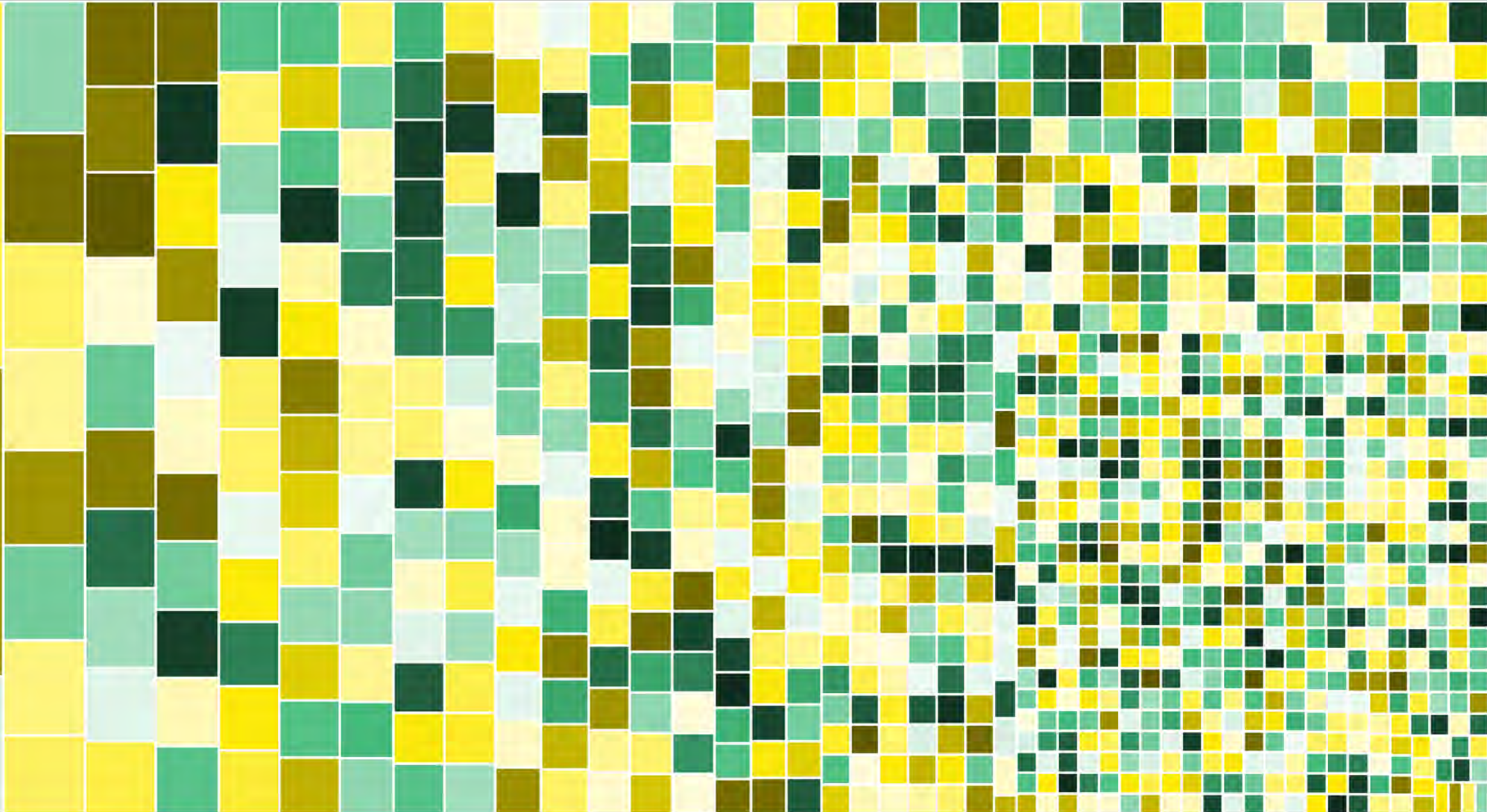


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Each cell represents a section, and its size reflects how many sections it cross-references

There are more than 3,000 cross-references in 1,106 sections.



References to other Acts in the *Corporations Act*



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Each cell represents a section, and its size reflects how many Acts it cross-references

Approx. 485 references to 102 unique Acts in 249 sections



Logical grouping of obligations

- ‘If the important concepts in a legislative measure are not stated as its central elements, but are obscured by other material such as procedural detail, overly complex provisions are likely to result.’
Office of Parliamentary Counsel, *Reducing complexity in legislation* (June 2016) 6.
- The Act contains approximately 1,495 sections requiring that something ‘must’ or ‘must not’ be done, comprising 3,723 references to the terms.
- There is insufficient prioritisation of important concepts and rules among these sections.
- For example, important rules relating to market manipulation and misleading and deceptive conduct come at the very end of Chapter 7 (Part 7.10).
- Likewise, Part 7.5 includes 45 sections that only apply to the ASX and Chi-X. This comes before Part 7.6, which applies to over 6,000 financial services licensees.



Definitions in the Act

‘A large number of concepts within a single scheme can be difficult for a reader to bear in mind and can therefore lead to complexity.’

Office of Parliamentary Counsel, *Reducing complexity in legislation*
(June 2016) 6.



