

CENTREPOINT
ALLIANCE

Wrapped

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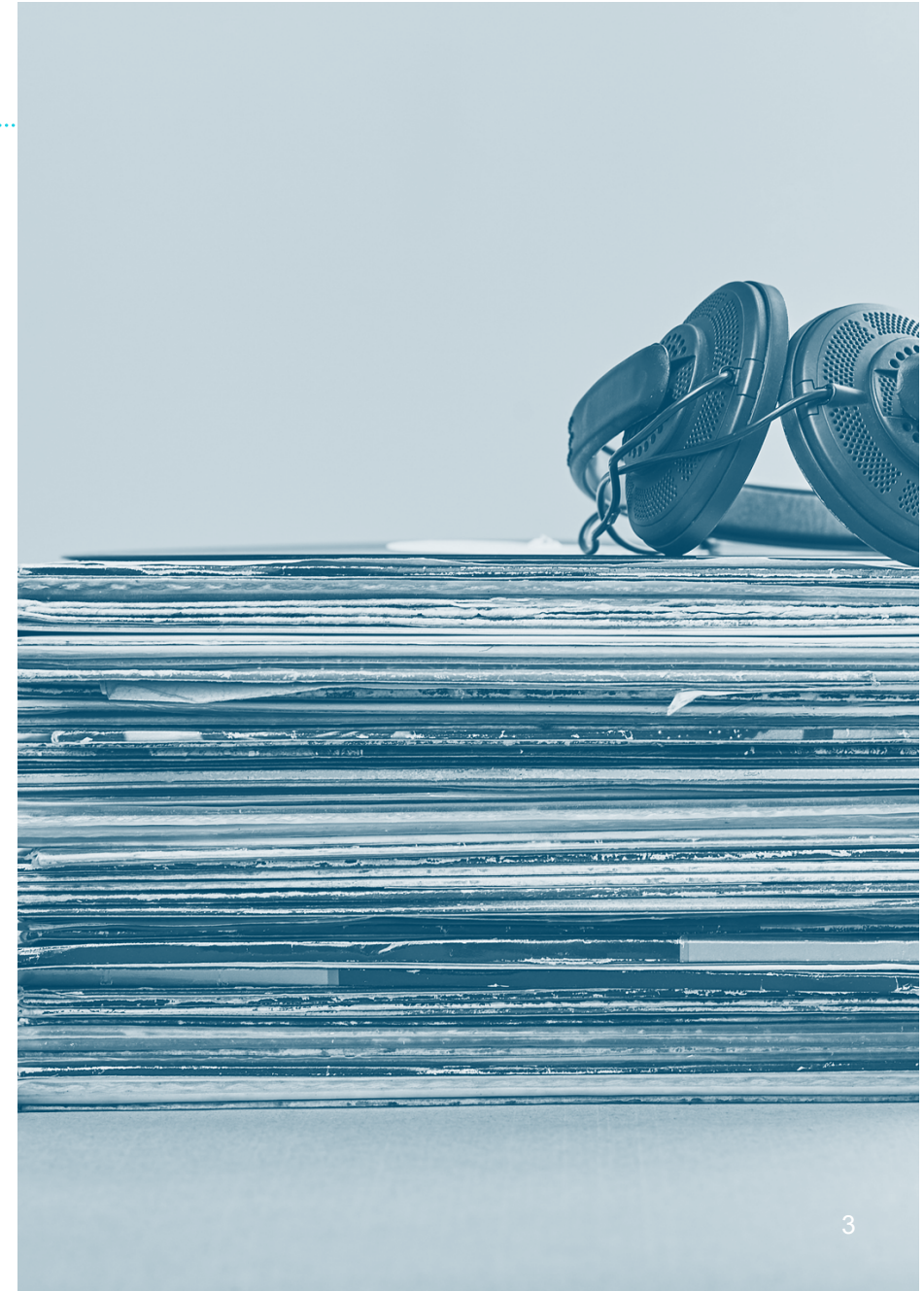
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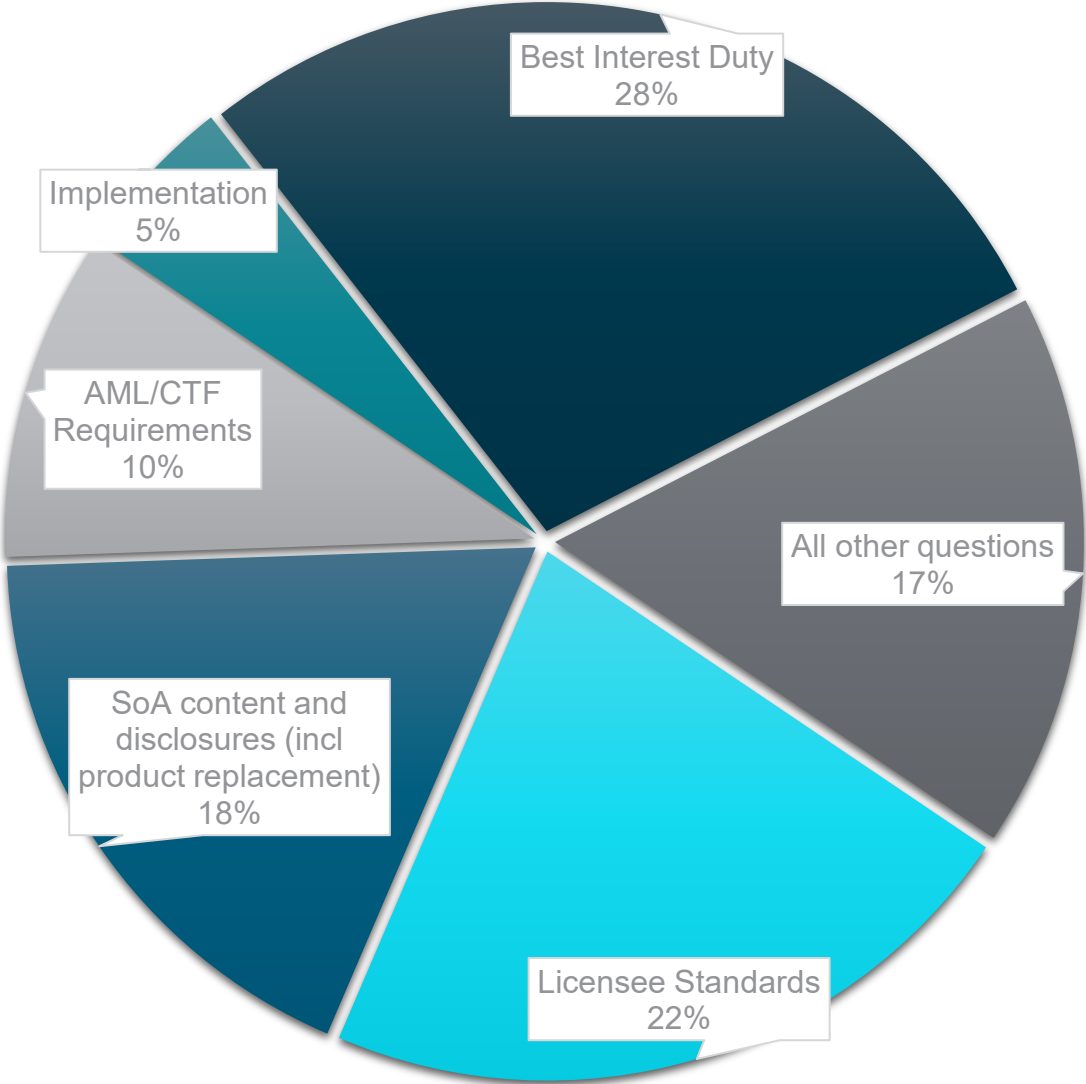
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AGENDA

