

FINANCIAL SERVICES REGULATORY AND CLIMATE UPDATE

True Oak develops and distributes a monthly overview of current and proposed regulatory changes in the Australian financial services industry and the climate regulation industry that we think might be of interest to our CAR clients and Trustee Services clients.

FEATURE ARTICLES

RECOMMENDED READ

[Mission Impossible? Cybersecurity and Privacy for AFS Licensees](#) – Holley Nethercote Lawyers, 4 August 2025

Key lessons for financial institutions managing reputational and regulatory risk arising from customer relationships

In a judgment delivered on 29 July 2025, the New South Wales Supreme Court provided rare judicial guidance on when a bank may validly terminate a customer's banking relationship pursuant to the applicable T&Cs, in the context of managing its legal, regulatory, commercial and prudential risk. In an Insight Article - [Rare guidance from the NSW Supreme Court on when a bank can terminate a customer account](#) - Allens Lawyers unpacked the court's reasoning and highlighted key lessons for financial institutions managing reputational and regulatory risk arising from customer relationships.

The Bank submitted that:

- it had a legitimate interest in complying with its prudential requirements to put in place risk management frameworks, including the maintenance of a risk appetite statement, its obligations under the AML/CTF Act (to identify, mitigate and manage money laundering and terrorism financing risk), and general good banking practice. The Bank is exposed to reputational risk and material financial detriment (including through regulatory enforcement action) if it does not meet those requirements;
- it is entitled to operate within its chosen risk tolerance and to allocate its resources to the risks it is willing to manage, and to discharge risks it is not willing to manage;
- it is not required to 'prove' the truth of any concerns arising from patterns of transactional activity;
- it made a commercial decision to close the Customer's account because the Customer's use of its accounts was outside its acceptable tolerance for risk (its 'risk appetite'), in protection of its legitimate interests

The Court held that:

- the Bank had the express right to close the account to protect its Legitimate Interests, stating that “protecting against the risk of designated services being provided by the Bank being used for money laundering/terrorism financing and protecting against the risk of financial detriment from that being the case is, self-evidently, a legitimate business need and prudential requirement. That risk manifestly also entails a material risk of financial detriment not only from regulators but also of reputational harm”.
- the Bank established that it acted rationally, honestly and in good faith, and also that its response was reasonable and for a proper purpose. The Bank was not required to 'prove' that the Customer had engaged in any breach of law or other misconduct.

The decision highlights the importance of clear T&Cs that permit a bank to terminate a customer relationship where it has made a reasonable and bona fide decision that a customer's use of its financial services gives rise to an unacceptable level of risk.

GOVERNMENT

1. Treasury Announces Consultation on Sustainable Investment Product Labels (18 July 2025)

Treasury has released [Consultation Paper: Sustainable Investment Product Labels](#), inviting feedback on policy options for the development of an Australian sustainable investment product labelling framework, a key initiative under the Government's Sustainable Finance Roadmap.

The Consultation Paper highlights perceived issues with the current Australian framework, including in relation to the lack of standard practice and terminology in sustainable investing and greenwashing/greenhushing risks, and canvasses legally defining specific impact and ESG-related investment approaches (i.e., 'screening') and/or strategies (such as UNSDG) that sustainable investments must reflect – with a view to implementation in 2027.

Treasury is seeking feedback to guide the development of the product labelling framework to support investors to make informed decisions in relation to sustainable investing, including whether it is desirable for Australia's framework to align with existing international regimes to enhance market interoperability and whether the regime ought to apply to all financial products regardless of their sustainability claims.

Submissions close on **29 August 2025**.

2. New Senate Select Committee and Inquiry (30 July 2025)

The Senate has [appointed a new select committee](#), to be known as the Select Committee on Information Integrity on Climate Change and Energy, to inquire into the prevalence and impacts of misinformation and disinformation which relates to climate change and energy.