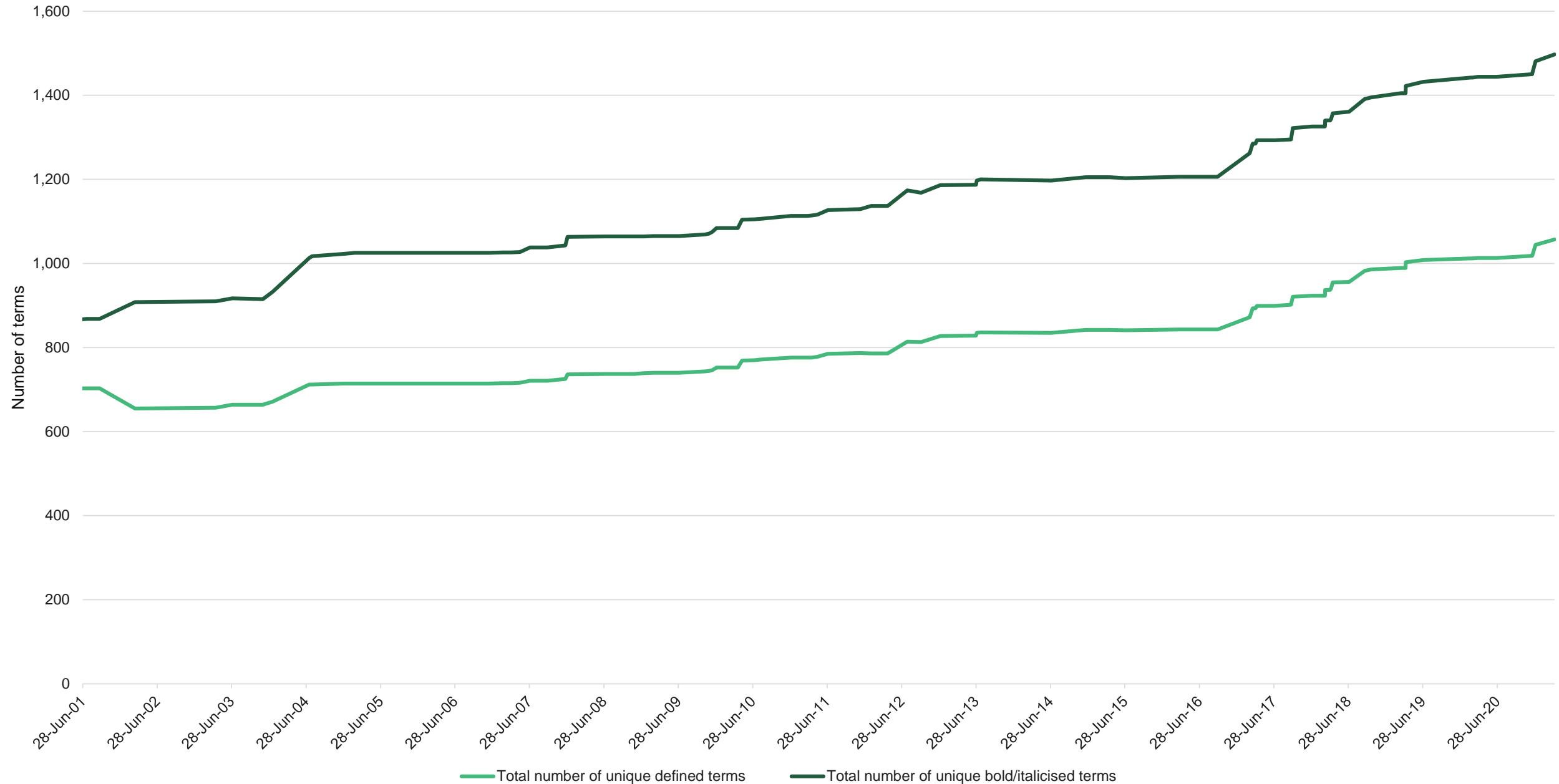
Corporations Act

Number of unique defined and bold/italicised terms

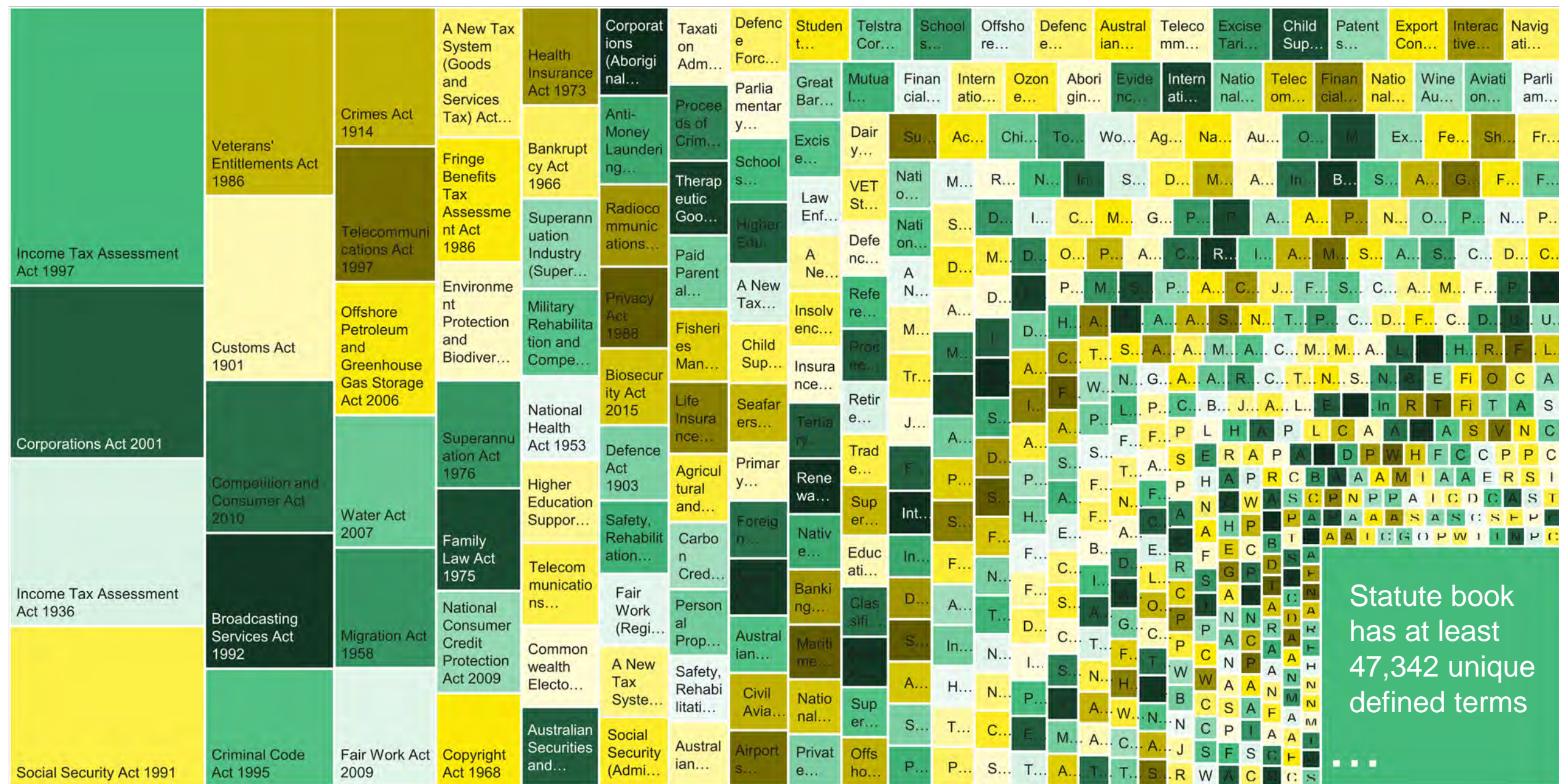


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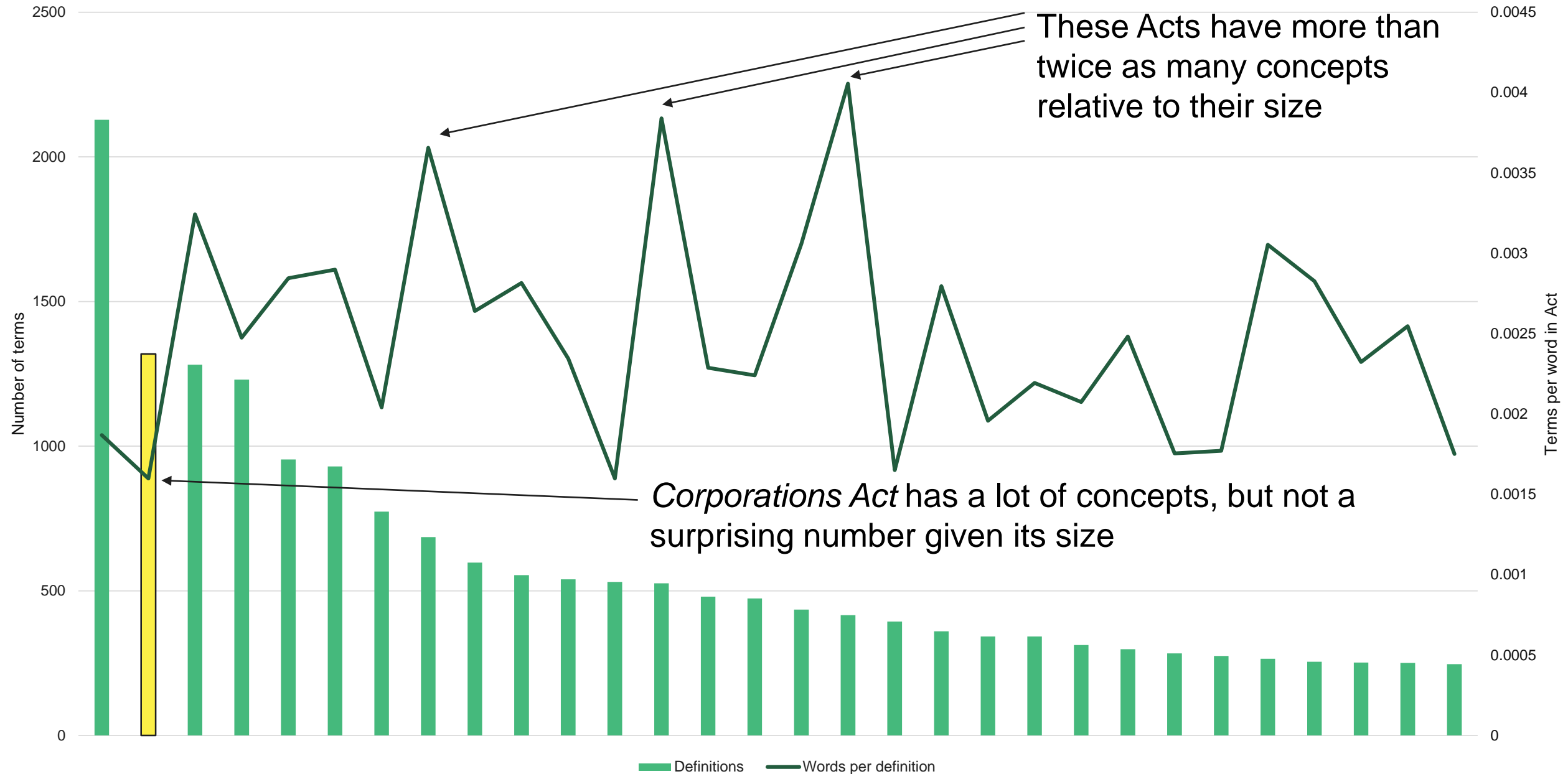


Number of unique defined terms per in force Principal Act

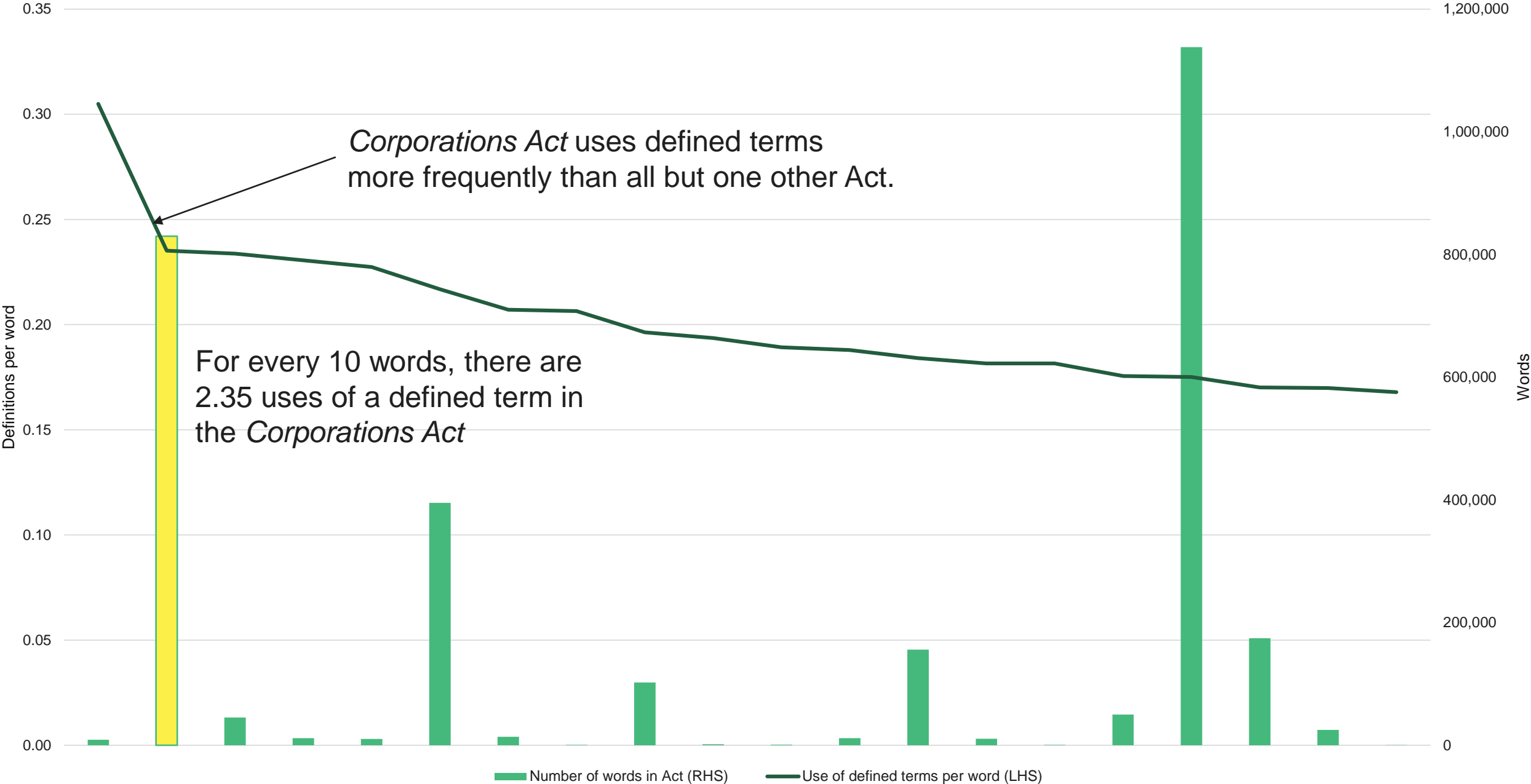




Bold/italicised terms per word in top 30 Acts



Use of defined terms - top 20 Acts



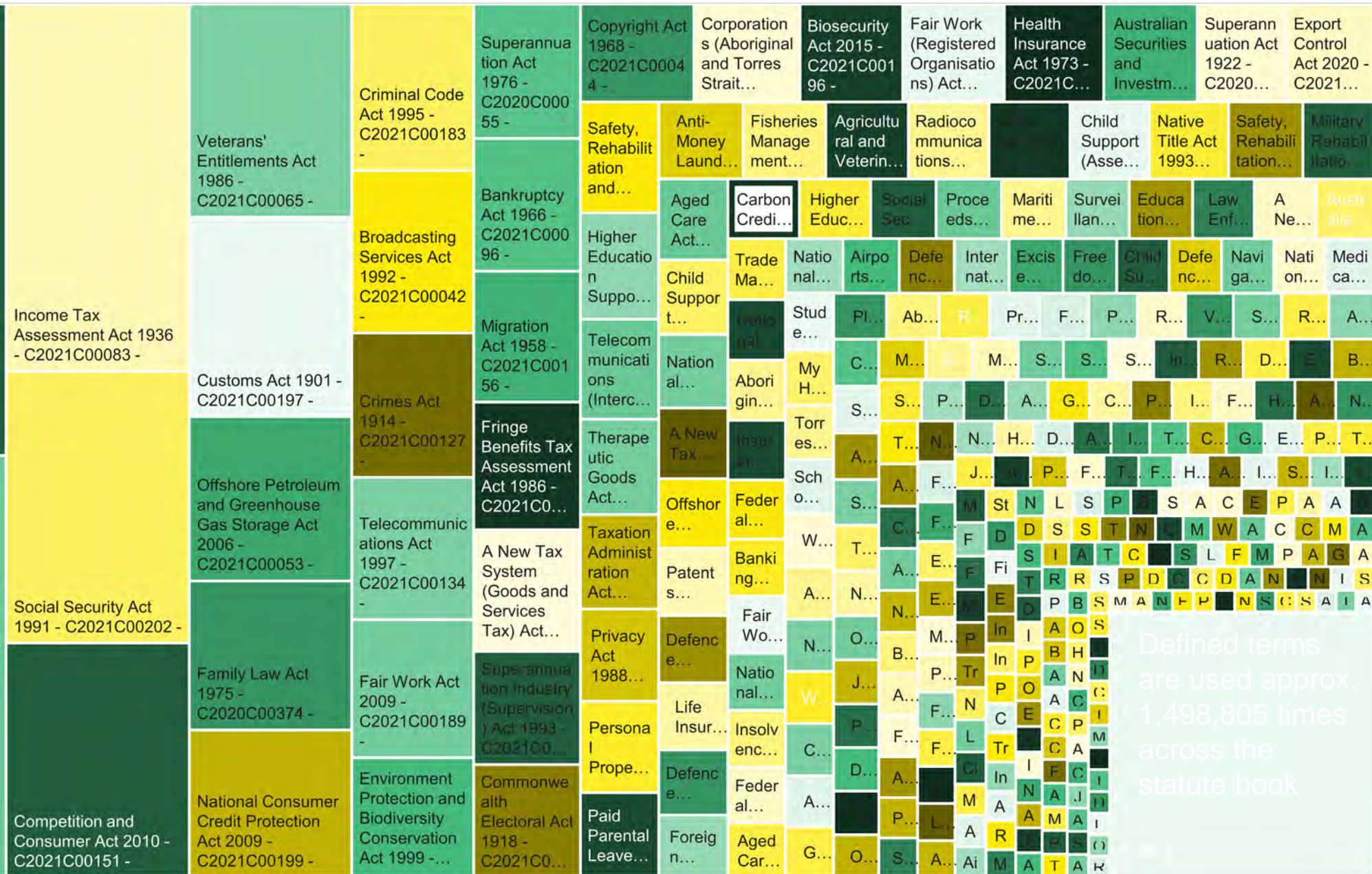
Number of uses of defined terms in each in force Principal Act



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Corporations Act uses
defined terms more
than 164,000 times

It accounts for 4% of
the words in the
statute book – but
10% of all uses of
defined terms.



Defined terms
are used approx.
1,498,805 times
across the
statute book

Lack of structure to definitions

Definitions are introduced to the reader in various ways

- 36 sections are compilations of definitions of general application.
- More than 71 sections introduce specific definitions.
- Dozens more sections use section-specific definitions.



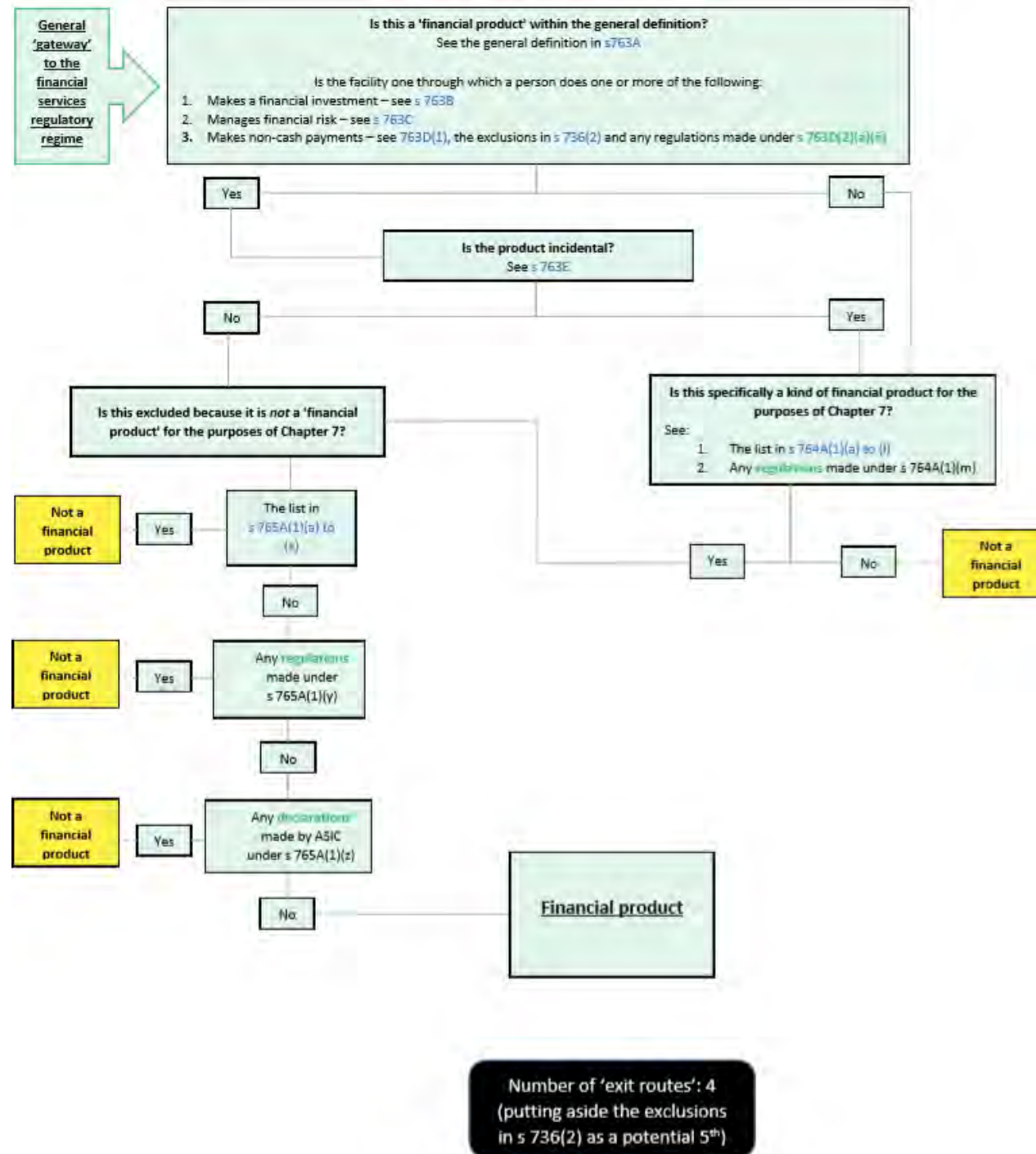
Misusing defined terms

- Countless definitions in the Act are defined not for clarity of meaning but to determine the scope of an obligation or prohibition.
- This means definitions become complex and artificial.
- Financial product, for example, does not have one meaning. Because it determines whether much of Chapter 7 applies to a product, it has dozens of modifications through specific inclusions and exclusions such that it loses meaning as a definition. These are in the Act, the regulations and other legislative instruments.