- Explore the Top Audit Themes from 2025
- Pinpoint common queries from 2025
- Assess critical breaches and incidents from 2025
- Examine industry hot topics from 2025
- Identify focus areas for 2026



MOST COMMON AUDIT THEMES



TOP QUERIES

SOA/ROA or Execution only

Ongoing Fee Agreements

Product Replacement

SMSF and Superannuation

Insurance advice

CASE STUDY

Scenario

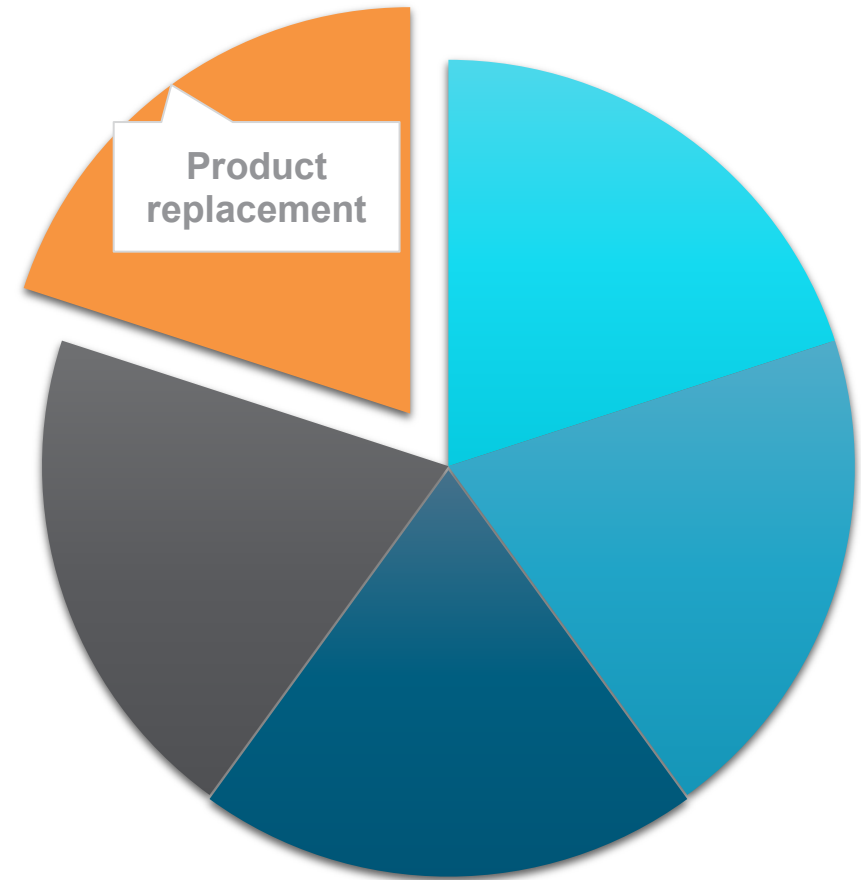
- Sue, 54, has \$356,000 in super invested in a portfolio of actively managed funds. She has death and TPD of \$63,000 in the fund.
- Sue wants advice to help her grow her super for retirement at 67.
- Her risk profile is 50% Growth.

Advice

- The scope of advice was superannuation and retirement income. Insurance was out of scope.
- The advice was for a partial rollover, retaining \$10,000 in the existing super fund. The new super fund was invested in a Balanced Index fund.
- Comparisons between the current and proposed funds show that the overall cost of the new fund was \$200 p.a. less expensive.
- The reason for replacement was cost savings, more investment choice and an auto-rebalancing feature.

PRODUCT REPLACEMENT

- Don't scope out insurance.
- Articulate clearly the reasons for switching and how it meets the client's objectives and preferences
- Do not rely on generic reasons and standard text to justify switching.
- Ensure comparisons are on a like-for-like basis. Consider the underlying investments.
- When switching to an SMSF, reasons must focus on providing for the client's retirement benefits.



YOU ASKED....?