The Committee's [terms of reference](#) are to inquire into and report on:

- a. the prevalence of, motivations behind and impacts of misinformation and disinformation related to climate change and energy;
- b. how misinformation and disinformation related to climate change and energy is financed, produced and disseminated, including, but not limited to, understanding its impact on (i) Australian politics, (ii) domestic and international media narratives, and (iii) Australian public policy debate and outcomes;
- c. the origins, growth and prevalence of 'astroturfing' and its impact on public policy and debate;
- d. connections between Australian organisations and international think tank and influence networks associated with the dissemination of misinformation and disinformation related to matters of public policy;
- e. the role of social media, including the coordinated use of bots and trolls, messaging apps and generative artificial intelligence in facilitating the spread of misinformation and disinformation;
- f. the efficacy of different parliamentary and regulatory approaches in combating misinformation and disinformation, what evidence exists and where further research is required, including through gathering global evidence;
- g. the role that could be played by media literacy education, including in the school curriculum, in combating misinformation and disinformation; and
- h. any other related matters.

The Committee is to present a final report by **4 February 2026**.

The closing date for submissions is **12 September 2025**.

3. Senate Inquiry into Greenwashing (31 July 2025)

The Senate has agreed that [the inquiry into greenwashing be re-adopted](#) in the 48th Parliament for inquiry and report by **25 June 2026**.

All correspondence and evidence previously received for this inquiry as part of the 47th Parliament has been made available to the committee. This means that submissions already provided to the committee do not need to be re-submitted. The committee has the power to refer to the evidence received during the 47th Parliament.

Terms of reference are available [here](#). The closing date for new submissions is **12 September 2025**.

4. Economic Reform Roundtable Agenda (5 August 2025)

From August 19 to 21 the Government will hold the [Economic Reform Roundtable](#) to seek views on how to address productivity and budget sustainability in Australia.

Treasurer Jim Chalmers has set out the [three-day agenda](#) which will focus on resilience, productivity and Budget sustainability.

The first day will address international risks, opportunities and trade; skills attraction, development and mobility; and capital attraction and business management. It will also include addresses from Prime Minister Anthony Albanese, Chalmers and Reserve Bank of Australia (RBA) Michele Bullock.

The second day will see Productivity Commission chair Danielle Wood present on productivity and reform, and attendees will discuss better regulation and approvals; competition and dynamism across the federation; and AI and innovation.

The final day will include a presentation by Treasury Secretary Jenny Wilkinson on the role of budget sustainability and a presentation on building a better tax system by Grattan Institute chief executive Aruna Sathanapally.

Attendees are then expected to discuss ideas for ensuring efficient and high-quality government services, spending and care, and tax reform.

A core group of 23 attendees will participate in all sessions over the three days, with more invitations soon be issued for additional participants to attend specific sessions.

Update (8 August 2025)

Ahead of the Roundtable, Treasury has [released three issues papers](#) around the three themes for the roundtable: resilience, productivity, and budget sustainability and tax reform.

ASIC

5. Proposes to Remake Relief for Offers of Foreign Securities and Interests to Australian Investors (9 July 2025)

ASIC is [seeking feedback](#) on its proposal to remake six sunseting legislative instruments which provide disclosure relief.

The relief enables Australian investors to participate in offers that might not otherwise be extended to them. This is due to the time and expense involved in complying with the regulatory requirements in multiple jurisdictions where:

- a foreign offeror has complied with a disclosure regime offering similar levels of investor protection to the Australian disclosure requirements, or
- very few offers are made to Australian investors.

The remade legislative instruments also provide relief from the advertising restrictions for advertisements and other notices that are aimed at foreign markets and only incidentally published in Australia.

Feedback must be received by **15 August 2025**.

6. Consults on Proposals to Facilitate Digital Disclosure (9 July 2025)

ASIC is consulting on proposals to remake two legislative instruments on digital disclosure due to sunset and update [Regulatory Guide 221 Facilitating digital financial services disclosures](#) (RG 221).

The electronic disclosure instruments scheduled to sunset on 1 October 2025 are:

- [ASIC Corporations \(Facilitating Electronic Delivery of Financial Services Disclosure\) Instrument 2015/647](#), which describes the relief available to facilitate the delivery of disclosures by making the disclosure available digitally and notifying the client.
- [ASIC Corporations \(Removing Barriers to Electronic Disclosure\) Instrument 2015/649](#), which describes the relief available to remove potential barriers to more innovative disclosure.