Definition of financial product in the *Corporations Act*



The Act alone has 16 subsections that specifically include products and 24 that exclude.

FINANCIAL SERVICES LEGISLATION

The definitions of financial product uses dozens of highly technical defined terms for different financial products, creating a Russian doll where opening one definition opens others.



Conditional Statements

- Conditional statements in natural language include "if", "except", "but", "provided", "when", "where", "whenever", "unless" and "notwithstanding".
- Each of these words indicates a fork in the road, that a decision needs to be made by the reader.
- For example, a rule may apply 'if' a requirement is satisfied, but might be subject to a 'but' that means the rule does not apply in certain circumstances. Conditional statements are a source of complexity, but an inevitable feature of legislative design.
- We should be concerned when their use becomes excessive or they are used in a particularly complex ways.
- Note: Conditional statements may not always be used in a conditional sense (e.g. 'a product disclosure statement must be provided' – this is not being used to create a conditional rule).

William Li, Pablo Azar, David Larochelle, Phil Hill and Andrew W. Lo, 'Law Is Code: A Software Engineering Approach to Analyzing the United States Code' (2015) 10 *Journal of Business and Technology Law* 297.

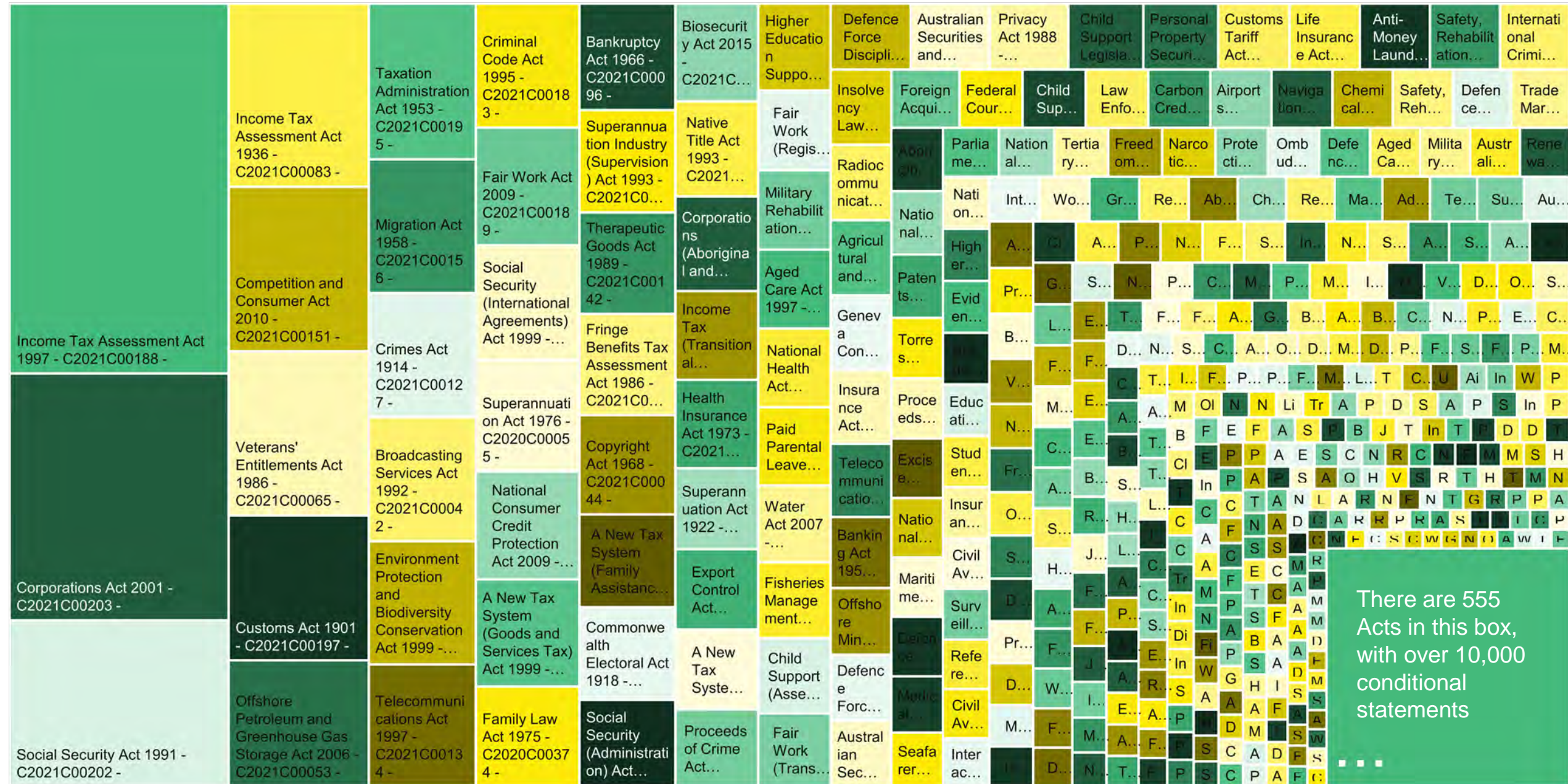


Number of conditional statements per in force Principal Act



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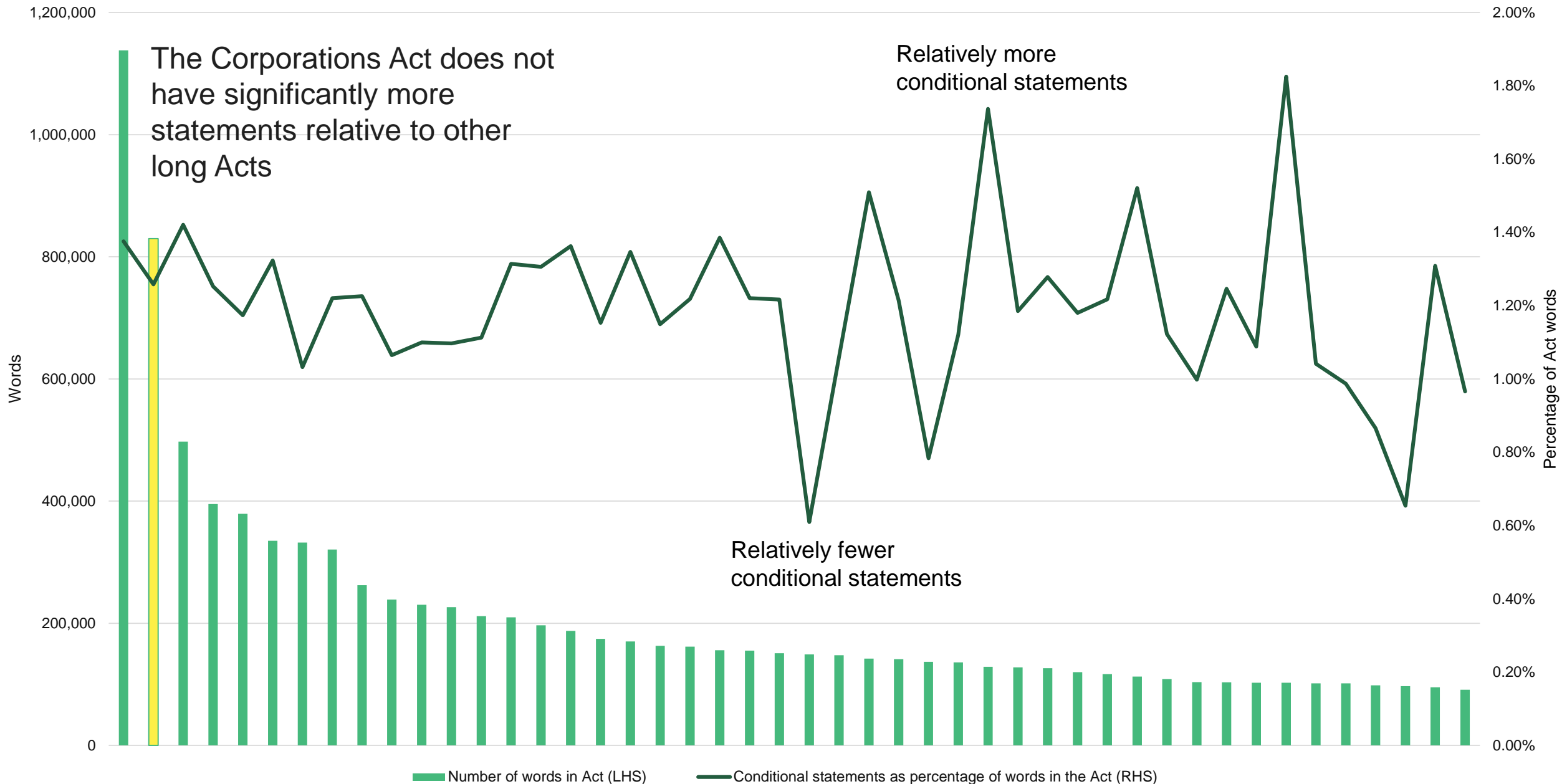


Total number of conditional statements and percentage of Act words



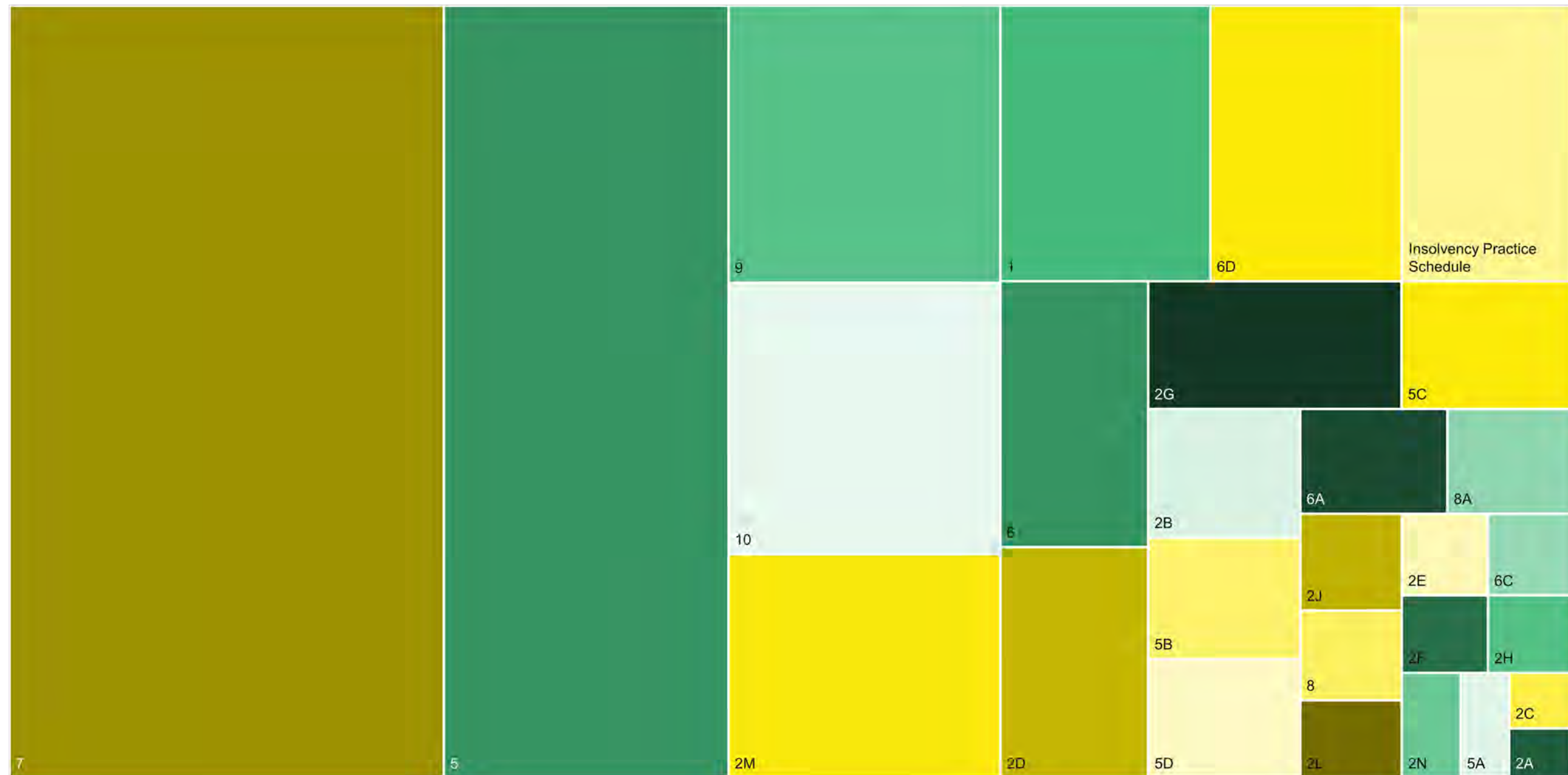
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Conditional Statements per Chapter