When do I need a product comparison and 'like for like' comparison tables in the SoA?

- Like for like should illustrate the recommended strategy in each existing and proposed fund. This means the account balance and underlying investment options etc should be alike.

I have recommended that my client move from accumulation super to pension? What comparisons are required in the SOA?

- If you are moving from Fund A's super to Fund B's pension, you should compare the pension option of Fund A with the pension option of Fund B.
- If moving to Fund A's pension option (no change of provider) the comparison table will compare the costs of Fund A's super and pension products.

YOU ASKED....?

How do I complete comparison tables when switching to an SMSF?

- Each member has a comparison table based on their member balance
- Allocate SMSFs to each member costs based on the percentage of their member balance
- Include property costs such as rates, insurance, etc. For an LRBA include loan repayments
- Rental income is an investment return and is reflected in the cashflow and projections.

SMSF ADVICE

Jordan's clients Michael and Priya, advise him that they have recently set up an SMSF. They explain that they don't want advice on whether the SMSF is suitable but want advice on rolling over their super funds and investments.

Jordan is concerned about the risk and contacts Professional Standards for guidance.

“Jordan, you cannot scope out SMSF suitability because your advice about rolling over funds into the SMSF is dependent on whether the SMSF itself is appropriate for the clients' circumstances.

Even though the clients have already established the SMSF, this does not remove your obligation to consider whether they understand the risks, costs, trustee responsibilities, and whether an SMSF is appropriate before you provide advice.”

TOP TIPS

Collect income and expenses

Improve file notes

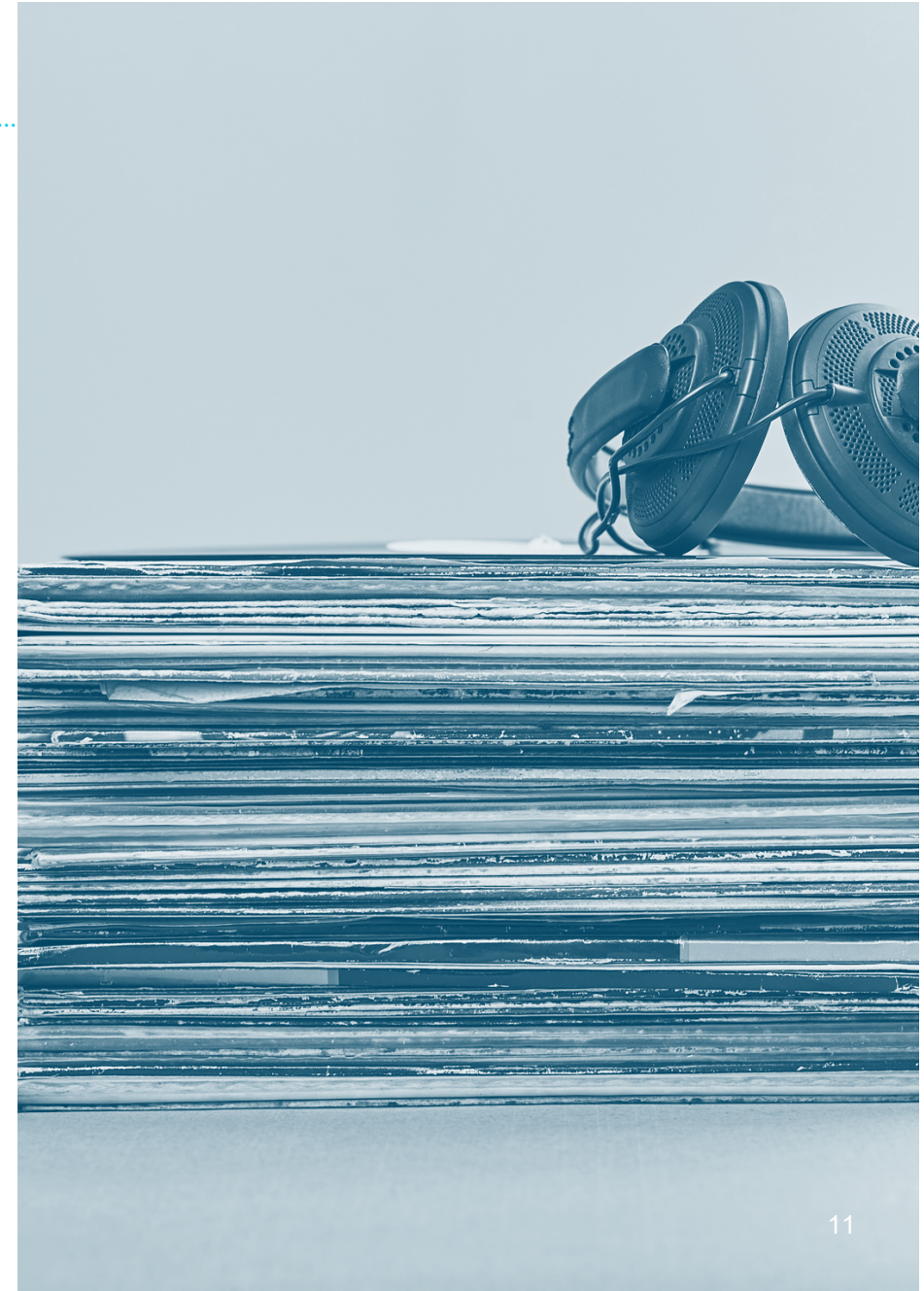
Complete AML Risk Assessments

Better record keeping

Model client goals

Limit recommendations to 12-18 months in the future.

