



ASIC

Australian Securities & Investments Commission

## ASIC Credit Reform Update

Issue 20, 21 July 2010

### *Licensing starts under new national consumer credit laws*

The licensing of providers of consumer credit, credit assistance and intermediaries by ASIC started 1 July 2010 following a three month registration period. Nearly 15,000 persons applied to be registered during this time.

Registered persons now have until 31 December 2010 to apply for an Australian credit licence or become an authorised representative of another registered person or credit licensee.

Registration closed on 30 June 2010. **If entities or individuals have not registered, the law requires that they stop engaging in credit activities until they are granted a credit licence or have become a representative of another registered person or credit licensee.** There are civil and criminal penalties under the National Credit Act for persons that provide regulated credit without being registered or holding a credit licence or authorisation.

If you are not registered licensed or authorised by another registered person or credit licensee, you should contact ASIC immediately to discuss your options on 1300 300 630. ASIC has issued Information Sheet 127 *What to do if you missed the deadline for credit registration* ( [INFO 127](#) ) to explain what action anyone engaging in credit activities must take if they have missed the deadline for registration under the National Credit Act. A copy of INFO 127 is available from the ASIC website at [www.asic.gov.au/credit](http://www.asic.gov.au/credit).

### *Obligations to notify ASIC of credit representatives commenced 1 July 2010*

From 1 July 2010, credit registered persons, Australian credit licensees and corporate credit representatives must notify us about credit representatives. Even if credit representatives were authorised before this date, s32A(3) of Sch 2 of the *National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009* provides that authorisations given during this period are taken not to be given until 1 July 2010.

You will have read about this obligation in Regulatory Guide 202 *Credit registration and transition* ( [RG 202](#) ). Registered persons have also been reminded directly of this requirement via email.

To notify us of credit representatives, you need to lodge a Form CS03 *Notifications about credit representatives* within 15 business days of the authorisation via the [ASIC website](#). For credit representatives that you authorised during the registration period, the date of authorisation is taken to be 1 July 2010, and you are required to notify ASIC by 22 July 2010 of these representatives.

For information about appointing credit representatives, what information you need to provide and how to provide it, visit our [credit representatives](#) page on the ASIC website. Information Sheet 126 *Appointing and maintaining your credit representatives* ( [INFO 126](#) ) covers frequently asked questions regarding this process.

## ***Schedule 1 Forms - National Consumer Credit Protection Regulations 2010***

The schedule 1 forms have recently been updated to reflect changes made to the National Consumer Credit Protection Regulations 2010. You can access these document via the [ASIC website](#).

### ***New information sheet to aid applying for a credit licence***

ASIC has published a new information sheet, Information Sheet 113 *Applying for a credit licence: Summary business description*, which contains a template you can use on an optional basis for preparing the summary business description that is required to be attached to your online Australian credit licence application.)

The information sheet is available from the ASIC website as follows: Information Sheet 113 *Applying for a credit licence: Summary business description* ([INFO 113](#)).

### ***Updated guidance for unlicensed lenders with carried over instruments***

To clarify dispute resolution requirements for unlicensed carried over instrument lenders (unlicensed COI lenders), ASIC has released updated versions of the following regulatory guides

- Regulatory Guide 165 *Licensing: internal and external dispute resolution* ([RG 165](#));
- Regulatory Guide 139 *Approval and oversight of external dispute resolution schemes* ([RG 139](#)).

For background on the updates to the regulatory guides refer to:

[10-150AD ASIC sets dispute resolution standards for unlicensed lenders with carried over instruments](#)

## ***Phase Two of the COAG National Credit Reforms***

The Minister for Financial Services, Superannuation and Corporate Law, Chris Bowen MP, announced on 7 July the release of the consumer credit reform green paper [National Credit Reform - Enhancing confidence and fairness in Australia's credit law](#), for public comment.

The release of the Phase Two green paper builds upon the completion of Phase One, including the commencement of new licensing requirements and responsible lending obligations under the National Consumer Credit Protection Act and the commencement of the National Consumer Credit Code on 1 July 2010.

The Green Paper initiates the next stage in the consultation process on the National Credit Reforms in relation to the package of issues and reform proposals that are being considered as part of Phase Two of the Council of Australian Government (COAG) Credit Reform agenda.

[More information can be found in the Minister's announcement](#) - 7 July 2010 - *Release of Green Paper on Phase Two of the COAG National Credit Reforms*