

FOS's systemic issue obligation

As an external dispute resolution scheme FOS has a formal obligation to the Australian Securities and Investments Commission (ASIC) to identify systemic issues, refer them to the financial services provider (FSP) for a response, work with the FSP to resolve the issue and report any systemic issue information quarterly on a de-identified basis to ASIC.

What is a systemic issue?

A systemic issue is defined in our Terms of Reference as an issue that will have an effect on other persons beyond the parties to a dispute. All systemic issues reporting to ASIC is conducted on a de-identified basis. The FSP is not identified to ASIC unless it fails to resolve the systemic issue to our satisfaction, or FOS considers it necessary in responding to a Notice or otherwise.

How does FOS deal with systemic issues?

A summary of our approach to systemic issues and our obligation to report systemic issues to ASIC is set out in the Operational Guidelines to the Terms of Reference. Section 11 of the Operational Guidelines relates specifically to systemic issues. The Operational Guidelines can be found on our website by going to the [Terms of Reference](#)ⁱ page and then clicking the link on the left hand side of the page.

The first part of our process is to write to the FSP outlining the issue we have identified as possibly systemic and seek a response to the concern. Based on this response, we will make an assessment to determine whether or not the issue is a definite systemic issue and, if so, what remedial action is required. We aim to work co-operatively with the FSP to determine the appropriate resolution to a systemic issue.

Where can I learn more?

To help you understand FOS's obligations to investigate systemic issues, as well as the systemic issues process itself, you can use our systemic issues e-module, which is available on our website by going to the [Systemic Issues eLearning](#)ⁱⁱ page.

ⁱ <http://www.fos.org.au/tor>

ⁱⁱ <http://www.fos.org.au/systemicelearning>