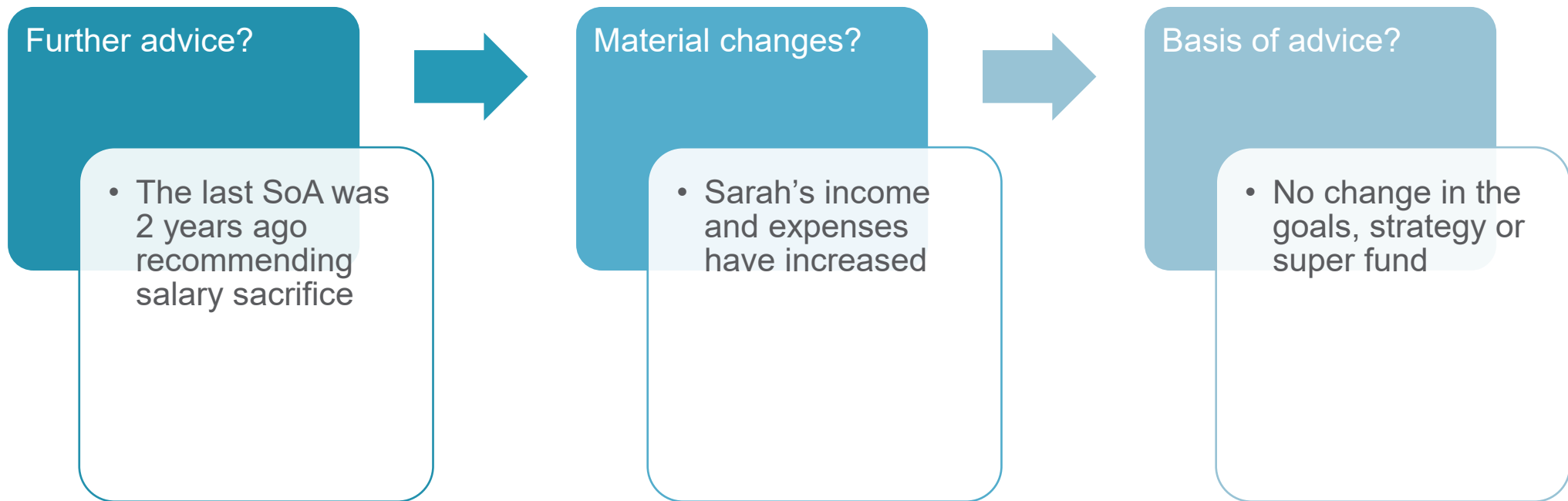
Focus on accurate and timely implementation



IS THIS AN SOA, ROA OR EXECUTION ONLY....?

Alex meets with Sarah for her annual review. Sarah said she is considering increasing her salary sacrifice contributions. Alex contacts Professional Standards to ask if this can be done as an execution only transaction or an RoA.

Professional Standards asks for more information:



QUIZ QUESTION

Fiona is concerned about the cost of her insurance. She has declined to provide information about her budget or expenses. You give Fiona advice to reduce her premiums from \$4,000 p.a to \$3,000 p.a.

Which of the following statements about affordability is correct?

- A. Fiona can decide whether she can afford the new premiums.
- B. You do not need to consider affordability as the premiums are less than Fiona is currently paying.
- C. You can give Fiona an incomplete and inaccurate information warning
- D. You should ask for Fiona to confirm a surplus, or estimate of total expenses



