Stockbrokers and Investment Advisers Association
Serving the interests of investors

29 May 2026

Email: Superannuation@treasury.gov.au

Andre Moore
Assistant Secretary
Advice Insurance and Capital Markets Branch
Markets Group
Financial System Division
The Treasury
Langton Crescent
Parkes ACT 2600

Dear Andre

Enhancing member protections in the superannuation system

The Stockbrokers and Investment Advisers Association (SIAA) is the professional body for the stockbroking and investment advice industry. Our members are Market Participants and wealth management firms that provide securities and investment advice, execution services and equity capital-raising for Australian investors, both retail and wholesale, and for businesses. Practitioner Members are suitably qualified professionals who are employed in the securities and derivatives industry.

SIAA members represent the full range of advice providers from full-service and online brokers to execution-only participants, and provide wealth advice and portfolio management services.

The history of the stockbroking profession in Australia can be found here.

Thank you for the opportunity to provide feedback on the consultation paper on enhancing member protections in the superannuation system.

Executive summary

- SIAA does not support a waiting period for superannuation switches.
- Imposing a waiting period will have a negative impact on investors. There is already considerable friction in the system for a client who is considering switching from one superannuation fund to another.
- By the time the client provides the direction to roll over the funds, they have already invested considerable time and money in undertaking these steps. A further wait period will annoy and inconvenience them but is unlikely to stop them from proceeding.

- The imposition of a wait period could negatively impact the client's financial outcomes and may result in financial loss. This could be the case when the client needs to comply with a deadline such as the end of financial year or when there are market movements that impact the client's portfolio during the wait period.
- SIAA strongly opposes limiting fee deductions for switching-related financial advice from superfund accounts.
- Deducting advice costs from superannuation makes it possible for clients to obtain advice who could otherwise not afford to do so. Requiring clients to pay advice fees out-of-pocket will reduce access to advice and may deter clients from seeking advice at all. This runs counter to the government's expressed intention of increasing advice accessibility and affordability and encouraging Australians to think about their superannuation.

SIAA has feedback on only some of the proposals contained in the consultation paper. That feedback is set out below.

Proposal 1: Strengthening governance requirements for Platform Trustees

Requirement to set and enforce holding limits for investment options

SIAA is concerned that additional red tape in this area may create issues for investors. We pointed out in our meeting with Treasury on 8 May 2026 that any holding limits must have sufficient flexibility to allow for market movements and individual client preference. While trustees have an obligation to monitor the investments that are on their platforms, they are not financial advisers providing personal advice. Applying limits on the proportion of a member's account balance that can be allocated to particular investment options may negatively impact those clients with other investments of which the platform is not aware.

SIAA does not recommend codifying maximum exposure limits in legislation.

Proposal 2: Increase penalties under the SIS Act

SIAA has no feedback on this proposal.

Proposal 3: Introduce a waiting period for inter-fund superannuation switches

SIAA does not support the introduction of a waiting period for superannuation switches. We caution against introducing additional regulation that will impact all investors because of the misconduct of a small number of financial advisers.

We agree that when considering potential mechanisms for strengthening consumer protection in the superannuation system, it is important to recognise consumers' legitimate right to exercise choice and avoid options which may unreasonably interfere with the ability of consumers to exercise appropriate decision-making, regarding the investment of their superannuation funds.

We recognise that it may be appealing, in light of the losses resulting from the collapse of the Shield and First Guardian funds, to introduce additional friction to the process of switching from one superannuation fund to another. However, we consider that introducing a waiting period for superannuation switches will have a negative impact on investors. We do not consider that a waiting period would have prevented the losses suffered by investors in the Shield and First Guardian funds.

There is already considerable friction in the system for a client who is considering switching from one superannuation fund to another. They will need to meet with their financial adviser who will need to onboard them and undertake the processes involved with identity verification and AML. The adviser will need to undertake a fact-find and undertake the advice process including the provision of the statement of advice. Establishing a SMSF also takes time. By the time the client provides the direction to roll over the funds, they have already invested considerable time and money in undertaking these steps. A further wait period will annoy and inconvenience them but is unlikely to stop them from proceeding.

Our members have provided feedback that from a practical perspective, the imposition of a wait period could negatively impact the client's financial outcomes and may result in financial loss. This could be the case when the client needs to comply with a deadline such as the end of financial year or when there are market movements that impact the client's portfolio during the wait period.

Addressing the high-pressure sales tactics of lead generators is more likely to reduce the incidence of clients switching their superannuation to an inappropriate fund than the imposition of a wait period.