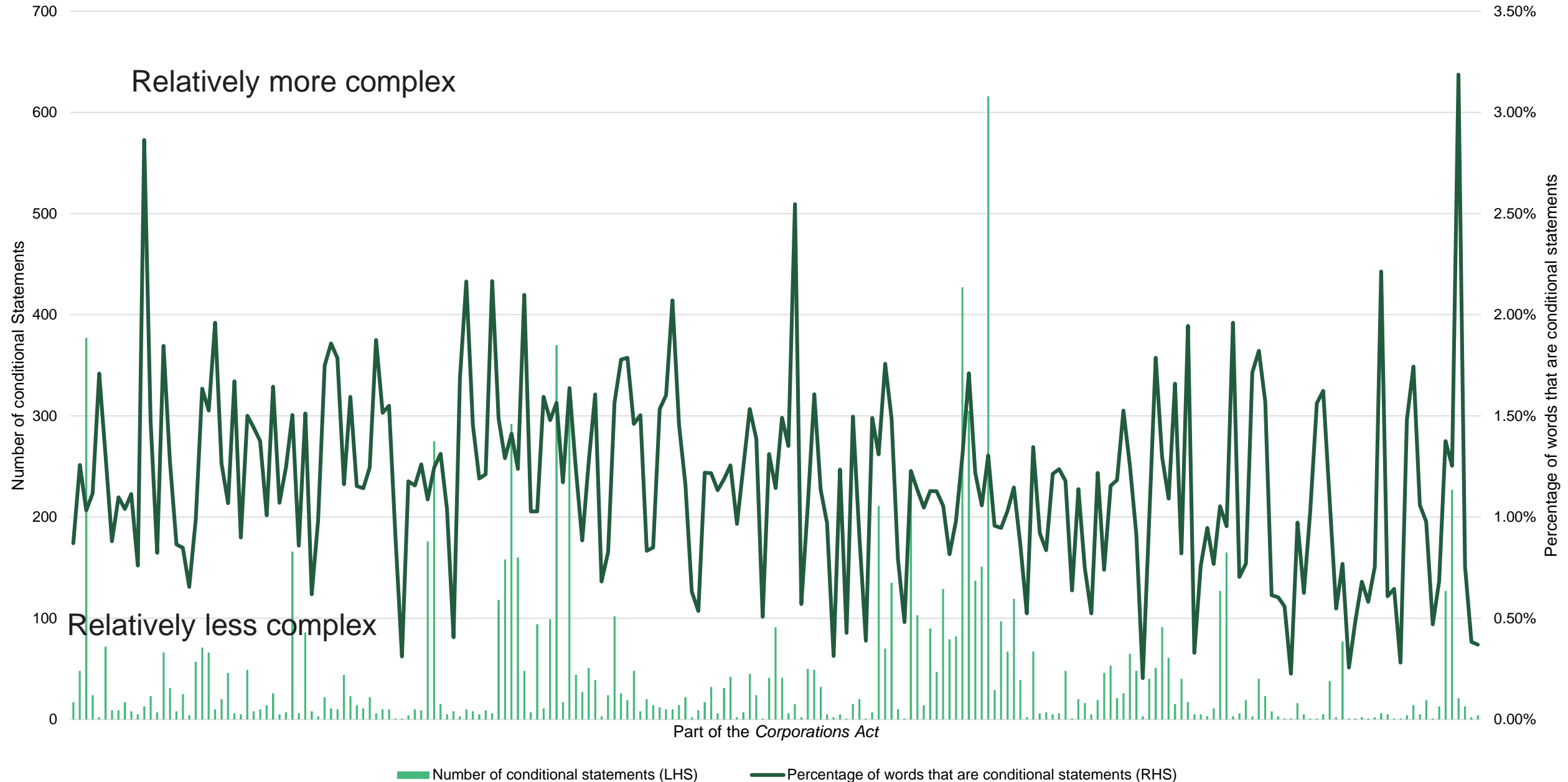


Density of conditional statements in Parts of the *Corporations Act*



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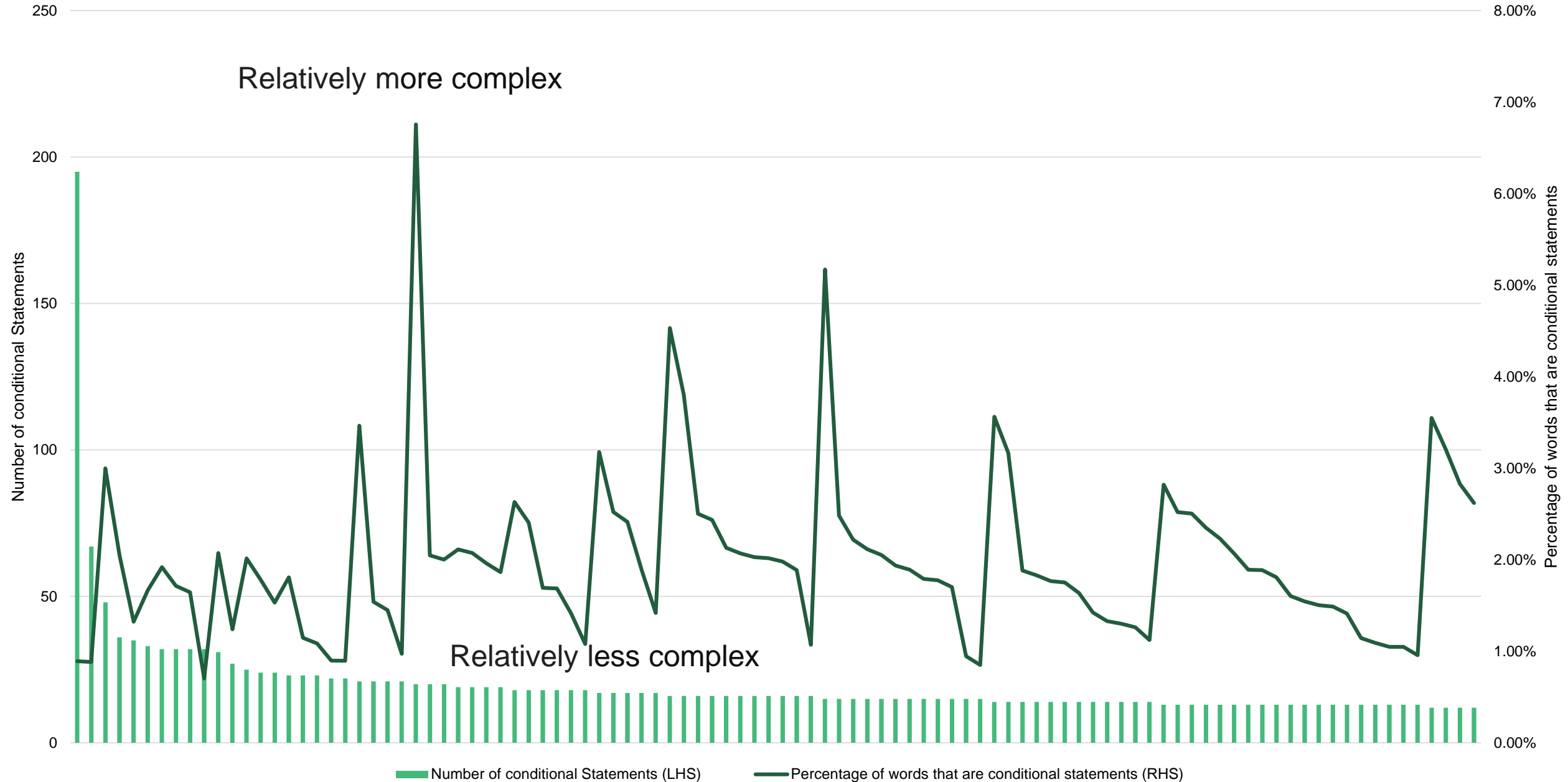


Top 100 sections of the *Corporations Act* with highest number of conditional statements



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Density of conditional statements in Sections of the *Corporations Act*



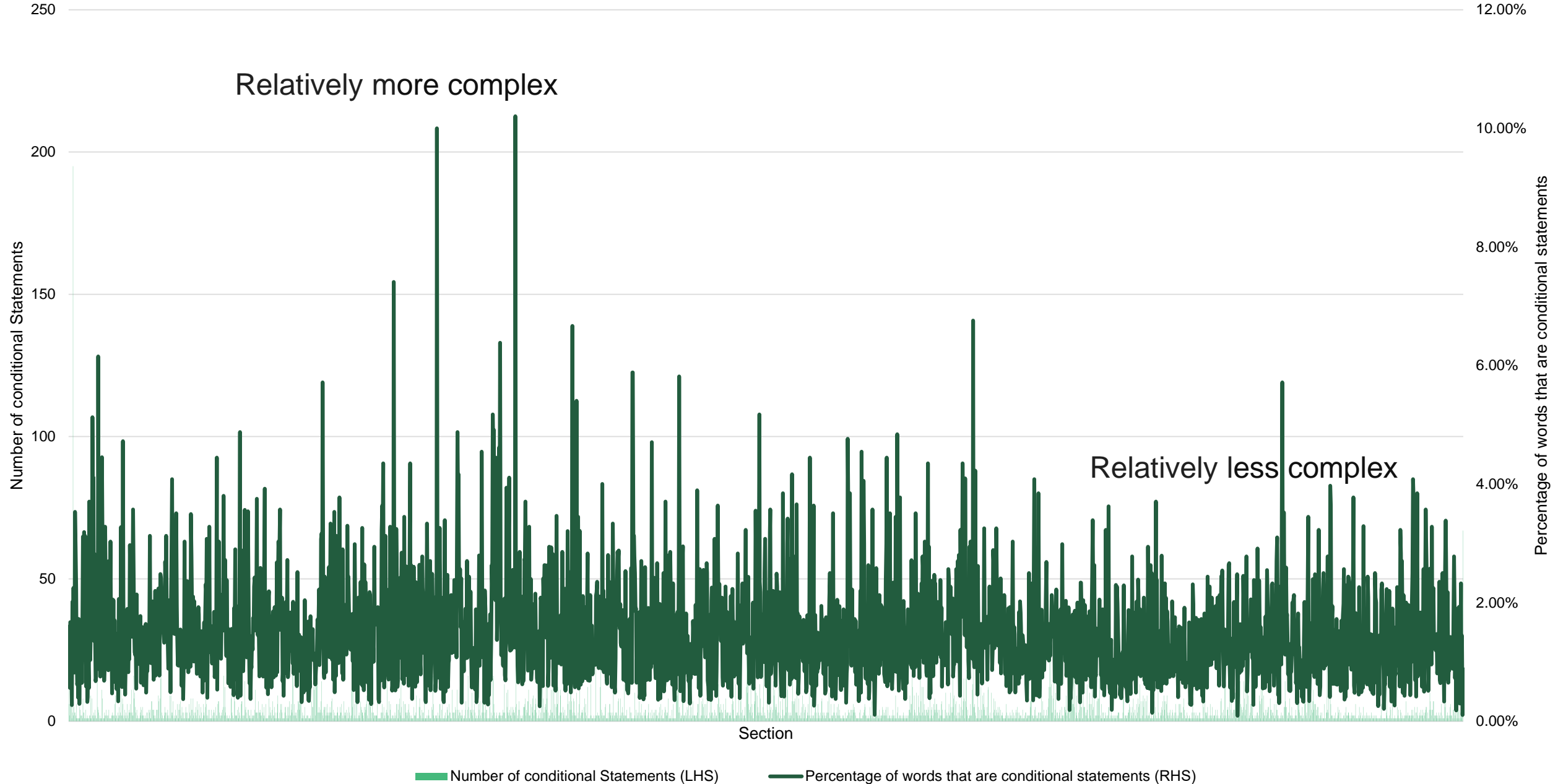
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12.00%

Relatively more complex

Relatively less complex



Use of conditional statements

- The way the Act uses conditional statements is notable.
- ALRC mapping shows that single conditional statements can create cascading thresholds that need to be met before you know a rule applies or exactly how it applies to you.
- For example, to determine if you need to give a product disclosure statement, you need to work your way through the conditional statements that appear on the following slides, each of which creates multiple cascading thresholds.