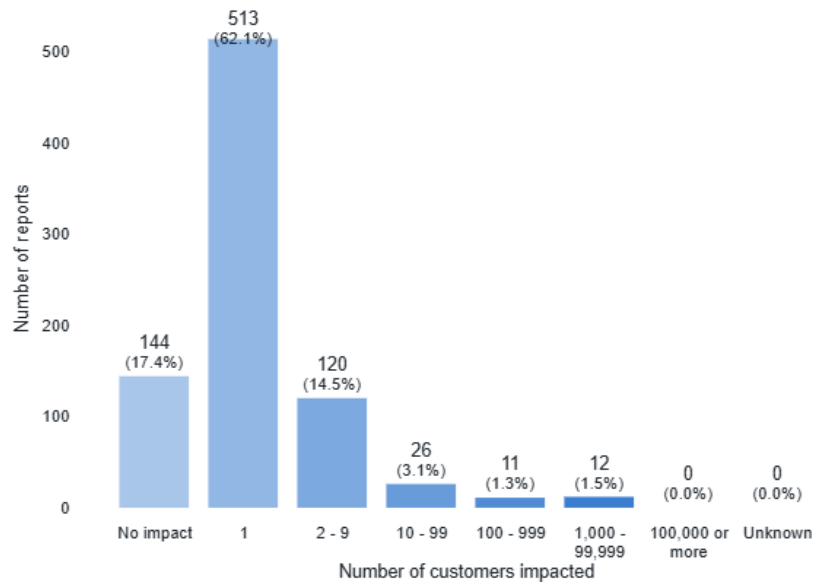
REPORTABLE SITUATIONS DASHBOARD

Customer impact and loss

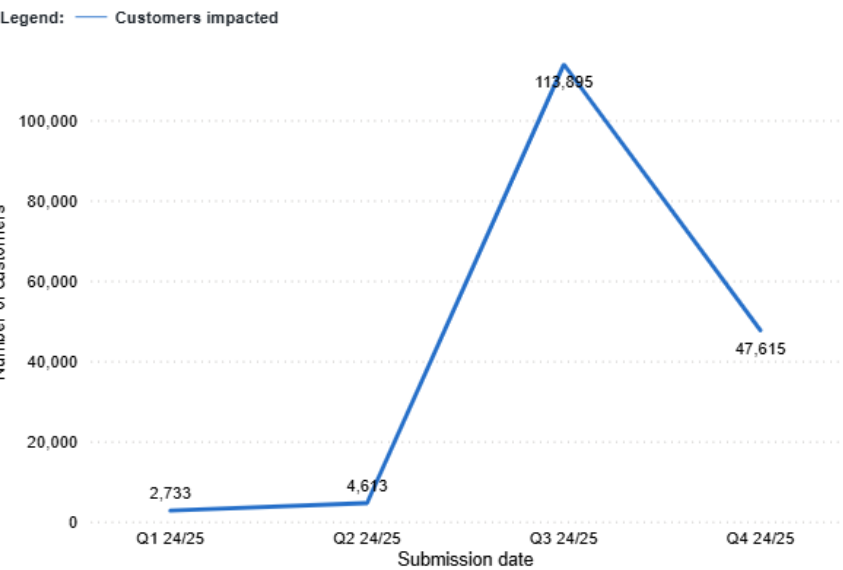


Number of customers impacted

Distribution of reports by number of customers impacted