ASIC has assessed that the instruments are operating effectively and efficiently and continue to form a necessary and useful part of the legislative framework, and proposes to remake these two electronic disclosure instruments for a period of five years.

RG 221 is a guide for financial services providers that use (or plan to use) technology, including email and the internet, to deliver financial product and financial services disclosures to clients. An updated draft of RG 221 and a summary of the proposed changes are available at [CS 23 Proposals to continue to facilitate digital disclosure](#).

Submissions closed on **6 August 2025**.

7. Commences Action Against AFS Licensee for Cybersecurity Risks (22 July 2025)

ASIC has [commenced proceedings](#) in the NSW Supreme Court against Fortnum Private Wealth Limited (Fortnum), alleging failures in cybersecurity risk management. The regulator claims Fortnum breached its obligations as an AFS licensee by lacking adequate policies, systems, and controls to address cybersecurity risks. ASIC alleges that prior to revising its cybersecurity policy in May 2023, several authorised representatives (ARs) of Fortnum experienced cyber incidents, including one attack that resulted in the personal data of over 9,000 clients being published on the dark web. The regulator further contends that Fortnum failed to mandate minimum cybersecurity training for ARs, did not adequately supervise ARs' cybersecurity frameworks, and lacked internal or external cybersecurity expertise. ASIC is seeking declarations and pecuniary penalties against Fortnum.

Linked Article: [Cyber enforcement in the spotlight again as ASIC pursues Fortnum Private Wealth](#) (Allens Lawyers, 24 July 2025)

Next Steps: ASIC's action against Fortnum suggests that the regulator expects AFS Licensees to require its representatives to undertake a prescribed minimum amount of cybersecurity education or training to comply with its obligation. True Oak is currently investigating the education offerings of different providers in this space, with the aim of offering all Authorised Representatives access to a webinar later this calendar year.

8. Seeks Feedback on Updating Conflicts of Interest Regulatory Guidance (30 July 2025)

ASIC is updating guidance on managing conflicts of interest for Australian Financial Services Licensees .

[ASIC Consultation Paper 385 – Proposed Update to RG 181 Licensing: Managing Conflicts of Interest](#) proposes substantial updates to ASIC's [Regulatory Guide 181 - Licensing: Managing Conflicts of Interest](#), aiming to modernise the guidance in line with significant legal, regulatory, and industry developments.

Key proposals in the paper include broadening the scope to cover all conflicts related to a licensee's financial services business, offering expanded examples, such as intra-group and third-party conflicts. It also provides clearer expectations for "adequate arrangements," including strong systems for identifying and managing conflicts.

The guidance calls for a scalable, risk-based approach tailored to business size and complexity, and stresses that conflict management should go beyond disclosure and utilise a range of tools.

Stakeholders are invited to provide feedback on the clarity and practicality of the proposals, with submissions due by **5 September 2025** and final guidance expected in December 2025.

9. Keynote Address at FSC Symposium 'Shaping Advice in a Time of Change' (30 July 2025)

In a [keynote address to the FSC Symposium](#) 'Shaping Advice in a Time of Change', ASIC Chair Joe Longo has identified fixing long-running issues in the managed investment scheme sector as an area for reform.

"ASIC and others have been calling for a range of reforms here for almost three decades. These issues have been ventilated in many reviews and inquiries, and I won't labour them here, but we are continuing to advocate for them. I will mention just one today – data and transparency.

To be frank, our data collection powers lag global best practice. Other regulators – including the SEC, the EU's ESMA, the UK's FCA, and New Zealand's FMA – are all empowered to collect data on managed funds for use by the regulator, industry and consumers. Australia is an outlier here.

We have a long history of advocacy in this area – and I note the FSC does too. We've recommended introducing a legislative framework for the recurrent collection of data on managed investment schemes, including unregistered schemes.

Our work on public and private markets has also identified the scarcity of recurrent data on managed investment schemes as a risk. Let's not forget, First Guardian was essentially a private equity product.