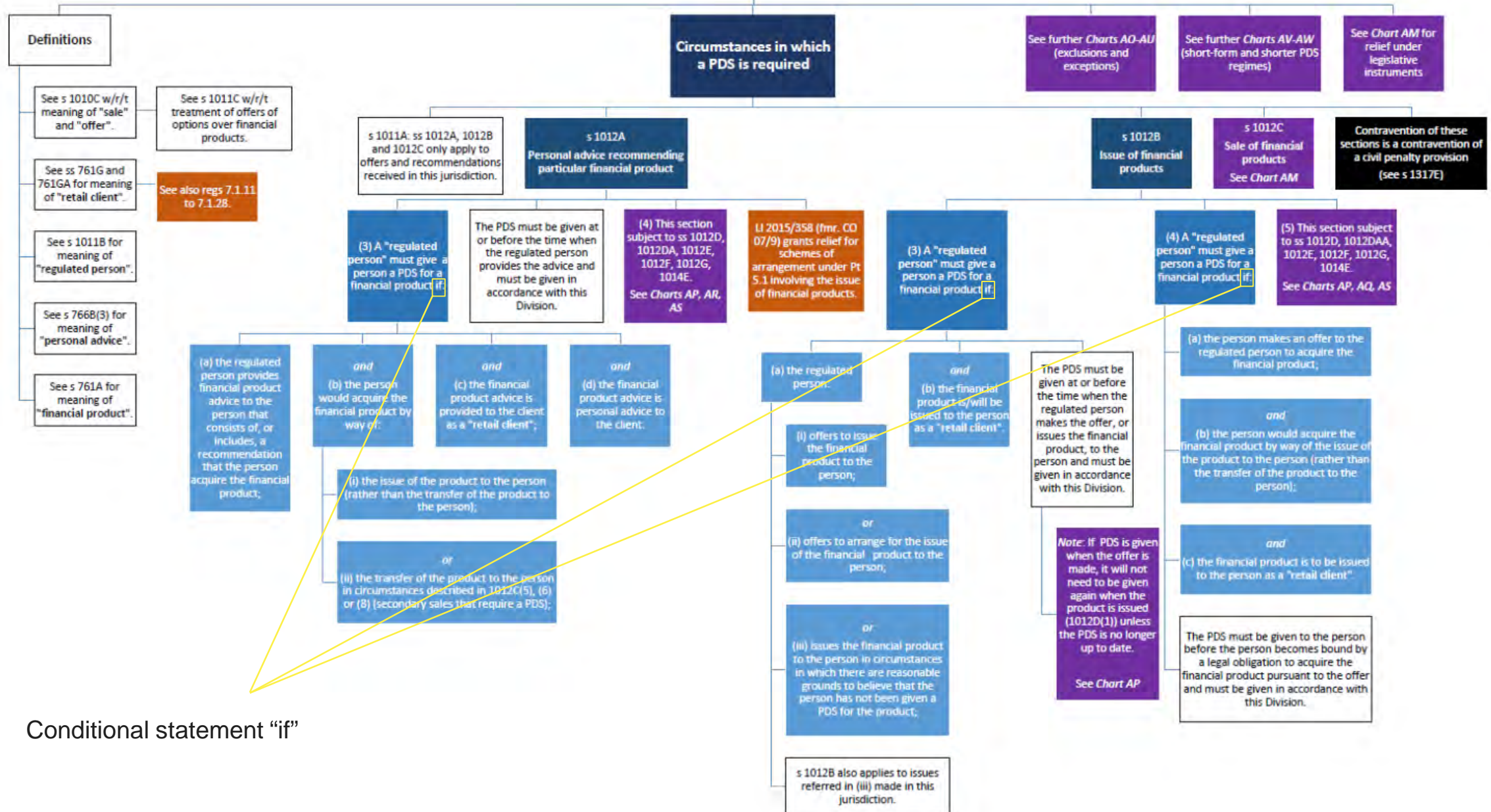
APPLICATION OF THE STANDARD PDS REGIME

PART ONE



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Conditional statement "if"

EXCEPTIONS TO THE STANDARD PDS REGIME

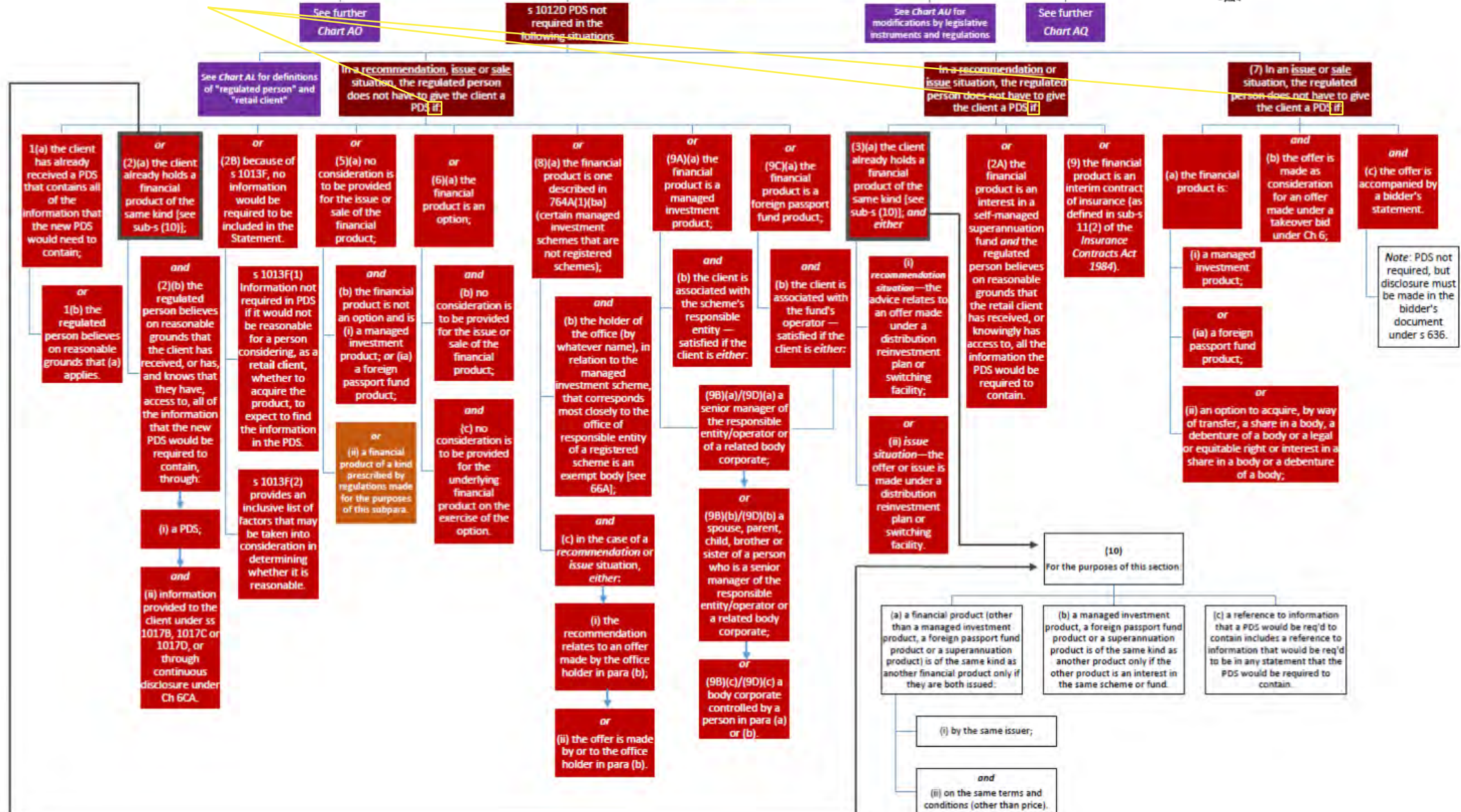
PART TWO



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Conditional statement "if"



Legislative instruments

- Legislative instruments are pieces of law that are made by the executive, including ministers and agencies such as ASIC and APRA. They must be authorised by an Act but have the same force of law as an Act of Parliament.
- Their use isn't unusual. Thousands are made annually and over 24,000 are currently in force across our statute book.
- But we do need to be concerned with how they are used and how their use creates complexity.



Legislative instruments

- A voluminous body of legislative instruments is a consequence of the way the *Corporations Act*, and particularly Chapter 7, has been designed. A general principle of the *Act* is to regulate a broad range of conduct, products, services and corporations through standardised regimes. It's why we don't have an act for proprietary corporations, and why we have standard licensing and disclosure regime for a vast range of financial services. This was a central recommendation of the 1996 Financial System Inquiry led by Stan Wallis.
- The idea was then to apply Parts of the Act to particular products or services. This is done in the Act, sometimes - Part 7.9 on financial product disclosure does not apply to securities (s 1010A) because securities are regulated separately. But it was also intended that regulations or ASIC and ministerial exemptions and modifications would remove or sometimes specifically include products and services in particular regimes of the Act, and the Act is littered with such powers.
- This approach may have worked if the Act was more principled. This would have meant few or no carve-outs or modifications to the Act. Instead, what we've found over the past twenty years is the proliferation of tailor-made regulatory regimes spread across hundreds of legislative instruments and regulations.
- These modifications and exemptions have broadly been made to address issues that have been perceived to have arisen because of the Act's expansiveness and its prescriptiveness, often in response to stakeholder demands. Each modification reflects a policy decision that a particular rule or set of rules should not apply or should apply in a modified form to a particular class of products or persons.

See Para 6.40 of the Explanatory Memorandum for the *Financial Services Reform Bill 2001*.



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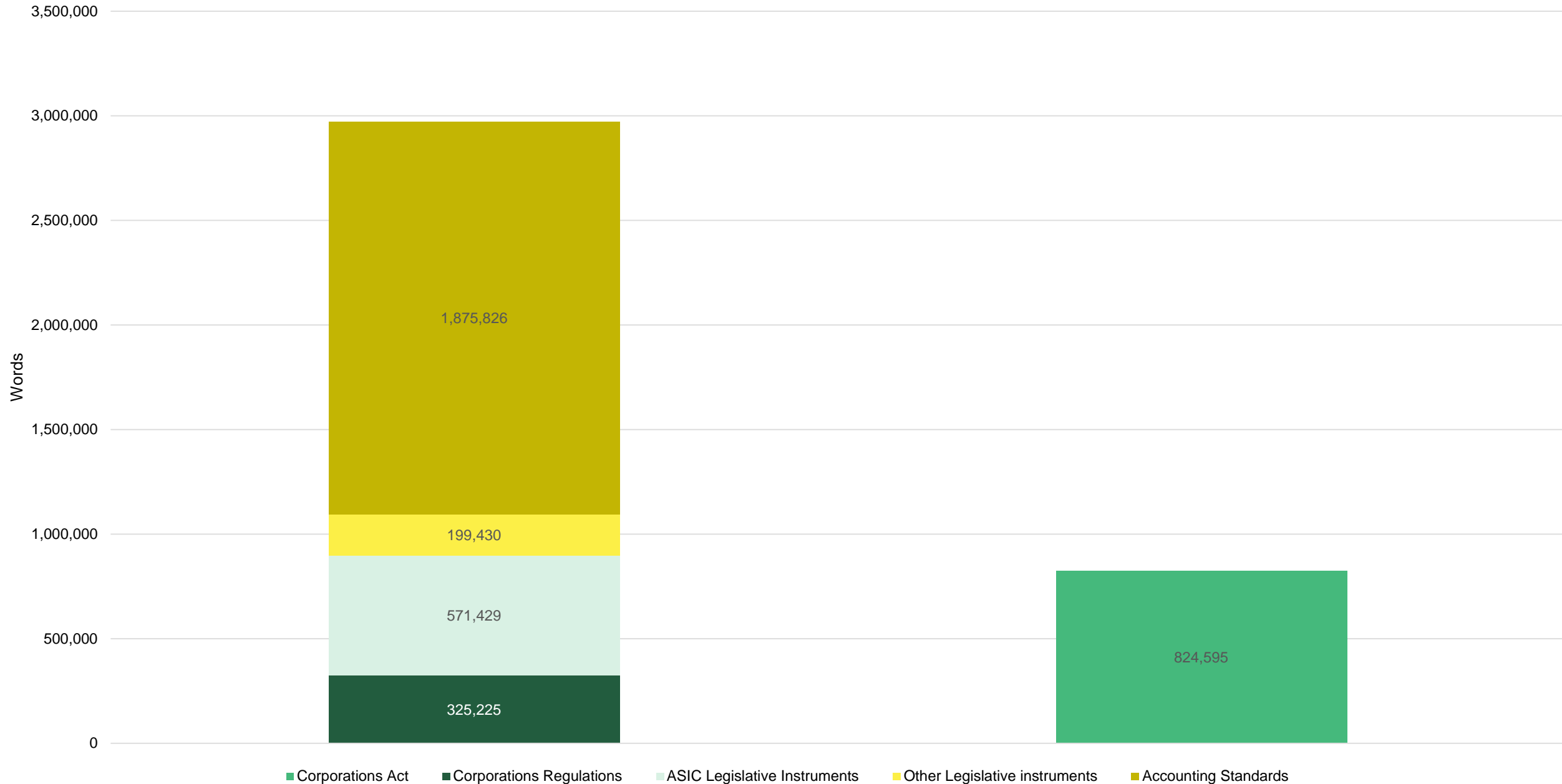
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Number of words in *Corporations Act* and Legislative Instruments



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Length of the *Corporations Regulations*

