



First interim report reveals significant complexity in financial services legislation

The ALRC's first [Interim Report](#) as part of a three-year [review of complexity in Commonwealth legislation regulating corporations and financial services](#) was today tabled in Parliament.

The Commission seeks feedback on 16 proposals, and 8 questions for reform. [Submissions](#) are due by Friday 25 February 2022. The report contains 13 Recommendations for reform, relating to relatively technical matters, which the Government could begin implementing immediately.

The laws regulating corporations and financial services are uniquely and unnecessarily complex. The Interim Report includes innovative research into the extent and nature of complexity in legislation, using empirical data and computational analysis to demonstrate the ballooning volume of law.

The Corporations Act has almost doubled in size over its 20-year lifespan. The Act and its associated instruments now fill more than 13,000 pages. More and more prescriptive detail has been added over time, and new requirements have been added regularly. Dozens of instruments made by ASIC now “notionally amend” the law, but it is not easy to determine which provisions have been amended, or how.

President of the ALRC, the Hon Justice SC Derrington, said ‘The ALRC’s task is not simply to ‘tidy up’ the legislative framework in service of theoretical objectives. At the core of this Inquiry is the importance of ensuring the law is fit for purpose.’

“The law must facilitate industry, recognising the dynamic nature of the financial services sector and its significant contribution to the Australian economy. At the same time consumers need to be able to understand and navigate the law to protect their legal entitlements,” Justice Derrington said.

The report includes a [draft model](#) for how the law could be designed to make it easier to find relevant requirements, and exceptions to those requirements.

The Inquiry is part of the Government’s response to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry released in February 2019. Further interim reports are due in September 2022 and August 2023, with the final report due by 25 November 2023.

About the Australian Law Reform Commission

The Australian Law Reform Commission (ALRC) is an independent Australian Government agency that provides recommendations for law reform to Government on issues referred to it by the Attorney-General of Australia.

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ALRC President the Honourable Justice SC Derrington and ALRC Special Counsel Associate Professor Andrew Godwin are available for interview.



Financial Services Legislation: Interim Report A (ALRC Report 137) and Summary Report:

<https://www.alrc.gov.au/publication/fsl-report-137/>

Making a submission: <https://www.alrc.gov.au/inquiry/review-of-the-legislative-framework-for-corporations-and-financial-services-regulation/submission>

Prototype Legislation: <https://www.alrc.gov.au/wp-content/uploads/2021/11/ALRC-FSL-Prototype-Legislation.pdf>

Financial Services Legislation Inquiry: <https://www.alrc.gov.au/inquiry/review-of-the-legislative-framework-for-corporations-and-financial-services-regulation/>

Financial Services Legislation Inquiry Terms of Reference: <https://www.alrc.gov.au/inquiry/review-of-the-legislative-framework-for-corporations-and-financial-services-regulation/terms-of-reference/>

Further information on the work of the ALRC: <https://www.alrc.gov.au/>

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