TRUE OAK INVESTMENTS

FINANCIAL SERVICES REGULATORY 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.

This issue covers the period 6 July – 3 August 2026.

Federal Government

1. Government Opens Consultation on Discretionary Trusts (8 July 2026)

The Government has announced that is has released a consultation paper on the implementation of the minimum tax on discretionary trusts.

These reforms are all about making the tax system fairer by better aligning the tax rate on trust income with tax rates paid by workers, and will help fund income tax cuts for workers.

From 1 July 2028, trustees will pay a minimum tax of 30 per cent on the taxable income of discretionary trusts. The minimum tax on discretionary trusts won't change or limit the use of trusts for legitimate reasons, but will more closely align the tax rates for trusts with the tax rates paid by workers and families who earn a living from wages.

Other types of trusts will be exempt, including fixed trusts, widely held trusts, complying superannuation funds, special disability trusts, testamentary trusts, deceased estates and charitable trusts. Some types of income, such as primary production income and certain income relating to vulnerable minors, will also be excluded.

Income from all types of discretionary testamentary trusts will be exempted from the minimum tax provided they are established for genuine testamentary purposes.

The consultation paper seeks feedback on further implementation details, including:

- Implementation of the core arrangements for discretionary trusts including exclusions;
- The treatment of distributions to income-tax exempt entities like charities;
- Implementation of expanded rollover relief for three years from 1 July 2027 to support small businesses and others that wish to restructure out of discretionary trusts;
- The treatment of excess franking credits; and
- Appropriate collection mechanisms to support the minimum tax.

The paper also considers the High Court's recent decision in Commissioner of Taxation v Bendel, which related to matters predating the minimum tax on discretionary trusts measure.

Submissions closed on 31 July 2026.

2. Government Announces Australian Office of Artificial Intelligence (15 July 2026)

The Australian Prime Minister has announced that the Government will establish an Office of Artificial Intelligence within his department to co-ordinate the design of new Australian Standards for AI.

The standards will deal with national security as well as copyright and artist protection, large AI data centres, workplace issues, and the impact of AI in schools. They will create a legal obligation for large-scale data centres to underwrite new power supply and be net-generators of energy, not net-users.

The Government aims to introduce legislation to Parliament early in 2027.

3. Government Releases New Statement of Expectations for ASIC (16 July 2026)

The Government has announced that it has released a new Statement of Expectations for ASIC.

The new Statement of Expectations is available on Treasury's website and sets out the Government's expectations for how ASIC will achieve its objectives and exercise its powers.

There's now a bigger emphasis on promoting growth. The Government expects the regulator to support growth and productivity through proportionate, risk-based regulation while continuing to promote financial stability, consumer protection and market integrity.

4. AFP Announces Corporate Investigation Guidelines (21 July 2026)

While the Corporations Act mandates self-reporting of breaches of Australian Financial Services Licence conditions, the AFP has also published a Guideline which recognises that incentivising companies to self-report, cooperate and remediate by offering alternative resolutions to investigations, other than a criminal prosecution, is consistent with the AFP's Investigation Doctrine, contemporary international standards and efficient and effective use of public resources.

The Guideline is primarily directed towards investigations involving allegations of foreign bribery and related offending, however, the principles involved may also be applied in other AFP investigations involving cooperating corporations.

In summary, where a corporation has engaged in alleged criminal misconduct, but has genuinely cooperated in an investigation, and demonstrated that it would not be in the public interest to refer the corporation for prosecution, the investigation team will likely determine that the optimal investigation outcome is a non-conviction based (civil) Proceeds of Crime Act 2002 (Cth) resolution unless exceptional circumstances apply.

Australian Securities and Investments Commission (ASIC)

Regulatory Guides, Consultation Papers and Legislative Instruments

5. ASIC Proposes to Remake Qualified Accountant Legislative Instrument (15 July 2026)

ASIC is seeking feedback on its proposal to remake ASIC Corporations (Qualified Accountant) Instrument 2016/786.

The Instrument sets out which professional bodies have members that can be recognised as 'qualified accountants' under the Corporations Act 2001. A qualified accountant is someone who belongs to a professional body that ASIC has approved under section 88B(2) of the Corporations Act. Qualified accountants are able to give a certificate to allow a person to be regarded as a wholesale client or sophisticated investor for the purposes of sections 708(8)(c) and 761G(7)(c) of the Corporations Act. This instrument extended the relief that was originally provided in Class Order [CO 01/1256] *Qualified Accountant.*

ASIC is proposing to remake the instrument for ten years, with minor amendments to ensure clarity and consistency. The effect of the instrument will remain unchanged when remade.

Submissions are open until 12 August 2026.