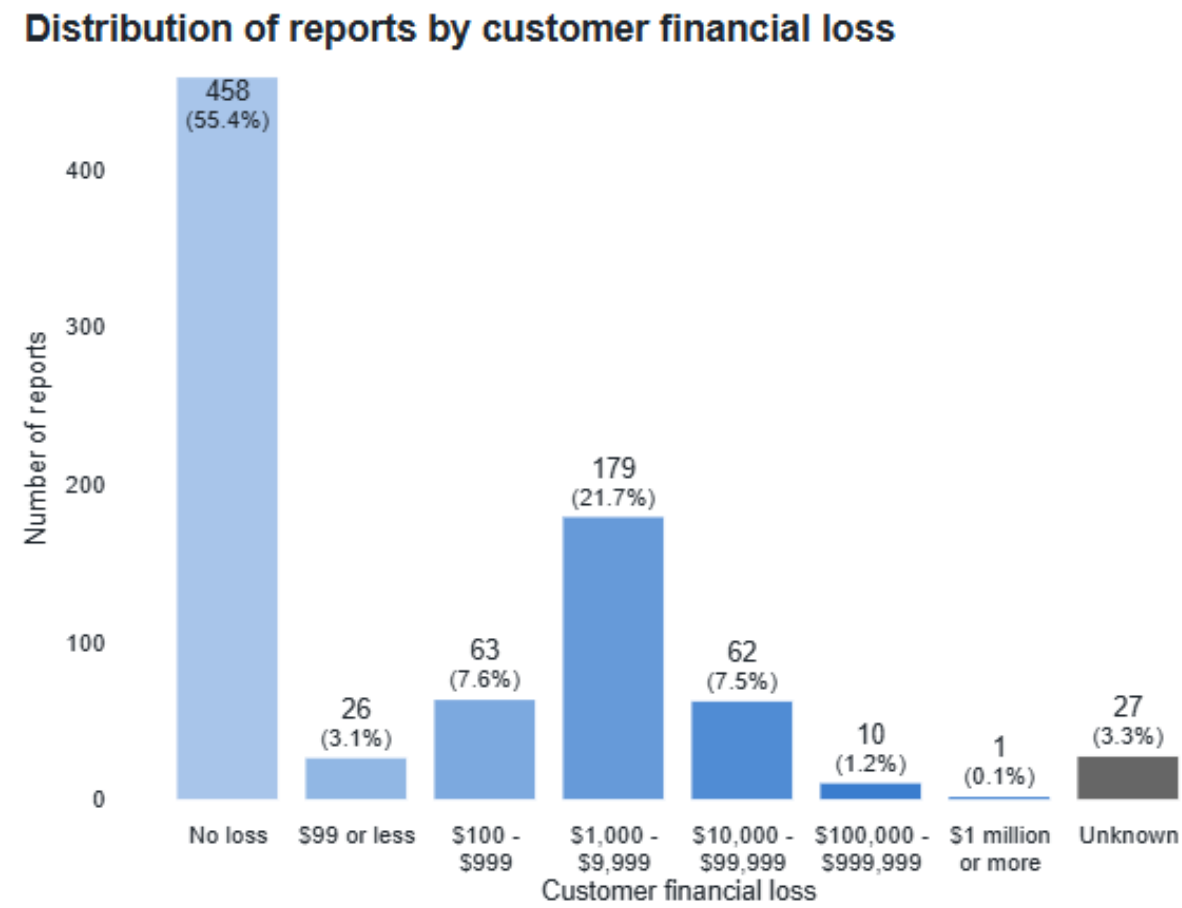


Number of customers impacted over time



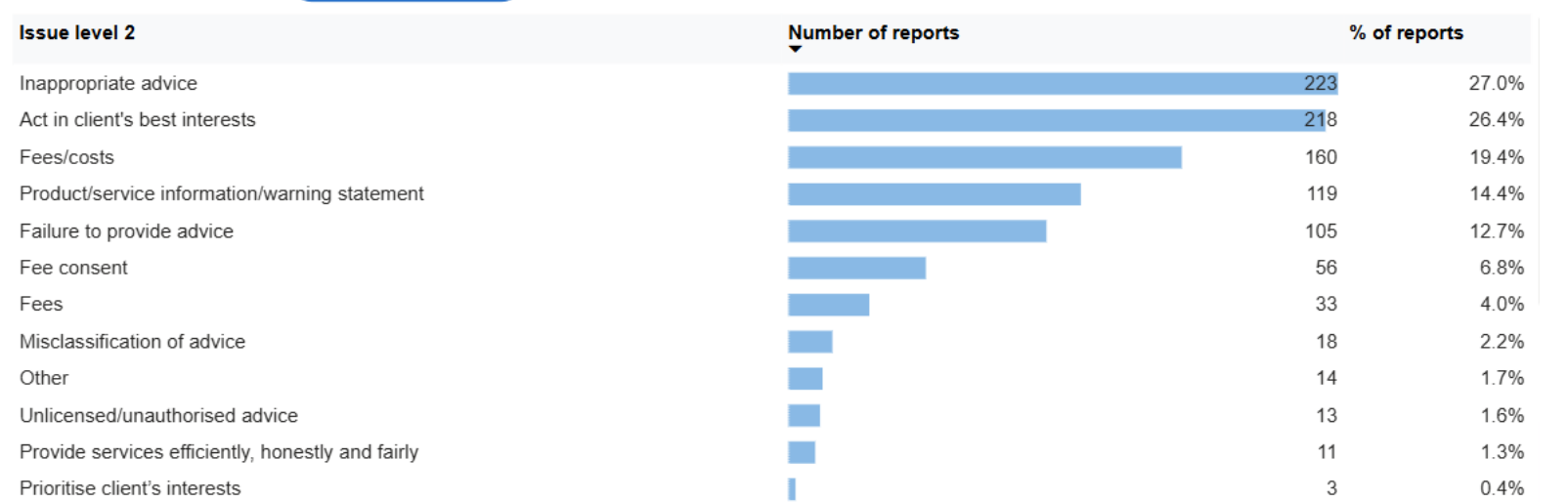
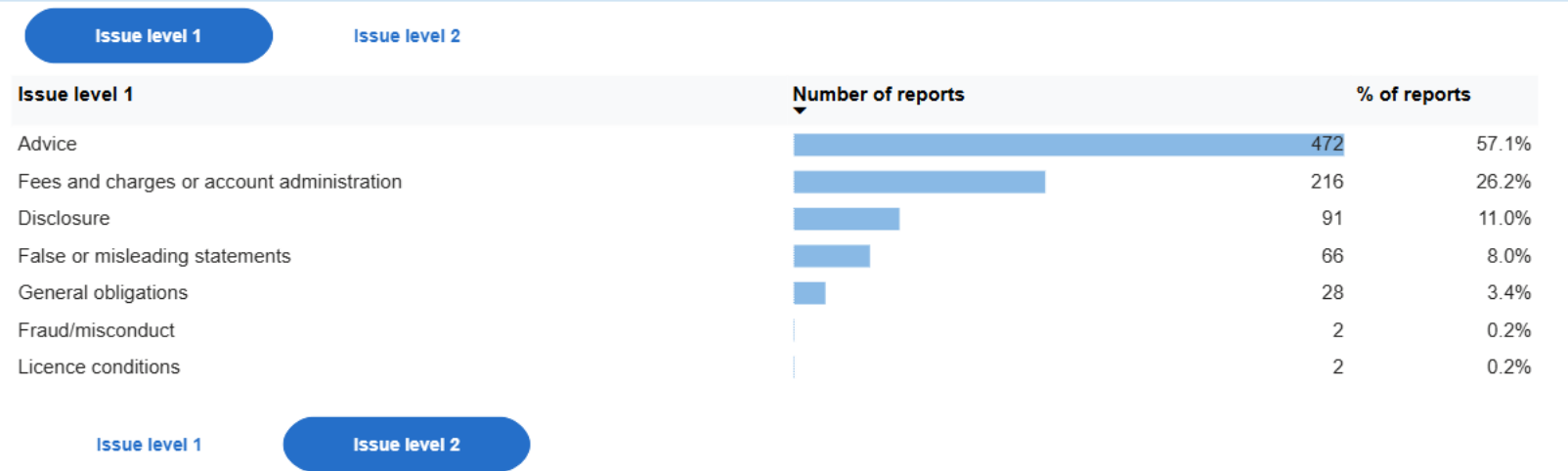
REPORTABLE SITUATIONS DASHBOARD