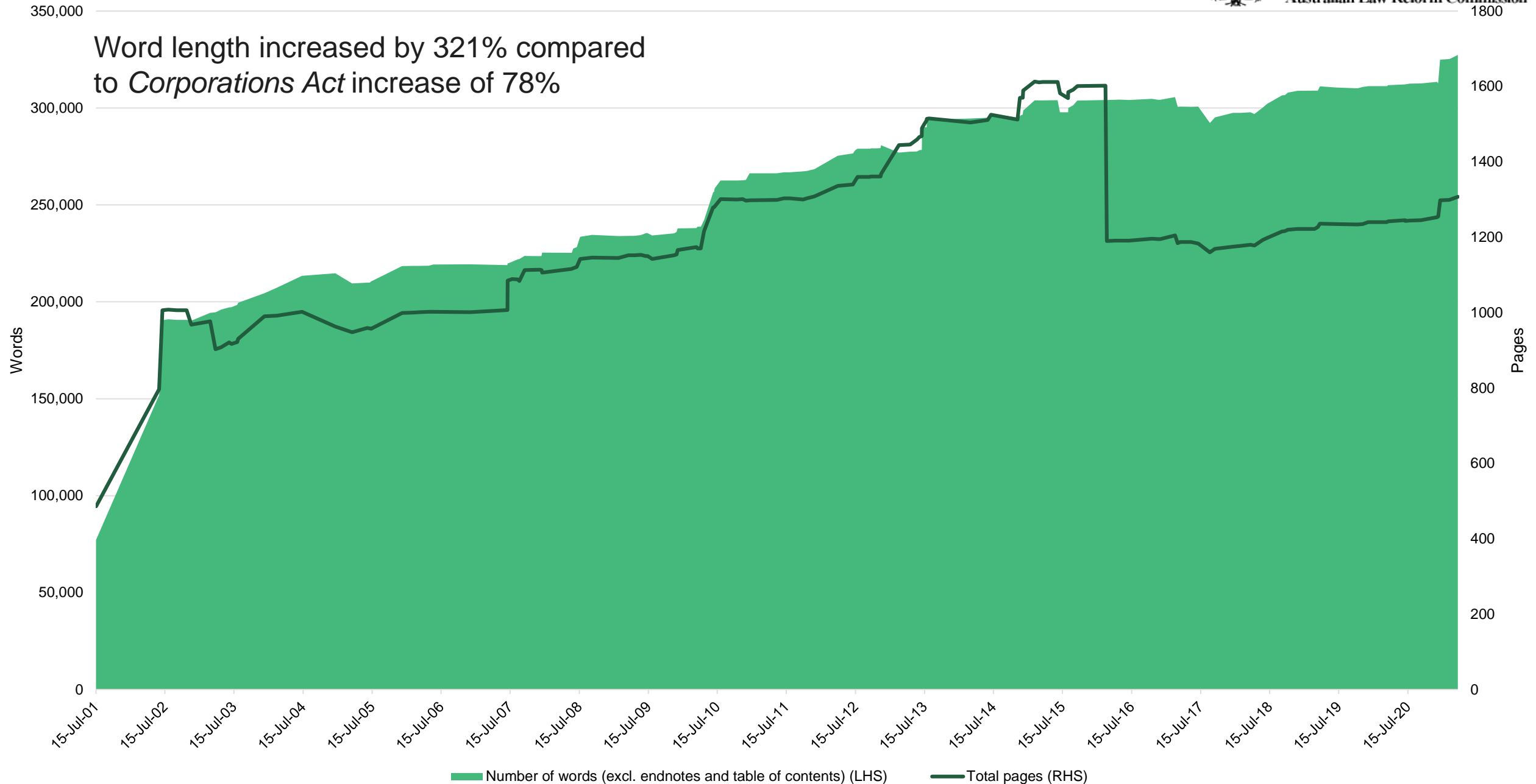


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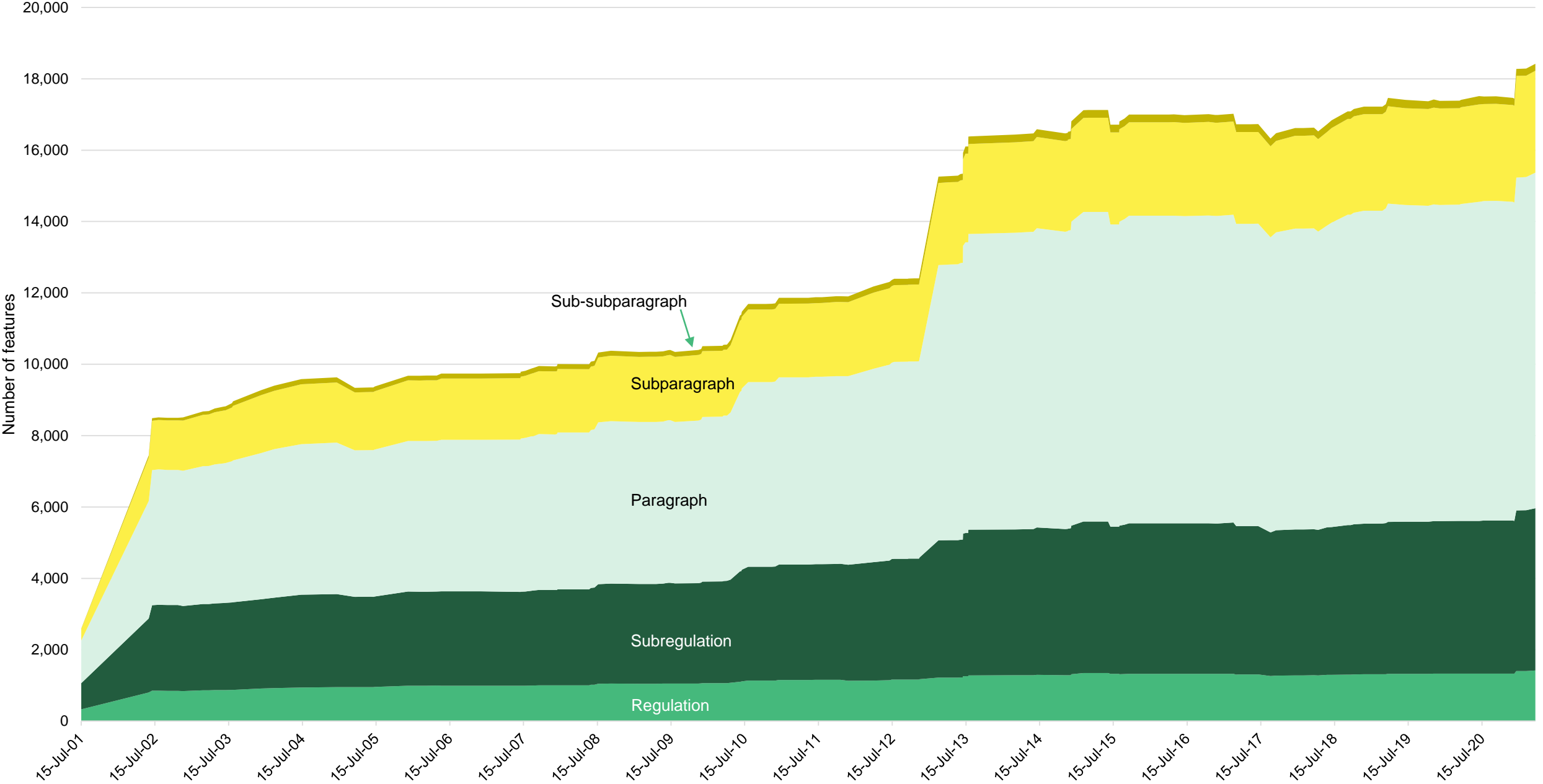
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1800

Word length increased by 321% compared to *Corporations Act* increase of 78%



Corporations Regulations - Legislative features



Use of legislative instruments

Legislative instruments are used for three principal purposes under the *Corporations Act*

- Prescribing detail required for an obligation, prohibition or other rule to function.
- Determining scope of the Act by exempting or specifically including products, services, circumstances or persons.
- Notionally modifying the Act to insert or omit sections, subsections etc.



Prescribing detail

- Example s 1013D(4)(c) - the regulations may provide a more detailed statement of the information that is required by a provision of s 1013D(1).
- Regulation 7.9.14C has been made under s 1013D(4)(c) to prescribe information about the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of an investment.



Prescribing detail

- Approx. 72 legislative instruments relate to the administration of ancillary schemes or procedural matters.
- 8 rule-related legislative instruments made by ASIC and/or the Minister
- 158 accounting standards legislative instruments



Determining scope

- Hundreds of sections in the Act can have their scope, who they apply to and when, modified by legislative instruments.
- Approx. 99 ASIC legislative instruments grant various forms of relief from the law, many with conditions. Dozens of regulations also provide for exemptions and inclusions.



Determining scope

767A What is a financial market?

(2) However, the following conduct does not constitute operating a financial market for the purposes of this Chapter:

(a) a person making or accepting offers or invitations to acquire or dispose of financial products on the person's own behalf, or on behalf of one party to the transaction only, unless the regulations specify circumstances in which such conduct does constitute operating a financial market and the person's conduct occurs in circumstances so specified;

(b) conducting treasury operations between related bodies corporate;

(c) a person, being the holder of a licence under an Australian law relating to the licensing of auctioneers, conducting an auction of forfeited shares;

(d) any other conduct of a kind prescribed by regulations made for the purposes of this paragraph.

764A Specific things that are financial products (subject to Subdivision D)

(1)...

(m) anything declared by the regulations to be a financial product for the purposes of this Chapter.

765A Specific things that are not financial products

(1)...

(y) a facility, interest or other thing declared by regulations made for the purposes of this subsection not to be a financial product;

(z) a facility, interest or other thing declared by ASIC under subsection (2) not to be a financial product.

...

Regulations

(3) Despite anything in Subdivision B or C, the regulations may declare that a specified facility, interest or other thing is not a financial product for the purposes of specified provisions of this Chapter.



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Determining scope

These powers are frequently used to address the overexpansiveness of the Act

- ASIC Corporations (Non-cash Payment Facilities) Instrument 2016/211
- Exempts various products from the definition of financial product or from many obligations that would flow from being a financial product
 - Loyalty schemes
 - Road toll facilities
 - Non-cash payment facilities used for third party payments
 - Low value non-cash payment facilities (on conditions)
 - Gift facilities
 - Prepaid mobile facilities
 - Requirement to confirm transactions for travellers' cheques



Determining scope

They are also used to make sure the law reflects the Government's policy, such as by reducing the obligations that apply to a product or service because those rules are considered unnecessary or disproportionate

- Regulation 7.9.15D: Less information in product disclosure statement: general insurance product
- For paragraph 1013D(4)(a) of the Act, the following provisions do not apply to a Product Disclosure Statement that relates to a general insurance product:
 - paragraph 1013D(1)(c);
 - subparagraph 1013D(1)(d)(iii);
 - paragraph 1013D(1)(e);
 - paragraph 1013D(1)(h);
 - paragraph 1013D(1)(j);
 - paragraph 1013D(1)(l).



Determining scope

- But many of these exemptions, such as from licensing or disclosure, are subject to conditions that effectively impose alternative regulatory regimes for certain products, services or persons.
- This is because ASIC or the Government has decided that certain, often very prescriptive rules in the Act, are inappropriate for a particular product, service or person, but that it would also be inappropriate not to regulate at all.
- Employee incentive schemes: Listed bodies 2014/1000
- Grants relief from AFS licensing and securities disclosure to offerors and trustees of employee incentive schemes, as well as other relief to related entities in certain circumstances.
- Adds 9 sections and 1500 words worth of conditions on persons relying on the relief, and requires them to give certain information to ASIC.



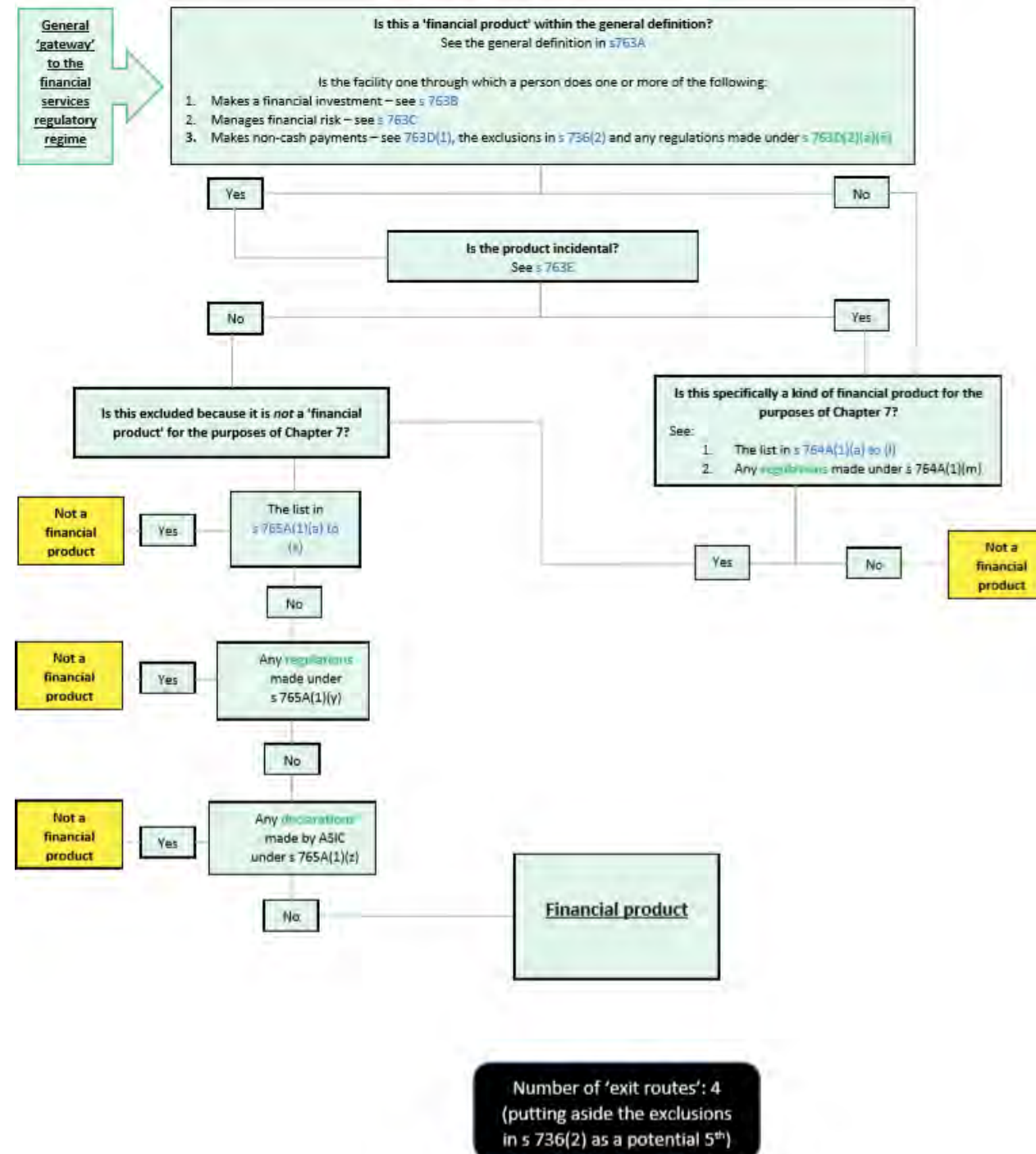
Determining scope

- Inclusions and exemptions, whether on conditions or not, need to be used carefully because they can quickly create complexity.
- At the moment you can have exemptions and inclusions at the level of the Act, the regulations and legislative instruments, and entire regulatory regimes created through what are ostensibly exemptions.





