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The Hon Chris Bowen MP, Minister for Financial Services, Superannuation and Corporate Law has announced a number of enhancements to the National Consumer Credit Protection legislation.

The key change is the commencement of the Consumer Credit Reforms on 1 July 2010 (previously 1 January 2010). This follows a recommendation by the Senate Economics Legislation Committee to give the credit industry more time to make the necessary changes to move to the new regime.

Further details, including information around amendments to the legislation, can be found on The Treasury website at www.treasury.gov.au/consumercredit.

ASIC is working through these changes and will work closely with industry to ensure key stakeholders are advised of any consequential changes, including to the timing of ASIC's consultation and guidance.

Registration and licensing

The changes to the implementation of the Consumer Credit Reform Program mean:

- anyone who engages in certain credit activities will need to register with ASIC between 1 April 2010 and 30 June 2010 (inclusive);
- registered credit participants will then have six months to apply for an Australian credit licence, between 1 July 2010 and 31 December 2010;
- new entrants to the credit market will have to apply for an Australian credit licence from 1 July 2010.

Implementation schedule

The National Consumer Credit Code will commence on 1 July 2010.

Some responsible lending obligations will commence from 1 July 2010. The requirement not to arrange or provide credit that is unsuitable will apply to:

- credit providers (other than authorised deposit-taking institutions (ADIs) and registered finance companies (RFCs)) and intermediaries, including mortgage brokers from 1 July 2010;
- ADIs and RFCs from 1 January 2011.

Other responsible lending obligations (including disclosure requirements, such as upfront disclosure of broker fees and charges) will come into effect on 1 January 2011.

Changes or additions to state Code requirements in relation to:

- application to credit for residential investment properties;
- introduction of debit default notices;
- amendments to business purpose declarations;
- amendments to default notices; and
- new notices in response to application for hardship variations and postponements,

will commence from 1 January 2011.

Providers of point-of-sale credit assistance are exempt from the licensing requirements to enable further consultation for 12 months.

ASIC regulatory guidance

Consultation Paper 115 *Responsible lending* was issued on 2 September 2009 as part of the extensive consultation process around Consumer Credit. Due to the revised implementation schedule, ASIC has extended, by a month, the deadline for feedback to **28 October 2009** to allow further consultation on this important area of the new regime.

The National Consumer Credit Protection Bill is scheduled to go before the Senate in 2009. ASIC's final policy and guidance materials on Consumer Credit will be published after that Bill is passed and the regulations are made in order to take into account the final form of the legislation.

ASIC's regulatory guidance around margin lending will also be published after the passage of the Corporations Legislation Amendment (Financial Services Modernisation) Bill.

ASIC will continue to update the information on the Guidance page of the ASIC credit website.

ASIC's credit website

ASIC will continue to publish information on its dedicated credit website about the new regulatory framework including the legislation, licensing process, general obligations and the timeframe in which the changes will take effect. Stay informed via www.asic.gov.au/credit.