The other point I'll make is that Australia's managed investment scheme regime is very permissive. The bar is so low to register one, it basically serves no barrier to entry at all. It doesn't matter if the underlying asset is alpacas or meme coins - if the fund has a valid trust deed and disclosure document, ASIC has to register it. And then, so much of our work becomes about picking up the pieces afterwards when things go wrong, rather than preventing the harm – and who pays for that? All the people in this room.

I want to make it clear here that more regulation isn't our first response, or the only answer. I've spoken many times in the last year about avoiding regulatory complexity. However, regulatory reform must be considered in the face of such grievous consumer harm - particularly when those who are doing the right thing carry the cost for those who aren't.

Remember, the idea isn't to punish good practice. The idea is to protect it – to maintain and strengthen trust in the good actors, eliminate the bad, and ensure the system as a whole is resilient for everybody."

10. Enhancing competition and innovation in Australia's evolving capital markets (6 August 2025)

In a [media release](#), ASIC has said that it is taking significant steps to foster competition and innovation, creating more opportunities for companies and investors, and attracting more foreign capital to Australia.

- ASIC is in the final stages of considering a listing market application from Cboe Australia, a subsidiary of Cboe Global Markets (Cboe). Cboe Australia currently provides trading in ASX listed securities and admits exchange traded products through its own market. This move is expected to enhance competition and attract foreign investment, providing more choice for investors and greater international alignment.
- ASIC is expanding the approved foreign markets to include Cboe's US and Canadian exchanges, along with the Canadian Securities Exchange (CSE), prospective acquirer of the National Stock Exchange of

Australia (NSX). This expansion will enable Australian investors to participate in certain transactions in these markets, further integrating Australia into the global financial system.

- ASIC is exploring measures to streamline dual listings of foreign companies in Australia and is actively considering other innovative applications to attract international businesses to Australia's public markets. These measures promote Australia as an attractive destination for international capital.

11. Shares Observations on Voluntary Climate-Related Disclosures (8 August 2025)

As part of its [first Quarterly Update](#) for preparers of sustainability and financial reports and audits, and with the first round of mandatory sustainability reports due to be lodged with ASIC from March 2026, ASIC has shared some observations from its review of a sample of companies' publicly available, voluntary climate-related disclosures:

- Disclosures were often repetitive, with key information about the management of climate-related risks and opportunities sometimes obscured, making it difficult for users to identify the key information.
- Scenario analysis disclosures lacked detail about the underlying assumptions and dependencies relied on in the disclosures.
- Where reporting entities had a transition plan, the related disclosures could have been more clearly linked to the entity's targets, actions and strategies.

ASIC has noted that it will be pragmatic and proportionate in its approach as the mandatory sustainability reporting requirements are being phased in and as industry adjusts to the new requirements.

AUSTRAC

12. Confirms AML/CTF Rules Update to be Finalised in August (17 July 2025)

AUSTRAC has [confirmed](#) that it expects to finalise the AML/CTF Rules in August 2025. The AML/CTF reforms will roll out progressively through the remainder of 2025. Core guidance will be finalised in October 2025 following targeted consultation with industry bodies, while sector specific guidance for newly regulated entities (including real estate agents, lawyers, and accountants (Tranche 2 Entities), will be finalised by December 2025.

13. Releases Updated Guidance on Alternative Identification Procedures (17 July 2025)

AUSTRAC has [released updated guidance](#) to assist reporting entities in verifying customers who lack standard identification documents.

The revised guidance – [Assisting customers who don't have standard forms of identification](#) – outlines acceptable alternative identification methods for individuals facing barriers such as homelessness, incarceration, domestic violence, or systemic disadvantage. It includes new provisions on financial inclusion, clarifies that alternative ID may be used for customers not considered low ML/TF risk, and permits the use of recently expired documents.

Examples include referee statements (including via video) and tailored approaches for Aboriginal and Torres Strait Islander customers, gender-diverse individuals, and those affected by natural disasters.