Customer financial loss

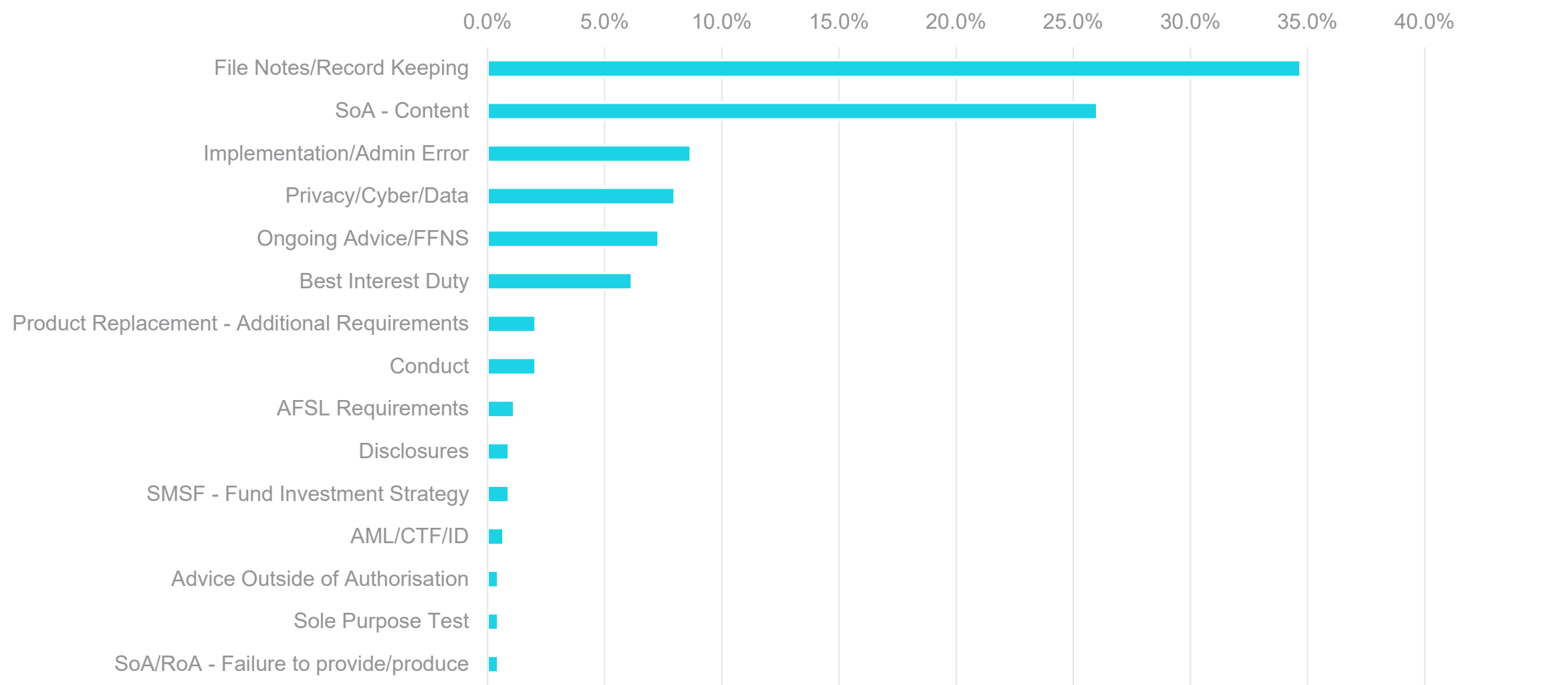


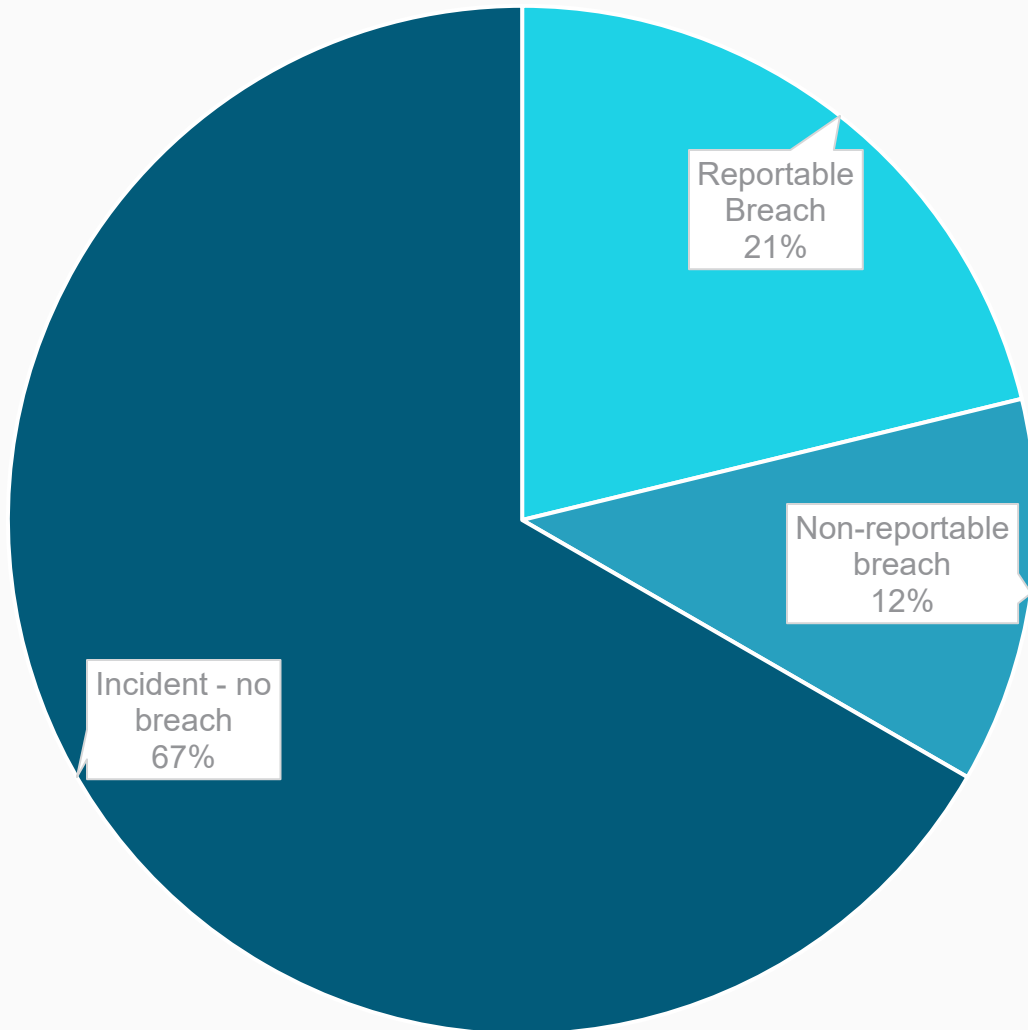
REPORTABLE SITUATIONS DASHBOARD

Number of reports by issue ⓘ



ALL INCIDENTS





REPLAY OF REPORTABLE SITUATIONS

- Insurance affordability
- Failure to lodge a Notice of Intent to Claim
- Failure of BID in relation to contribution caps
- Record keeping requirements
- Implementation/Admin Errors
- Sole Purpose Test
- Conduct

COSTLY INCIDENTS

Identified Incident	Outcome
Failure to investigate existing contributions	Resulting in lost opportunities for tax deductions, contribution cap breaches and excess tax liabilities due to failing to consider previously triggered forward provisions
Failure to review the client's Total Superannuation Balance (TSB)	Resulting in excess contributions being returned and tax on notional earnings
Not assessing eligibility against the work test for clients making super contributions	Resulting in refused tax deduction and potential non-concessional cap breaches or unintended triggering of the bring forward provisions
Failure to investigate insurance in existing super	Resulting in loss of existing insurance following rollovers or fund changes particularly where existing policies are cancelled unintentionally
Sole Purpose	Resulting in refunds of fees and applicable interest where advice or actions did not meet the trustee's sole purpose obligations
Implementation/Administration Errors	Resulting in costly remediation, most commonly for loss of investment returns, missed contributions, incorrect rollovers or delayed processing due to instructions not being submitted or acted on correctly

CASE STUDY

Scenario

- Ying had \$520,000 in super and \$1,310,000 in an account-based pension.
- Angela recommended that Ying complete a re-contribution strategy of \$360,000 non-concessional contribution utilising the bring-forward rule in the 2024-25 financial year.
- Ying made the contribution and later received an Excess Non-Concessional Contributions (ENCC) notice from the ATO.
- Angela failed to identify that Ying's Total Superannuation Balance (TSB) at the previous 30 June was \$1,830,000, reducing the amount she was eligible to contribute under the bring-forward rules.