Proposal 4: Limit fee deductions for switching-related financial advice

SIAA strongly opposes the proposal to prohibit fee deductions for switching-related advice.

Requiring members to pay advice fees out-of-pocket will reduce access to advice and may deter members from seeking advice at all. It will constrain member choice by making it harder for members to obtain advice to move outside of their current fund's offerings including where a switch may be in the member's best interests.

Financial advisers are already subject to strong obligations to consumers, including the best interests duty. Prohibiting fee deductions will reduce their ability to exercise one of their core roles: analysing and recommending financial products to clients. We agree with Treasury that members may in effect be prevented from accessing certain product types both internal and external to the fund. We also consider that members will in effect be prevented from accessing financial advice.

During our meeting with Treasury on 8 May 2026 we highlighted how the costs of providing personal advice to retail clients have increased due to various reasons, including the additional costs imposed on licensees by the CSLR levies. Deducting advice costs from superannuation makes it possible for clients to obtain advice who could otherwise not afford to do so. Prohibiting fee deductions from superannuation will make advice less affordable and available to Australians. This runs counter to the government's expressed intention of increasing advice accessibility and affordability and encouraging Australians to think about their superannuation.

We also pointed out that a recommendation to switch superannuation funds usually only forms one part of holistic advice that would be provided to a client in these circumstances. Other elements of the advice would include cash flow management, superannuation strategies such as super-splitting, eligibility for Centrelink benefits, transitioning to a pension phase, insurances (including TPB, life, trauma and income protection) and estate planning. Typically, the fee would not be particularised in a way that would enable a trustee to apportion the fee to the product advice aspect. Prohibiting fees to be deducted from superannuation would significantly impact access to advice in all of these key areas.

The Corporations Act provides a mechanism that enables clients to provide consent to deduct advice fees from superannuation accounts. The proposal disregards that mechanism and prevents advisers from being paid for the work they have undertaken.

SIAA does not support the other proposals contained in this section of the paper as we consider they will increase red-tape for no benefit for clients.

Proposal 5: Requiring Platform Trustees to compensate members for eligible losses

This proposal highlights the design fault inherent in the CSLR. Responsibility for losses may span multiple entities, including superannuation trustees, financial advisers and responsible entities of managed investment schemes. While complainants may seek redress through court proceedings against one or more parties involved in the relevant conduct, this rarely occurs as a complainant must receive a determination in their favour from AFCA to obtain compensation from the CSLR. AFCA is unable to allocate responsibility across complex chains of conduct. It can only provide a determination against a financial advice licensee arising from an advice failure. AFCA is generally not able to order superannuation trustees to compensate members for losses arising from the collapse of a managed investment scheme made available through a platform.

We do not consider that existing pathways for complainants to seek redress for financial losses are overly complex if those complainants obtained inappropriate personal financial advice from a financial advice firm. The complainant can easily lodge a complaint with AFCA. The AFCA complaint process is free and legal representation is not required. The complainant is not required to accept the final determination while the financial firm is bound by the determination and has no rights of appeal.

We agree that initial compensation outcomes related to the Shield and First Guardian collapses highlight improvements are needed that apportion liability for compensation where the conduct of multiple entities contributes to a financial loss.

We note the proposal to impose an obligation on platform trustees to compensate members for eligible losses is confined to financial losses arising from external fraud and theft that result in the collapse of an investment product and would exclude losses attributable to ordinary investment performance or market volatility.

SIAA has no feedback on this proposal but does not consider that if implemented, it would reduce pressure on the CSLR. Proving fraud and theft can be challenging. It is important to note that the platform trustees for Shield and First Guardian did not compensate members because of fraud or theft but because of their contraventions under the Corporations Act relating to offering the products as investment options to their members.

We would be concerned if the government established an independent third party to activate the obligation on platform trustees to compensate their members. **SIAA does not support** establishing such a body. **SIAA recommends** that the appropriate independent body should be a court of law.

The issues raised by this proposal highlight the importance of adding the responsible entities of managed investment schemes as a primary sub-sector in the CSLR that are subject to annual levies. We provide further detail of this recommendation in our submission to Treasury on reform options to support ongoing sustainability of the CSLR.

Conclusion

If you require additional information or wish to discuss this submission in greater detail, please do not hesitate to contact SIAA's policy manager, Michelle Huckel, using the contact details in the covering email.

Kind regards

Maria Lykouras
Chief Executive Officer