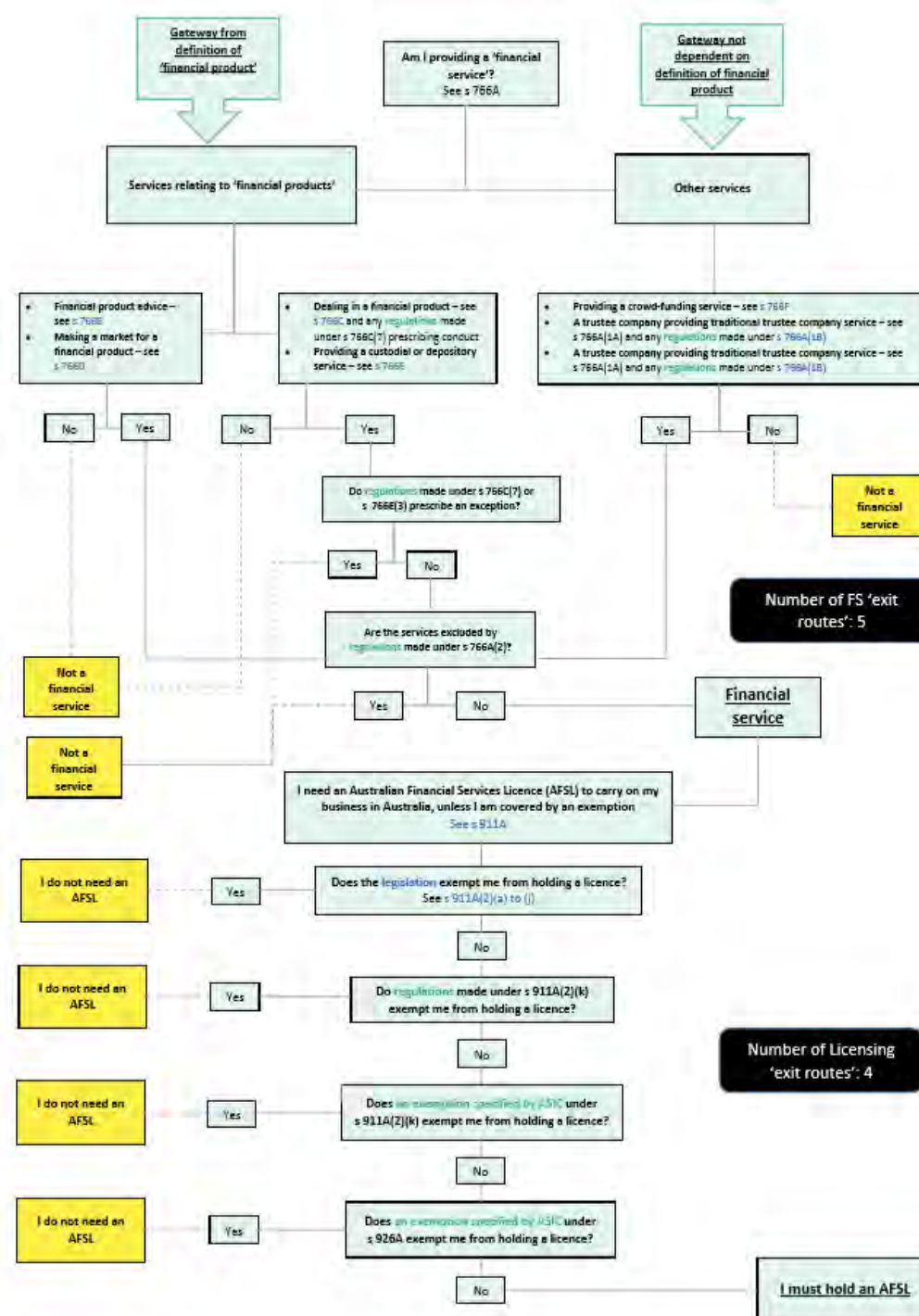
Definition of financial product has dozens of specific inclusions and exclusions in multiple locations throughout the law





Likewise, the definition of financial service has dozens of specific inclusions and exclusions in multiple locations throughout the law

The requirement to hold a financial services licence is also subject to dozens of exclusions in the Act, regulations and other legislative instruments



Notional law

- There is a feature of legislative instruments made under the *Corporations Act* that is somewhat unique – the use of instruments to modify the Act, such as by removing or overriding a section or adding completely new sections or subsections.
- Across the statute book, Acts have been modified by 359 instruments. Almost 110 instruments relate to the *Corporations Act*.

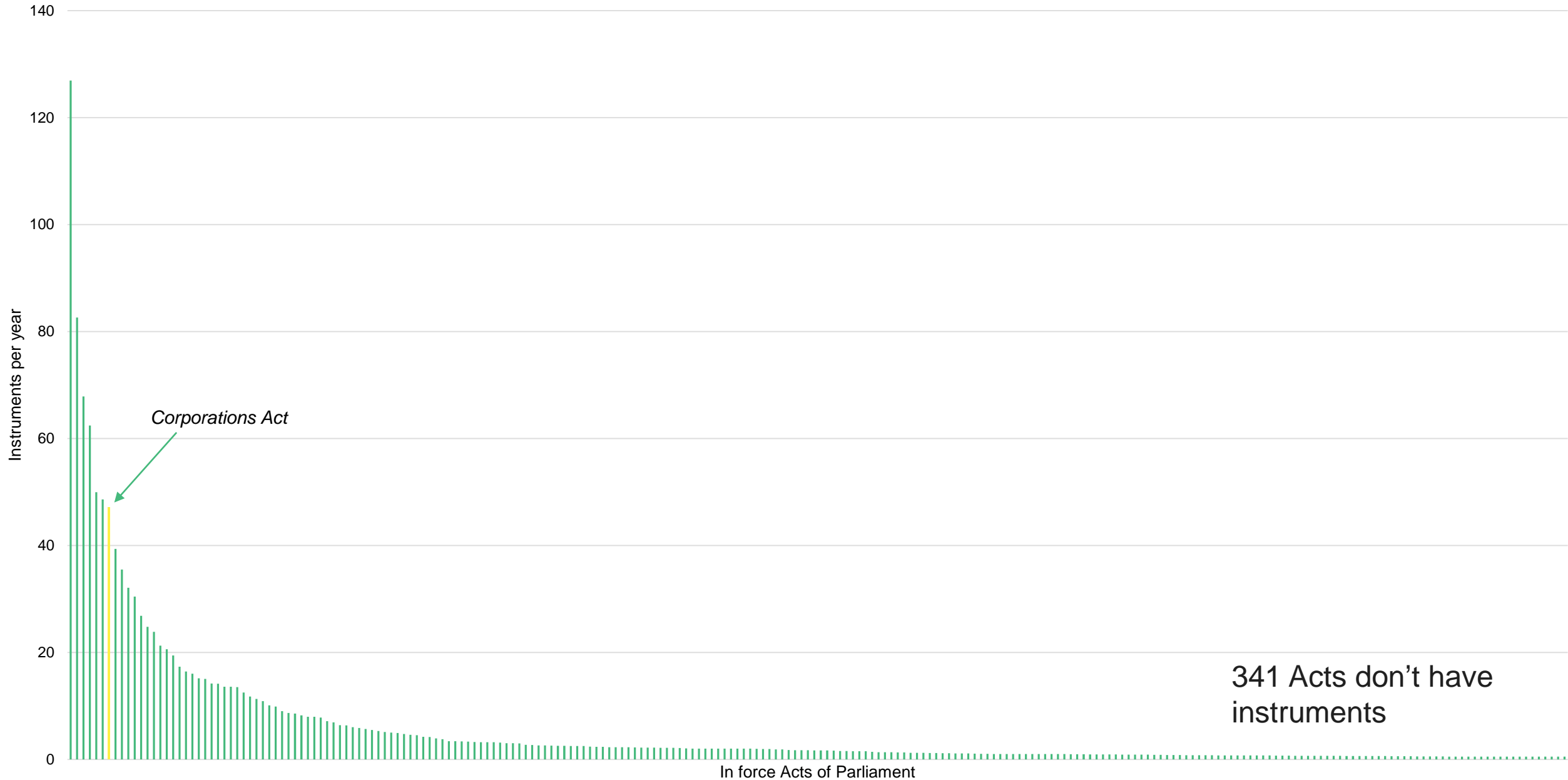


Average number of legislative instruments made per annum under each in force Principal Act



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Legislative instruments and Acts (both in force and not in force)
modifying another Act – Top 20 in force Principal Acts



Notional law

- ALRC manual analysis of instruments suggests that approximately 100 instruments amend the text of the Act.
- This is an enormous body of law –you can look at the text of *Corporations Act* and have no indication that the section you are looking at doesn't exist or has been substantially modified, or that there's a section you can't even see.
- For example, Subdivisions 4.2A-C of the Regulations modify Part 7.9 of the Corporations Act to create the specific 'shorter PDS' rules for margin loans, superannuation products, and simple managed investment schemes.
 - Comprises 27 regulations and several Schedules.
 - Creates three alternative versions of Part 7.9 Div 2.



Notional law

- Some instruments provide exemptions, but instead of imposing conditions that might in practice be a set of rules, these instruments modify the text of the Act to create alternative regulatory regimes for the persons, products or services that are exempt.
- Frequently you have no choice about whether that law applies to you, whereas you could choose not to rely on an exemption that has conditions, if you didn't want to comply with the conditions (you would just comply with the Act instead).
- We've identified approx. 66 instruments that grant relief but that also amend the text of the Act.



Notional law

- Managed Discretionary Account Services
 - ASIC Class Order [CO 04/194] (no longer in force)
 - ASIC Corporations Instrument 2016/968
- Exempts providers of MDAs from AFS licensing, need for an MIS to be registered and from securities disclosure.
- But creates new regulatory framework.
- Notionally inserts 2 sections into the Corporations Act with 81 subsections in 15,000 words and approx. 55 definitions and tags.



Notional law

- Investor directed portfolio services
 - ASIC Class Order [CO 02-294] (no longer in force)
 - ASIC Class Order [CO 13/763]
- Exempts providers of IDPSs from the need for an MIS to be registered, securities disclosure, and prohibition on hawking financial products.
- Notionally inserts 4 sections into the Corporations Act with 72 subsections in 14,500 words and including approx. 60 definitions and tags.
- One notional section (s 912AD) has 66 subsections and 11,000 words.



Notional law

- Most instruments only affect certain persons or product and services
- But some Regulations and at least 20 other legislative instruments modify how the law applies to everybody...
- ASIC Corporations (Debenture Prospectuses) Instrument
 - "Chapter 6D of the Act applies to all persons as if the Chapter were modified or varied as follows:"
- Inserts four new subsections to s 712 and one to s 727(2). Also inserts sections 712A and 725A.



Notional law

- These instruments make the law deeply inaccessible, and therefore costly. When you look at the Act you cannot take the words on the page at face value. You cannot be confident what you have to do or what your rights are, and you would, without regulatory guidance, have to wade through hundreds of legislative instruments to know your rights or obligations.
- These instruments are a consequence of the Act's design – its overprescriptiveness and overexpansiveness, and the failure to put detail in legislative instruments in the first place.
- Many of the instruments that ASIC has made have been broadly supported by stakeholders – they address issues that are perceived to exist with the Act's regulation of these products, though of course the instrument's exact content has been contested.
- But the problems of these instruments need to be addressed, because, based on our research and conversations with stakeholders, they appear to be key to legal complexity in our financial services ecosystem.



Individual relief instruments

- Legislative instruments apply to classes of people, products or services. But the same powers that allow ASIC to make exemptions or modify the Act for classes of people also allow it to make instruments that apply only to particular persons, when those people apply for relief from parts of the Act.
- Thousands of relief instruments have been made and published by ASIC since 2001, and the ALRC has examined over 10,000 of them through webscraping and computational analysis of over 1,000 ASIC Gazettes published since 2001.
- Sometimes these instruments grant a complete exemption, but more often they modify the law as it applies to an individual, shaving off some of the rough edges of the law.
- It means there are theoretically thousands of different incarnations of the law that apply to particular persons.