6. ASIC Moves to Simplify Sell-Side Research Guidance to Support Capital Raising Activity (23 July 20206)

The proposed revamp of Regulatory Guide RG 264 Sell-Side Research responds to industry feedback received through ASIC's discussion paper on public and private markets seeking clearer and less prescriptive guidance to encourage more research to support capital raising activity.

Sell-side research is prepared by AFS licensees such as investment banks and stockbrokers to help clients make investment decisions including about upcoming initial public offerings (IPOs).

ASIC is seeking feedback on the changes that are designed to simplify the existing guidance by removing prescription and replacing RG 264 with a shorter, principles-based guide.

The updates will enable greater research analyst input into the IPO process - to facilitate capital raising activity - whilst requiring licensees to have effective arrangements to manage conflicts of interest, inside information and to preserve the independence of research.

Submissions are open until 21 August 2026.

Letters to Industry, Speeches and Reports

7. ASIC Releases Estimated Industry Funding Levies for 2025-26 (13 July 26)

ASIC has announced that it has issued its 2025-26 Cost Recovery Implementation Statement (CRIS), which outlines how ASIC will recover regulatory costs from industry under the industry funding model.

For the 2025–26 financial year, ASIC's total estimated recoverable costs are $400.5 million — a 19% increase from the $337.6 million recovered in 2024–25.

The estimated levies for responsible entities and wholesale trustees have materially increased:

- For responsible entities the estimated minimum levy is $7,000, plus $16.52 per $1 million of assets above the $10 million threshold, an increase of 21% compared to last year's levy.
- For wholesale trustees the estimated minimum levy is $1,000, plus $6.83 per $1 million of adjusted total assets. This is an increase of 31% compared to last year's levy.

The increase reflects additional funding for ASIC's regulatory, supervision and enforcement work, along with the timing of expenditure.

The CRIS provides estimated regulatory costs and levies for each of ASIC's 52 regulated subsectors to help entities plan and budget for levies and fees to be charged. The statement's figures are a guide only. Final levies will be published in December 2026 and invoiced between January and March 2027.

8. ASIC Publishes Statement of Intent (16 July 2026)

ASIC has published its updated Statement of Intent in response to the Government's Statement of Expectations.

The Statement of Intent outlines how ASIC will achieve its objectives, carry out its responsibilities and exercise its powers. It should be read alongside the Government's Statement of Expectations, as well as the laws that apply to ASIC and those which it administers.

Through its Annual Performance Statement, ASIC will publicly report on the implementation of the Statement of Expectation through the Corporate Plan.

9. **ASIC Issues Warning that Pump and Dump Scammers are Intensifying the Use of Fake Celebrity Endorsements** (17 July 2026)

ASIC is warning Australians to be extremely cautious of investment tips received through social media and messaging apps, amid a spike in reports of pump and dump scams using fake celebrity endorsements and impersonations of financial institutions.

ASIC has observed scammers using the identities and images of well-known finance industry figures, including respected market commentators and economists, to lure consumers into WhatsApp and other messaging groups where they are encouraged to buy investments, particularly shares.

Once consumers join a messaging group, scammers provide stock tips designed to artificially inflate the price of a share before selling their own holdings before the share price falls and leaving unsuspecting investors with significant losses.

ASIC has identified that scammers are increasingly using fake celebrity endorsements of prominent economists and financial commentators in social media posts,

ASIC has identified a common pattern:

- A consumer sees an investment opportunity posted on social media.
- The post uses the image of a well-known commentator, investor or financial institution to build credibility. The opportunity is actually fraudulent, generated by the scammers.
- The consumer clicks the post and is directed to a messaging platform such as WhatsApp.
- A scammer posing as the impersonated expert or their ‘assistant’ provides stock recommendations, primarily on foreign exchanges.
- Other members of the group who pose as investors, but are often part of the scammer’s team, post messages about their supposed profits and past success following these tips to create credibility and encourage participation.
- Consumers purchase the recommended shares, causing the share price to rise. Scammers often ask for screenshots or proof of purchase.
- The scammers suddenly sell their existing holdings at the inflated price, causing the share price to collapse.
- Consumers are left holding shares that are worth significantly less than what they paid.

One recent example saw a share price rise rapidly to almost US$11 before falling to US$1 soon after. The sudden collapse illustrates how quickly investors can lose money when manipulators dump their holdings into an artificially inflated market.

Unlike many investment scams - where victims’ funds are transferred directly to criminals - pump and dump schemes often involve the purchase of genuine shares traded on real financial exchanges, through legitimate brokerage accounts. The loss occurs when the scammers sell out and the share price collapses. Investors are left holding shares worth a fraction of what they paid.

