

Memorandum of Understanding between Australian Financial Complaints Authority Limited and Credit and Investments Ombudsman Limited

The Australian Financial Complaints Authority Limited (AFCA) and the Credit and Investments Ombudsman Limited (CIO) are approved external dispute resolution schemes. Both AFCA and CIO receive complaints or disputes against financial service providers (FSPs) who are members of their respective schemes.

AFCA will replace the two existing ASIC approved EDR schemes - the Financial Ombudsman Service (FOS) and the Credit and Investments Ombudsman (CIO) - and the statutory Superannuation Complaints Tribunal (SCT). AFCA will commence receiving complaints under the new AFCA scheme from 1 November 2018.

Existing members of CIO must become members of AFCA by 21 September 2018. They must also retain their existing membership of the CIO scheme until further notice.¹

AFCA and CIO are currently discussing appropriate transition arrangements as part of AFCA's commencement. This includes the transition of CIO members to AFCA by 21 September 2018.

The purpose of this Memorandum of Understanding (MOU) is to document the agreed interim arrangements between AFCA and CIO in relation to membership applications from FSPs who are members of CIO. This MOU is intended to assist with facilitating a smooth and orderly transition of FSPs from CIO to AFCA.

For the purposes of this MOU, the "Renewal Transitional Period" means the period beginning on 1 June 2018 and ending on the earlier of the date on which the business of CIO is transferred to AFCA (the Completion Date) and 21 September 2018.

AFCA undertakes that during the Renewal Transitional Period, it will not approve membership applications from FSPs who are or were members of CIO, if:

- (a) the FSP was a member of CIO immediately before 1 June 2018, their membership is due for renewal during the Renewal Transitional Period and they have not renewed such CIO membership during the Renewal Transitional Period, or
- (b) the FSP is a member of CIO who makes an application for AFCA membership at any time during the Renewal Transitional Period and is not able to demonstrate to AFCA that its CIO membership is not due for renewal during the Renewal Transitional Period, or
- (c) the FSP is a member of CIO who, during the Renewal Transitional Period, has outstanding membership fees, service fees or any other fees due to CIO.

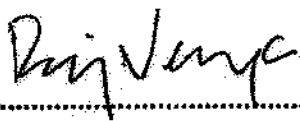
¹ ASIC Media Release 18-123MR 2 May 2018

A specific exception is made for any credit representative of CIO who requires membership with AFCA because the credit representative's new licensee is a member of AFCA.

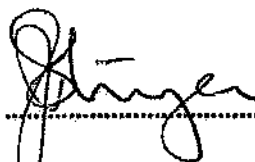
CIO Members who would otherwise not be approved as a member of AFCA in accordance with this MOU may still apply for AFCA membership during the Renewal Transitional Period as part of the managed transition process between AFCA and CIO. , AFCA will, however, pend approval of any such applications until the end of the Renewal Transitional Period.

For the avoidance of doubt, any FSP that was or is a CIO member that has outstanding membership fees, service fees or any other fees due to CIO, or who has unpaid determinations or systemic issues matters, will not be approved as an AFCA member until this is cleared.

This MOU applies from the date of its signing until the end of the Renewal Transitional Period.



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Raj Venga
Ombudsman
Credit and Investments Ombudsman Limited



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JOHN STRINGER
CHIEF OPERATING OFFICE
Australian Financial Complaints
Authority Limited

6 June 2018

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Date

6 JUNE 2018

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Date