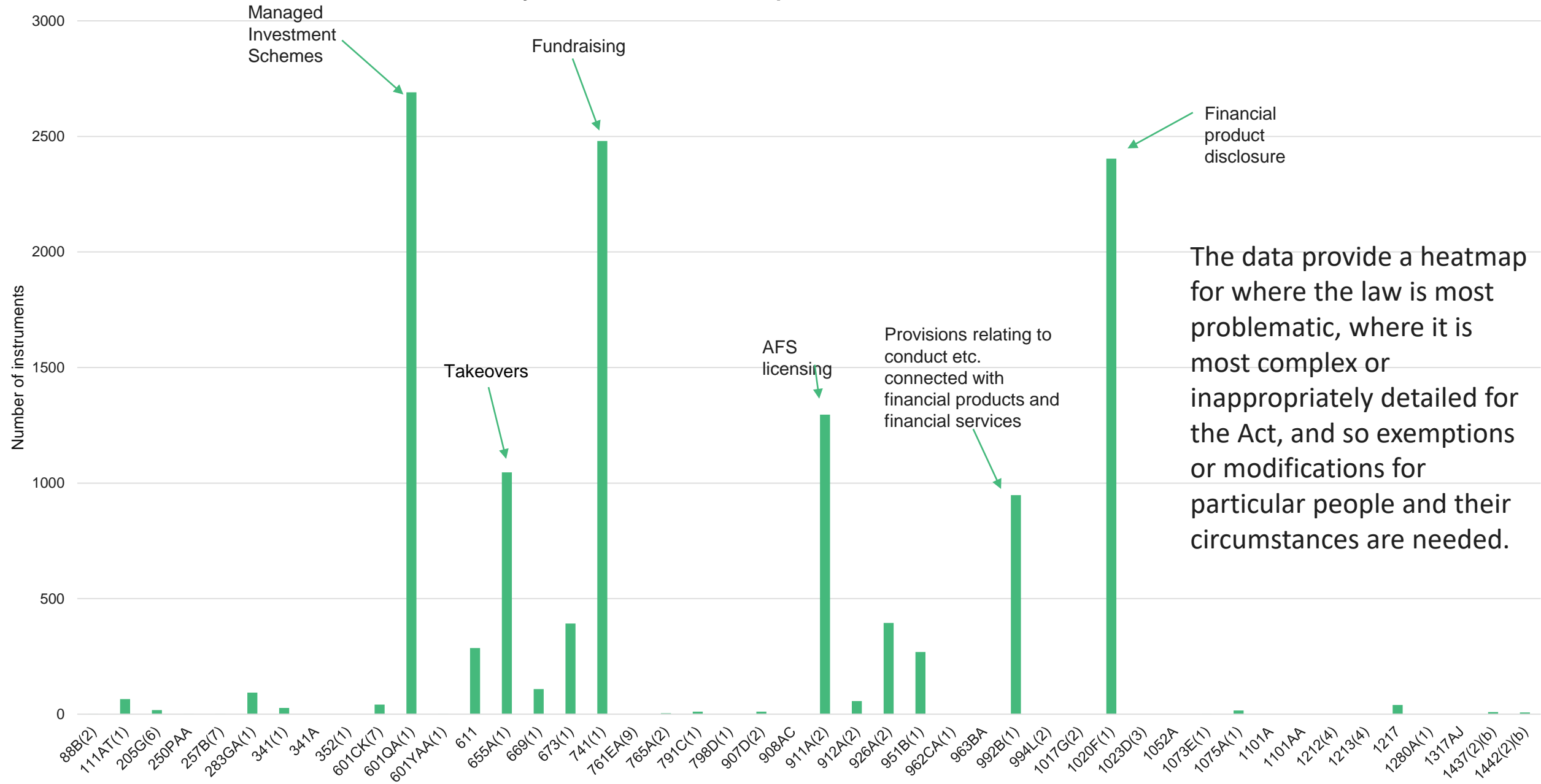


Estimated number of individual relief instruments made by ASIC under *Corporations Act* since 2001

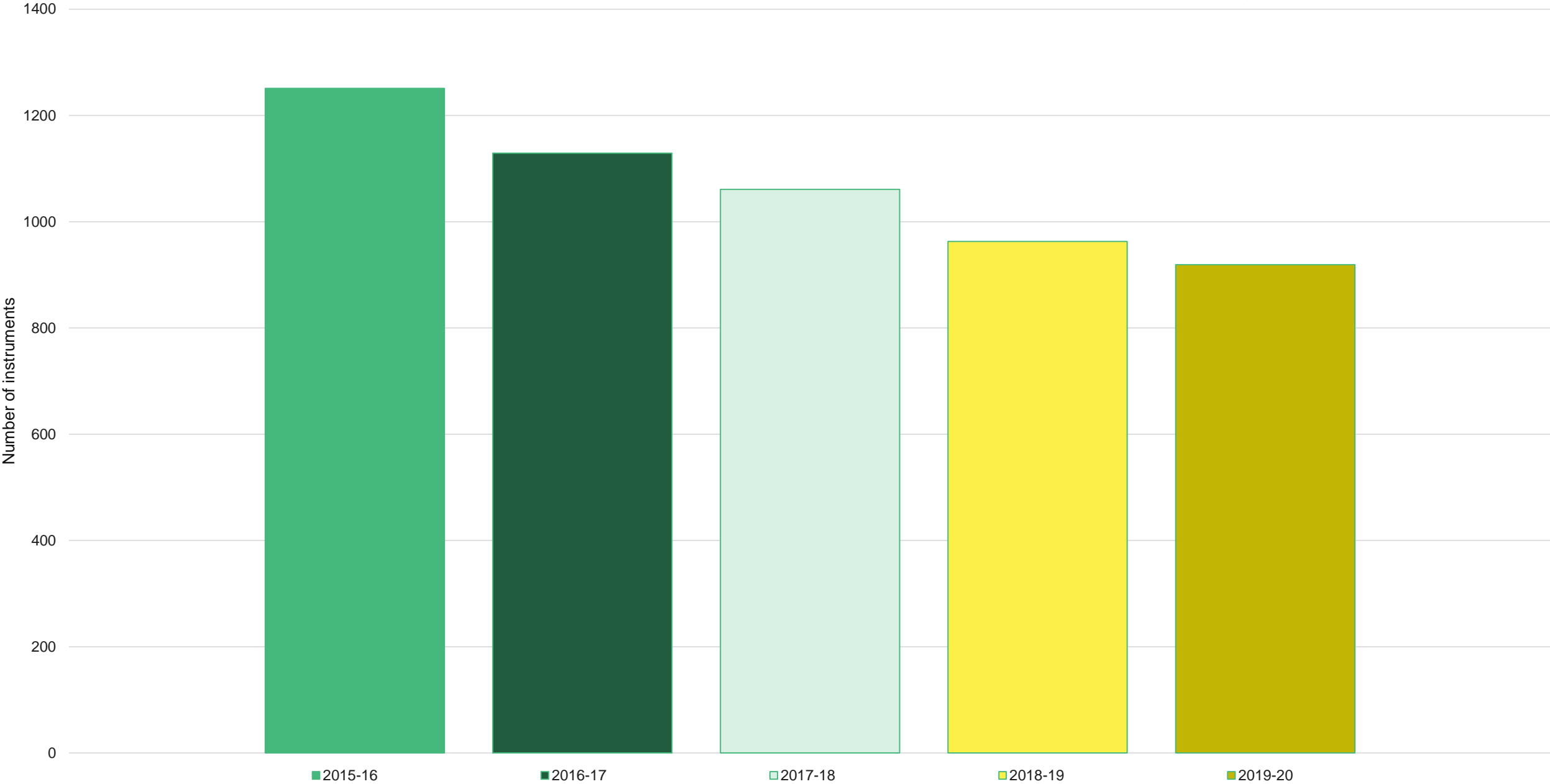


Australian Government

Australian Law Reform Commission



Individual relief instruments per year



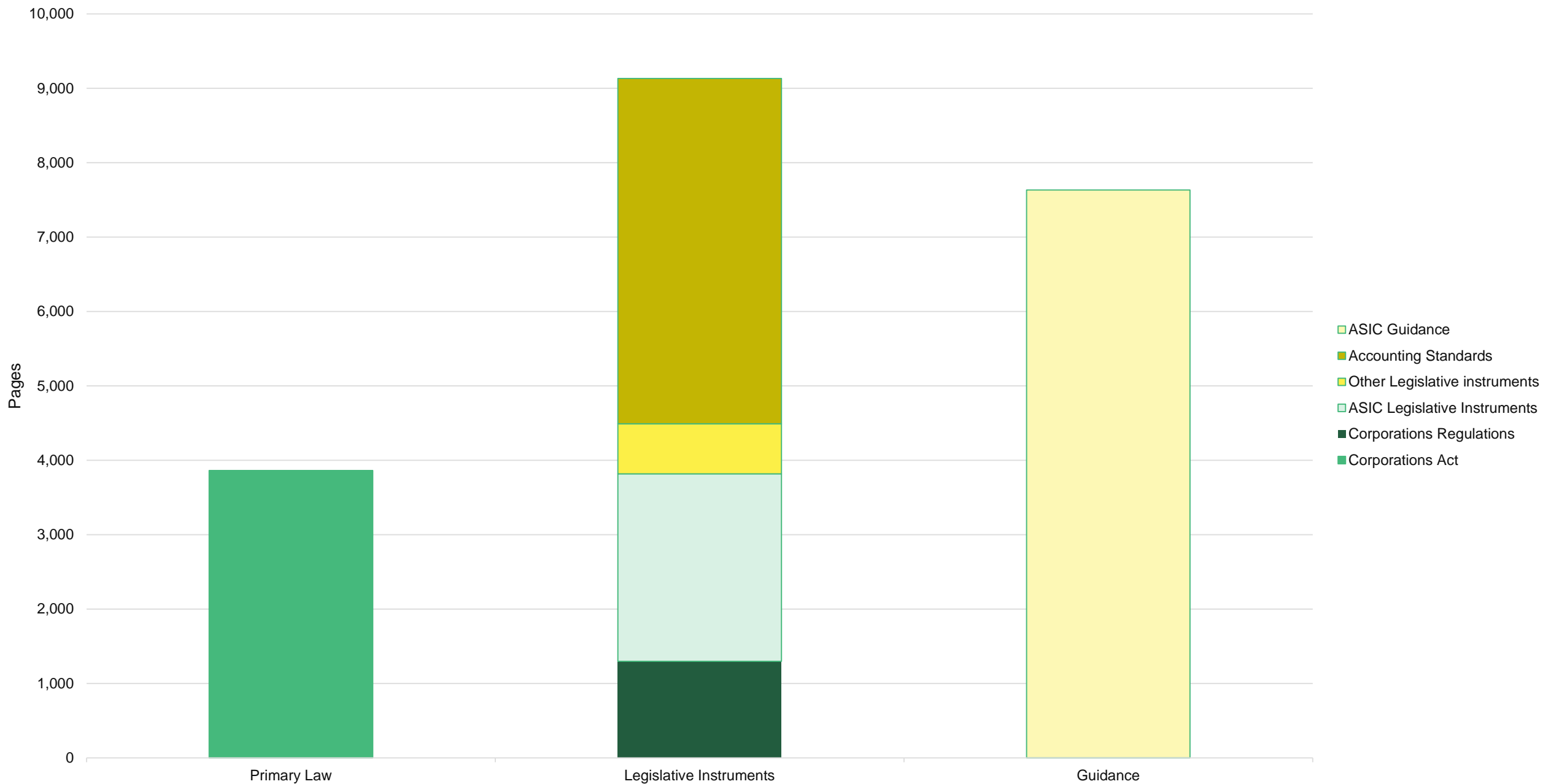
Regulatory guidance

- Guidance is inevitable – not everyone is a lawyer and very few pieces of legislation will be completely accessible to a non-lawyer. But the volume of guidance in all its forms is a source and a symptom of complexity in our law.
- ASIC has published over 208 regulatory guides and 200 information statements, which dwarf the length of the Act itself and all regulations and ASIC instruments made under the Act.
- This volume of guidance, spread across so many documents, is itself a source of complexity. It adds another layer of material which regulated entities have to consider and weigh up against other sources of rules.





Sources of law and guidance



Regulatory guidance

- Stakeholders have told us they frequently treat guidance as law, even lawyers have told us they rely on ASIC guidance to navigate this regime.
- The volume of ASIC guidance is clearly a symptom of how complex and unnavigable our ecosystem is.
- Guidance manages complexity, and we have become dependent on ASIC and other regulator guidance because it is nearly impossible to think that a licensee or financial advisor could go through this law and locate everything that applies to them, in some cases across literally dozens or hundreds instruments, with tens of thousands of words of highly prescriptive and detailed rules, inclusions, exemptions, all the while searching for principles and norms in sections that are as long as 2500 or 2600 words.



Simplification – Hierarchy of laws

- There are very firm views in the literature and among certain stakeholders about what should be in the Act and instruments.
- But what this presentation has highlighted is the need for a pragmatic but consistent approach to legislative design.
- The last twenty years suggests that putting too much detail in the Act hasn't worked well, as industry and regulators responded with tailored regulatory regimes in instruments.
- But we do need to maintain a degree of certainty for stakeholders – the challenge is how we can practically balance principles and prescription to ensure a flexible but comprehensible law.



Simplification – Hierarchy of laws

- A clear legislative hierarchy sits at the heart of simplification. People should be able to know where to go to find principles, exemptions, inclusions, detailed rules, and that place shouldn't be in hundreds of legislative instruments.
- We're looking at different models, considering the location for each piece of law. One idea is to focus the Act on norms and principles that are then accompanied by detail in clearly identifiable and navigable instruments, of which there should be very few, that are made by accountable ministers and agencies.
- These instruments could be consolidated and thematic, such as a disclosure or financial advice legislative instrument. This would also reduce the need for exemptions because the instrument could be amended directly rather than notionally modifying the Act or exempting only to impose conditions.



Simplification in the *Act*

- In the *Corporations Act* itself, we can manage and reduce complexity by developing and collating principles that are well accepted and understood and apply them to the *Act*.
 - One term, one definition – eliminating multiple definitions of terms such as financial product, security, or investment
 - We can consolidate and simplify existing definitions, and propose turning them back into defined terms rather than being used to turn an obligation on or off.
 - We can bring a logical structure to the Act, remove duplication and simplify complex provisions, while providing a blueprint for how to appropriately amend the Act into the future.
 - We can propose navigation tools such as hyperlinks and annotations, and seek to reduce cross-references to other sections or Acts through more narrative forms of legislative drafting.



Thanks for joining us

- Thank you for joining us today to hear about what many of you experience the consequences of every day – the astonishing complexity of our financial services and corporations ecosystem.
- In meetings with over 100 organisations and individuals we've heard a clear appetite for simplification of the law.
- And in the end, that's what will matter.
- We can talk with all stakeholders, identify problems and synthesise ideas, develop proposals and eventually recommendations to improve our law. But our ecosystem, our financial services and corporations law, will stay just as complex without your ideas, your experience and you pushing for change.



Engaging with the Inquiry

- You can find out more about the Inquiry at the [ALRC website](#)
- [Subscribe to our mailing list](#) to receive regular updates on events, publications and public consultations.
- We will welcome written submissions from all stakeholders and members of the public in response to each Interim Report. The first Interim Report will be released in November 2021.