<u>Infringement Notices and Court Proceedings</u>

No relevant updates for this report.

Australian Taxation Office (ATO)

No relevant updates for this report.

Australian Transactions and Reports Analysis Centre (AUSTRAC)

No relevant updates for this report.

Australian Financial Complaints Authority (AFCA)

No relevant updates for this report.

Clean Energy Council

No relevant updates for this report.

Department of Climate Change, Energy, the Environment and Water (DCCEEW)

10. DCCEEW Seeking Feedback on Proposed Change to Soil Organic Carbon Method (28 July 2026)

The DCCEEW is seeking feedback on proposed changes to the Supplement to the Australian Carbon Credit Units Scheme's *Carbon Credits (Carbon Farming Initiative – Estimation of Soil Organic Carbon Sequestration using Measurement and Models) Methodology Determination 2021* (the method).

In April 2026, the Emissions Reduction Assurance Committee (ERAC) concluded a periodic review of the method and found there was reasonable evidence the method no longer complied with the Conservative OIS. The ERAC recommended immediately capping credited abatement to an equivalent of 3 tonnes of soil organic carbon (SOC) per hectare per year (3 t C/ha/yr) after method prescribed discounts.

In response, the department will amend the document containing the method's supporting calculations (the method Supplement) so that projects with a 25-year permanence period can only receive credits for SOC accruals up to 3 t C/ha/yr (after permanence and risk of reversal discounts).

The DCCEEW is seeking feedback on:

- Implementing a cap on creditable soil organic carbon accrual, to ensure crediting under the method is conservative; and
- How the Australian Government could improve sampling guidance in future updates to the Supplement.

The DCCEEW is also proposing minor improvements to the Supplement to make it easier to use.

Submissions close on 18 August 2026.

Carbon Mark Institute (CMI)

No relevant updates for this report.

Investor Group on Climate Change (IGCC)

No relevant updates for this report.

Office of the Australian Information Commissioner (OAIC)

11. Privacy Commissioner Completes Preliminary Inquiries into Qantas 2025 Data Incident (16 July 2026)

The Australian Privacy Commissioner has published a report of the OAIC's preliminary inquiries into the 2025 Qantas data breach incident. The report concludes the OAIC's preliminary inquiries, and has been published to provide transparency about the incident and the OAIC's response to it.

The Qantas data breach affected approximately 5 million Australians following a social engineering attack on an overseas third-party provider contracted by Qantas. The breach left many Australians concerned for their privacy, and frustrated that their personal information had been subjected to unauthorised access by hackers.

The OAIC's report, based on almost a year of extensive inquiries in response to which Qantas provided information and documents to the privacy regulator, clarifies the causes of the data breach, examines the security measures implemented by Qantas prior to the data breach, and scrutinises its response to the data breach.

The report concludes that the information obtained during the preliminary inquiries did not reveal any omissions or failings in the steps taken by Qantas to protect the personal information it held or to ensure the third-party contact centre provider it uses complied with the Privacy Act.

The preliminary inquiries established that, prior to the incident, Qantas undertook preventative measures such as auditing its overseas third-party contract centre provider, ensuring cyber and data protection training for contact centre agents and establishing processes for the destruction and de-identification of personal information once no longer required.

During and following the incident, Qantas took steps to reduce the impact of the breach. The data breach occurred despite a range of security measures Qantas had in place to reduce the risk of a cyber-attack.

Council of Financial Regulators (CFR)

No relevant updates for this report.

Australian Communications and Media Authority (ACMA)

No relevant updates for this report.

Interesting Articles

ESG representations and compliance: key tips for wholesale fund operators (Gilbert + Tobin Lawyers, 15 July 2026)

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.

FINSIA Micro-Learning Courses

FINSIA provides a range of micro-learning courses, which you can investigate here.

September 2026

a. Carbon Market Institute - **Net Zero Best Practice Masterclass** (Sydney and Melbourne – Dates TBC) – more info here.
b. Clean Energy Council – **Queensland Clean Energy Summit** (Brisbane – 9 September) – more info here.

October 2026

a. Carbon Markets Institute – **Australasian Emission Reduction Summit 2026** (Adelaide – 20-21 October) – more info here.
b. Markets Group – **5th Annual Private Wealth Melbourne Forum** (Melbourne – 21 October) – more info here.
c. Clean Energy Council – **All Energy Australia** (Melbourne – 28-29 October)- more info here.

November 2026

a. ASIC – **Annual Forum** (Sydney – 17-18 November) – more info here.
b. Investor Group on Climate Change – **Annual Summit** (Sydney – 24-25 November) – more info here.

February 2027

a. Climate Investor Forum – **5th Climate Investor Forum** (Melbourne – 23-24 February) – more info here.

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