Entities must assess and mitigate ML/TF risks when relying on such alternatives, and document procedures to ensure consistency.

14. Announces ASTRAC Online Update (17 July 2025)

[ASTRAC](#) is rolling out a more secure and user-friendly online experience, following a successful pilot of new security features. The pilot helped ASTRAC understand user preferences, cross-device usability, and the need for clear guidance and backup options. These insights are shaping the final rollout to ensure a smooth transition for all reporting entities.

Between July and November 2025, all ASTRAC Online users will be required to set up multi-factor authentication and create a stronger password.

PRODUCTIVITY COMMISSION

15. Releases Interim Report on Clean Energy Transition (3 August 2025)

The Productivity Commission has been asked by the Australian Government to conduct an inquiry into Investing in cheaper, cleaner energy and the net zero transformation. As part of this work, the Commission was tasked with identifying priority reforms and developing actionable recommendations.

In this [Interim Report – Investing in Cheaper, Cleaner Energy and the Net Zero Transformation](#), the Commission presents draft recommendations focused on three key policy reform areas:

- a. Reducing the cost of meeting emissions targets
- b. Speeding up approvals for new energy infrastructure
- c. Addressing barriers to private investment in adaptation.

The report recommends broadening and improving the Safeguard Mechanism and introducing a technology-neutral policy to incentivise heavy vehicle operators to reduce emissions.

ACCC

16. Authorises Collaboration on Sustainable Finance Initiatives (10 July 2025)

The ACCC has [granted conditional authorisation](#) for the Australian Sustainable Finance Institute and industry participants to collaborate on sustainable finance initiatives for five years.

The authorisation permits information sharing to improve integration of natural capital data into financial decision-making, co-design investment structures, and to develop regulatory reform proposals. The collaboration aims to support sustainable farming practices, assist producers in meeting export sustainability requirements, and contribute to emissions reduction targets.

The ACCC has recently published a [guide for businesses on sustainability collaborations](#) that aims to help businesses understand how competition law applies to sustainability initiatives.

PROFESSIONAL DEVELOPMENT OPPORTUNITIES

Sophie Grace Compliance Videos

Consultancy [Sophie Grace](#) has released a number of compliance-based videos that can be purchased separately. Consider, in particular, [AFSL Wholesale Client Qualification](#) and [What Things Must Not Be On Your Website](#).

Carbon Market Institute Courses

- a. **Carbon Market Fundamentals Training:** e-learning course provides participants with an overview of the scientific and economic basis for carbon markets. More info [here](#).
- b. **Carbon Farming Banker Training:** This finance sector-focused module builds capacity and knowledge of carbon farming in Australia from the perspective of bankers and agri-lenders. More info [here](#).
- c. **Net Zero Transition Planning Program:** This transition planning education program introduces key concepts for organisations seeking to understand the role of net zero transition planning in private sector climate leadership. More info [here](#).

Carbon Market Institute – 2025 Corporate Climate Masterclass Series

More info [here](#).

Through this five-part series delivered in-person and online, the Corporate Climate Masterclass Series provides business practitioners with the foundational knowledge necessary to understand key environmental and energy market frameworks relevant to Australian businesses and their interaction with corporate climate risk governance and reporting. It also provides practical knowledge to enable practitioners to engage with environmental and energy markets to meet their compliance obligations and realise ambitious transition strategies.

Schedule

- Thursday 24 July (Virtual), 1pm AEST/11am AWST (90 minutes)
Preliminary Webinar (FREE): ***Environmental and Renewable Energy Markets in Context – See recording here***
- Thursday 28 August Sydney (Hybrid), 1-4pm AEST/11-2pm AWST (3 hours)
Session 1: ***Corporate Climate Risk Governance and Reporting to Achieve Net Zero***
- Thursday 11 September Melbourne (Hybrid), 12 – 3pm BNE/ 1-4pm AEST/11-2pm AWST (3 hours)
Session 2: ***ACCU Scheme Origination and Investment in the Nature Repair Market***
- Thursday 25 September Perth (Hybrid), 11-2pm AWST /1-4pm AEST (3 hours)
Session 3: ***Renewable Energy and the Guarantee of Origin***
- Thursday 9 October Brisbane (Hybrid), 1-4pm BNE/2-5pm AEDT/11-2 AWST (3 hours)
Session 4: ***Navigating the Safeguard Mechanism***

FINSIA Micro-Learning Courses

FINSIA provides a range of micro-learning courses, which you can investigate [here](#).

