



## AN OVERVIEW OF NATIONAL REGULATION OF CONSUMER CREDIT CODE

Keeping abreast of the plans to transfer all Consumer Credit Regulation to the Commonwealth from the States and Territories is an ongoing process. A succinct summary of what is proposed and the time lines involved is however, provided on the Consumer Credit Code website at: <http://www.creditcode.gov.au>.

In brief, a **two phase implementation process** is proposed.

The second phase of the action plan will include a review of unsolicited credit card limit extension offers, an examination of State and Territory approaches to interest rate caps, and possible regulation of reverse mortgages. This phase will be **completed by mid 2010**.

Key elements of **phase one** of the action plan include:

- *Enacting the UCCC into Commonwealth legislation - likely to occur in **September 2009**.*
- *Establishing a national licensing regime to require providers of consumer credit and credit-related brokering services and advice to obtain a licence from ASIC - to commence in **January 2010**.*
- *Extending the powers of ASIC to be the sole regulator of the new national credit framework with enhanced enforcement powers.*
- *Requiring licensees to observe a number of general conduct requirements, including responsible lending practices.*
- *Requiring mandatory membership of an external dispute resolution (EDR) body by all providers of consumer credit and credit-related brokering services and advice.*
- *Extending the scope of credit products covered by the UCCC to regulate the provision of consumer mortgages over residential investment properties.*
- *Extending the operation of the Corporations Act to regulate margin lending.*
- *Regulation of trustee corporations.*

Key elements of **phase two** of the action plan include:

- *Enhancements to specific conduct obligations to stem unfavourable lending practices, such as a review of credit card limit extension offers, an examination of State approaches to interest rate caps; and other fringe lending issues as they arise.*
- *Regulation of the provision of credit for small businesses.*
- *Regulation of investment loans other than margin loans and mortgages for residential investment properties.*
- *Reform of mandatory comparison rates and default notices.*
- *Enhancements to the regulation and tailored disclosure of reverse mortgages.*
- *Examination of remaining existing State and Territory reform projects."*

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