Outcome

- The excess contribution and associated earnings of \$31,500 was released from super.
- The ATO issued an amended tax return for the financial year in which the breach occurred, with 85% of the associated earnings included in the Ying's assessable income and taxed at her marginal tax rate. The remaining 15% tax offset was applied in accordance with ATO rules.
- Angela was required to refund the additional tax of \$5,700 (which was reduced by the 15% contributions tax savings in super) payable by Ying.
- A breach was reported to ASIC.

QUIZ QUESTION

Which action best helps prevent a non-concessional contribution (NCC) breach?

- A. Checking the client's Total Super Balance (TSB) and NCC cap before implementing the contribution
- B. Reviewing the client's superannuation details through MyGov or fund statements to confirm eligibility
- C. Confirming no prior NCCs have triggered the bring-forward rule via superannuation product research
- D. All of the above



THE YEAR IN REVIEW - LEGISLATION

Delivering Better Financial Outcomes Tranche 1

- Tranche 1 changes - removal of FDS, streamlined fee consent, flexible delivery of FSG's, and insurance commission consent – commenced in 2025.

Delivering Better Financial Outcomes Tranche 2

- Tranche 2a – SoA to be replaced with Client Advice Record. Draft legislation released March with consultation closed May 25.
- Tranche 2b – review of BID and removal of safe harbour, new class of adviser still in drafting.

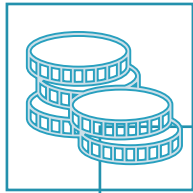
Adviser Education

- 31 December 2025 deadline for advisers to meet education standards, Experienced Provider Pathway declaration, complete QTRP tax and law courses, and updating the FAR.

AML/CTF Rules

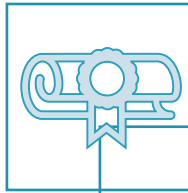
- Changes for licensees and advisers commence 31 March 2026
- Regulation expands to other industries, such as lawyers, accountants and real estate agents from 1 July 2026

THE YEAR IN REVIEW – ASIC 2025 PRIORITIES



Super and Retirement Advice

- Investigations into unsuitable advice and high-pressure sales practices
- Scrutiny of the pushing of inappropriate products, high-return, high-risk investments
- Concerns about lead generation businesses
- Review of SMSF establishment advice



Adviser Qualifications

- Adviser registration checks
- Experienced Provider Pathway checks
- Focus on updating qualifications on the FAR



Data, Technology and Cyber

- Managing outsourced and offshore risks and strengthening licensee oversight
- Responsible use of AI
- Cyber governance failures

THE YEAR IN REVIEW – SHIELD & FIRST GUARDIAN

High-pressure marketing, aggressive lead generation & “cookie-cutter” advice

- Advisers, call-centre lead generators, and super-switching services funneled consumers into SMSFs or platforms before heavily concentrating assets into high-risk investments.
- Misleading representations and undisclosed conflicts

Systemic licensee failures

- APL failures including inadequate product due diligence
- Failure to properly supervise advisers and respond to red flags

Platform and trustee failures

- Trustees failed to ensure investments were suitable and overlooked red flags.
- Consumers had a false sense of security because the investments were on credible platforms

Regulator delays

- Claims ASIC didn't act on reports received as early as 2021.

ASIC REPORT INTO SMSF ESTABLISHMENT ADVICE

ASIC conducted a targeted risk-based review of 100 SMSF establishment files across 12 licensee/27 advisers.

- 62% failed **BID**
- 27% showed significant **client detriment**
- **Failure to consider if an SMSF was suitable** or consider alternatives that would meet the client's objectives.
- Recommended SMSF for '**control**' without considering what this meant or if it was needed.
- Advisers **acting on client preference** or request for an SMSF and property (**order taking**)
- Acted with **conflicts of interest** especially property and LRBA arrangements
- Failed to warn clients of **risks**
- Licensee's **pre-vetting was ineffective** and did not identify BID failures
- Licensees has **poor SMSF monitoring**

ASIC's 2026 agenda is shaped by consumer harm risks, private market complexity, superannuation trustee failures, and aggressive / inappropriate advice or marketing practices



ASIC 2026 AGENDA

ASIC 2025-26 Corporate Plan

- Influencing capital markets that are shifting due to the rapid growth in **private market investment** and the rise of private credit.
- Continuous improvement in **AI governance and cyber security**. Licensees must manage digital and data risks.
- **Holding superannuation trustees accountable** for Australians' retirement savings. ASIC will continue to monitor the sector and act where poor conduct is identified.

2026 New Enforcement Priorities

- Misleading pricing practices impacting cost of living for Australians
- Poor private credit practices and retail exposure to private credit
- Financial reporting misconduct including failure to lodge financial reports
- Claims and complaint handling failures by insurers
- Continuing our work to hold those responsible to account for the collapse of the Shield and First Guardian Master Funds

PRIVATE CREDIT

- ASIC is concerned that private credit is less transparent, more complex, and often illiquid compared with traditional, listed investments.
- Retail investors may not understand these risks.
- Investors are attracted to the higher yields than bonds or term deposits, the perceived stability of interest payments and the marketing presenting it as “income replacement” or “defensive yield”
- ASIC is reviewing the role of advisers and research houses in distributing these products, noting concerns about suitability and disclosure.

QUIZ QUESTION

To which asset class does private credit belong?

- A. Fixed Interest
- B. Alternatives
- C. Equities
- D. Property





Thankyou