August 2025

- a. Schrodgers – **The cost of sitting still: Income opportunities in the new regime** (Melbourne (breakfast or lunch sessions) – 6 August) – more info [here](#).
- b. Schrodgers – **The cost of sitting still: Income opportunities in the new regime** (Sydney (breakfast or lunch sessions) – 7 August) – more info [here](#).
- c. Schrodgers – **The cost of sitting still: Income opportunities in the new regime** (Adelaide – 13 August) – more info [here](#).

- d. Carbon Market Institute – **12th Australasian Emissions Reduction Summit** (Melbourne – 13-14 August) – more info [here](#).
- e. Schroders – **The cost of sitting still: Income opportunities in the new regime** (Perth (lunch or evening sessions) – 14 August) – more info [here](#).
- f. FINSIA – **Spotlight on Financial Advice Reforms** (Webinar – 19 August) – more info [here](#).
- g. Momentum Media – **Australian Wealth Management Summit 2025** (Sydney – 22 August) – more info [here](#).
- h. FINSIA – **Ideas for Impact: AI Horizons in Finance – Navigating Innovation, Ethics and Education** (Melbourne – 27 August) – more info [here](#).
- i. Carbon Markets Institute – **Carbon Derivatives Seminar** (Sydney – 28 August) – more info [here](#).

September 2025

- a. Australian Investment Council – **Australian Investment Conference** (Gold Coast – 3-4 September) – more info [here](#).
- b. International Business Review – **Invest-Ops Australia Investment and Operations Challenges 2025 Forum** (Sydney – 9-10 September) – more info [here](#).
- c. Carbon Markets Institute – **Carbon Derivatives Seminar** (Melbourne – 11 September) – more info [here](#).
- d. FINSIA – **The Regulators** (Sydney – 12 September) – more info [here](#).
- e. AUSTRALIAN INVESTMENT COUNCIL – **Foundations of Private Capital** (Sydney – 16-18 September) – more info [here](#).

October

- a. Carbon Markets Institute – **Carbon Derivatives Seminar** (Brisbane – 9 October) – more info [here](#).
- b. Carbon Markets Institute – **Singapore Carbon Market and Investor Forum** (Singapore – 16-17 October) – more info [here](#).
- c. FUND BUSINESS – **12th Fund Summit** (Sydney – 23 October) – more info [here](#).
- d. Carbon Markets Institute – **Carbon Derivatives Seminar** (Perth – 30 October) – more info [here](#).

November 2025

- a. ASIC – **Annual Forum** (Melbourne – 12-13 November) – more info [here](#).
- b. FAAA – **FAAA Congress: Ahead of the Curve** (Perth – 18-20 November) – more info [here](#).

December 2025

- a. Markets Group – **4th Annual Private Wealth Melbourne Forum** (Melbourne – 2 December) – more info [here](#).

INTERESTING READS

Links to interesting blogs and articles I've recently read:

- a. [Australian carbon markets – priorities for reform](#) (Holding Redlich, 16 July 2025)
- b. [Unlocking value: can smarter tech reduce the cost of ESG compliance?](#) (FINSIA, 17 July 2025)
- c. [Future opportunities for Australia's Safeguard Mechanism](#) (Carbon Market Institute, 21 July 2025)
- d. [AI in finance: navigating the critical risks before realising the rewards](#) (FINSIA, 24 July 2025)
- e. [Why carbon markets are heating up again](#) (ERM, 29 July 2025)
- f. [A landmark climate verdict – the International Court of Justice unanimously confirms states have a legal obligation to protect the climate](#) (Gilbert & Tobin, 1 August 2025)
- g. [Climate disclosure readiness lagging across investment sector](#) (Investor Daily, 5 August 2025)

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