

LICENSING

The requirement for providers of consumer credit and credit-related broking services to obtain a licence from ASIC will be a key feature of the regulation of consumer credit. The ASIC licensing process will be coordinated online, supported by telephone and email service.

The *National Consumer Credit Protection Bill* creates the **Australian Credit Licence (ACL)**. Under the Bill, a person or entity will need an ACL where they engage in certain credit activities.

The requirement to hold a credit licence will apply to:

- **all banks, credit unions, finance companies and other lenders; and**
- **mortgage and finance brokers, and other intermediaries who assist consumers to obtain credit.**

Details about the proposed licensing requirements are available on the Treasury website at www.treasury.gov.au/consumercredit. ASIC recently issued [two policy consultation papers](#) on the licensing requirements for credit licensees, (CP 110 and CP 111).

TIMING

The new regime will be implemented in two phases. Legislation to give the Commonwealth responsibility for consumer credit (Phase One) was introduced into Parliament on Thursday, 25 June 2009. Administration of the regulation will be undertaken by ASIC. The introduction of legislation to enact the reforms under Phase Two of the National Consumer Credit Action Plan is planned for mid 2010.

Under the *National Consumer Credit Protection Bill*:

- Anyone who engages in certain credit activities (such as brokers) will need to **register with ASIC between 1 April and 30 June 2010** (inclusive)
- Registered credit participants will then have **six months to apply for an Australian Credit Licence (ACL) with ASIC, between 1 July 2010 and 31 December 2010** in order to continue to engage in credit activities
- New entrants to the credit market will have to apply for an ACL with ASIC from 1 July 2010
- Responsible lending obligations will commence on 1 January 2011

Point-of-sale retailers (including car dealerships and retail outlets) to be exempted to enable further consultation for 12 months.

More information about this process is included on the Treasury website at www.treasury.gov.au/consumercredit.

Licensing Regime

Recognising that industry will need time to move over to the new credit regime, a two-stage approach – a period of registration followed by licensing – is designed to ease the transition burden for industry and ensure that consumers are not left exposed in the transfer.

A person will not be able to obtain a credit licence if they cannot demonstrate:

- they are a fit and proper person, and
- they meet the legal obligations of a licence holder (such as acting honestly, efficiently and fairly or properly training and supervising their agents).

Questionable operators on the margins who cannot meet these new national standards will not get a licence and will be forced to exit the industry.

Authorised deposit-taking institutions will be streamlined into holding an Australian credit licence in recognition of the adequacy of existing rigorous levels of government oversight.

Margin lending

The Minister for Financial Services, Superannuation and Corporate Law, the Hon Chris Bowen MP introduced legislation regulating margin lending to the Parliament on Thursday 25 June 2009.

The proposed changes to margin lending, contained in the *Corporations Legislation Amendment (Financial Services Modernisation) Bill*, are part of the Government's plan to regulate consumer credit nationally. A copy of the Bill is available from the Treasury website at:

www.treasury.gov.au/consumercredit.

ASIC recently issued [two consultation papers](#) about the financial requirements and training requirements for margin lending facilities (CP 108 and CP 109).

FEES

With respect to fees, the table below summarises some of the key fees which will be charged by ASIC.

Item	Electronic lodgement	Non electronic lodgements
Application for a licence; varies depending on the number of representatives. 10% discount for ADIs and W.A. A and B class brokers and W.A. licensed credit providers:		
1	\$450	\$565
2-5	\$1,050	\$1,315
6-10	\$2,700	\$2,375
11-20	\$4,600	\$5,750
21-30	\$7,500	\$9,375
31-50	\$10,250	\$12,815
51-100	\$15,900	\$19,875
More than 100	\$21,000	\$26,250